Economic Development and Finance Committee

Standing Committee Meeting Agenda

Monday, April 29, 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 April 29, 2019 Agenda.**

III. **Approval of standing committee minutes from March 4, 2019.**

IV. **Committee Agenda**

Item No. 1 - RESOLUTION: SECOND AMENDMENT TO LEGENDS WEST LAWN DEVELOPMENT AGREEMENT

Synopsis: A resolution adopting the Second Amendment to Legends West Lawn Development Agreement, submitted by Katherine Carttar, Director of Economic Development. The amendment extends the date of completion for the West Lawn project from March 31, 2019 to June 30, 2019.

Original Development Agreement approved February 8, 2018. First Amendment approved January 4, 2019.

Tracking #: 19716

Item No. 2 – RESOLUTION: TURNER LOGISTICS DEVELOPMENT AGREEMENT

Synopsis: A resolution adopting and authorizing approval of the development agreement for

the Turner Logistics Center, submitted by Katherine Carttar, Director of Economic Development.
Tracking #: 19719

Item No. 3 - REPORT: 2018 RESERVES AND FUND BALANCE
Synopsis: Review of final 2018 fund balances for all funds, submitted by Kathleen VonAchen, Chief Finance Officer
Tracking #: 19721

Item No. 4 - REPORT: FIRST QUARTER 2019 INVESTMENT REPORT
Synopsis: Summary of investments for First Quarter 2019, submitted by Kathleen VonAchen, Chief Financial Officer, and Andrea Parra, Deputy Treasurer.

For information only.
Tracking #: 19692

Item No. 5 - POLICY: BUDGET REVISION POLICY
Synopsis: Review of Approved Budget Policy, submitted by Reginald Lindsey, Budget Manager

For information only.
Tracking #: 19720

V. Public Agenda

VI. Adjourn

ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, March 4, 2019

The meeting of the Economic Development and Finance Standing Committee was held on Monday, March 4, 2019, at 5:30 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner Burroughs, Chairman; Commissioners Townsend (via phone), McKiernan, Murguia, and Jeff Bryant, BPU Board Member. Commissioner Walters was absent. The following officials were also in attendance: Gordon Criswell, Assistant County Administrator; Patrick Waters, Senior Attorney; Kathleen VonAchen, Chief Financial Officer; Debbie Jonscher, Deputy Chief Financial Officer; Alan Howze, Knowledge Director; Katherine Carttar, Director of Economic Development; Jeff Fisher, Executive Director of Public Works; and Jay Doleshal, Sergeant-At-Arms.

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

Chairman Burroughs asked if there were any revisions. There were no revisions.

Approval of standing committee minutes from January 14, 2019. **On motion of Commissioner McKiernan, seconded by Commissioner Murguia, the minutes were approved with the correction that McKiernan is not the Chair of Economic Development and Finance.** Motion carried unanimously.

Chairman McKiernan said for this committee, I am simply a member of this committee. I'm chair of Neighborhood and Community Development. If we could just adjust that to refer my title properly.

Committee Agenda:

Item No. 1 – 19581…RESOLUTION: AMEND MASTER EQUIPMENT LEASE PURCHASE AGREEMENT WITH BANC OF AMERICA

Synopsis: A resolution amending the Master Equipment Lease Purchase Agreement, dated October 17, 2013, with Banc of America Public Capital Corp., submitted by Debbie Jonscher, Deputy Chief Financial Officer. The process will be used to pay the costs of acquiring and installing certain equipment. The maximum amount is not to exceed $11.5M.

Debbie Jonscher, Deputy Chief Financial Officer, said the Master Lease Purchase Agreement is the tool that we use to finance all of our fleet equipment. Our current contract is with Banc of America. This amendment would extend the period to December 31, 2019. Last year's amendment expired on December 31, 2018. To finance the 2019 equipment, we would need this amendment to extend it through the end of the year. All of the equipment that's listed—there's a page in your attachment that has all of the items that could be potential lease finance items as well as the amendment from Banc of America extending that date. All of this equipment has been approved by the Commission through the budget process.

I do just want to note that we're in the fifth year of our extension to the lease agreement so we will be going out for an RFP for the 2020 lease finance schedules.

Chairman Burroughs said just for clarification, these are five-year contracts for us. **Ms. Jonscher** said the original contact went through December 2014 and we've had five amendments after that. Actually, I think this is amendment number six. The reason for that is because, I believe it was in the second or third year, we had an amendment to the website where they were pulling the treasury rates so Banc of America did an amendment during the middle of the year to amend that. This would be the fifth year that we've amended the lease agreement.

Chairman Burroughs asked were any of the vehicles that we have under the lease agreement be put at risk of falling between the next RFP and this resolution. **Ms. Jonscher** said no. All of the equipment that was approved as leased financed for 2019 would be covered under this amendment. The RFP would cover all equipment 2020 going forward.

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

Item No. 2 – 19592…RESOLUTION: DEBT POLICY REVISIONS

Synopsis: A resolution adopting Debt Policy revisions, submitted by Kathleen VonAchen, Chief Financial Officer. On February 4, 2019, the Economic Development and Finance Standing Committee, chaired by Commissioner Burroughs, recommended action to be held over to the March 4, 2019 meeting.

Kathleen VonAchen, Chief Financial Officer, said attached is the resolution adopting the revised budget policy, which is Exhibit A. In addition, I've included in the packet a memo that summarizes all of the proposed changes and the existing policy with a red line of the changes. In my memo, I outlined that in general, a lot of the additions to our debt policy are basically the document, our current practices. All of the documentation of our current practices are additional language to the debt policy which is now roughly 15 pages instead of 5. Those are in blue in the redline version with the exception of a few small items that I have included in maroon text, which are kind of new guidelines and new procedures that we're introducing to the government at this time related to debt.

The policy, I have also provided a summary, kind of a table of contents for the various sections of the debt policy so that you can go through and see what kind of items we're discussing and adding to the policy. I would be happy to go through these again. We have had several meetings on this debt policy. I think we've already met with the committee members, not only publicly for three months, but also I've had several private meetings. I've received input from all of these committee members and have included/incorporated the suggestions in the proposed policy that you have before you.

Commissioner McKiernan said I just want to thank you for the diligence that you've had in terms of getting feedback, incorporating that. I also want to thank you again for the fact that you have really done a nice job of documenting what is standard current practice so that we actually have it documented and this can be our basis for moving forward from here. Thank you for that.

BPU Board Member Bryant said I would like to echo thanks to you and staff for all of this work. I know it's not fun and it can be tedious, but it's important.

Chairman Burroughs said, Kathleen, I would just like to say, I know this can be a very daunting process. I sincerely appreciate and respect the professional courtesy of reaching out to individual commissioners, hearing their concerns and their comments. Debt reduction is something the commissioners have looked at extensively, especially members of this committee. I want to thank you and staff for your work and presenting this in a manner that was digestible. **Ms. VonAchen** said thank you.

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

Item No. 3 – 19594…RESOLUTION: SET PUBLIC HEARING DATE FOR DOWNTOWN GROCERY REDEVELOPMENT DISTRICT – PROJECT AREA 1

Synopsis: A resolution setting a public hearing date of April 11, 2019, to consider adoption of a redevelopment project plan for Project Area 1 in the Downtown Grocery Redevelopment District, submitted by Katherine Carttar, Director of Economic Development. On January 14 and February 4, 2019, this item was presented to the Economic Development and Finance Standing Committee, chaired by Commissioner Burroughs. Both times it was requested that action be held over.

Katherine Carttar, Director of Economic Development, said I'm happy to say I'm not requesting a hold tonight, so we're moving forward. All this resolution does is set a public hearing for the project plan for the grocery store. The reason, as I have mentioned, in past meetings for the delays is we wanted to make sure that when this comes to the full Commission on April 11, that we've got a good amount of things that we're bringing you. We have a nice package that will all come to you that day, which would be the date of the public hearing.

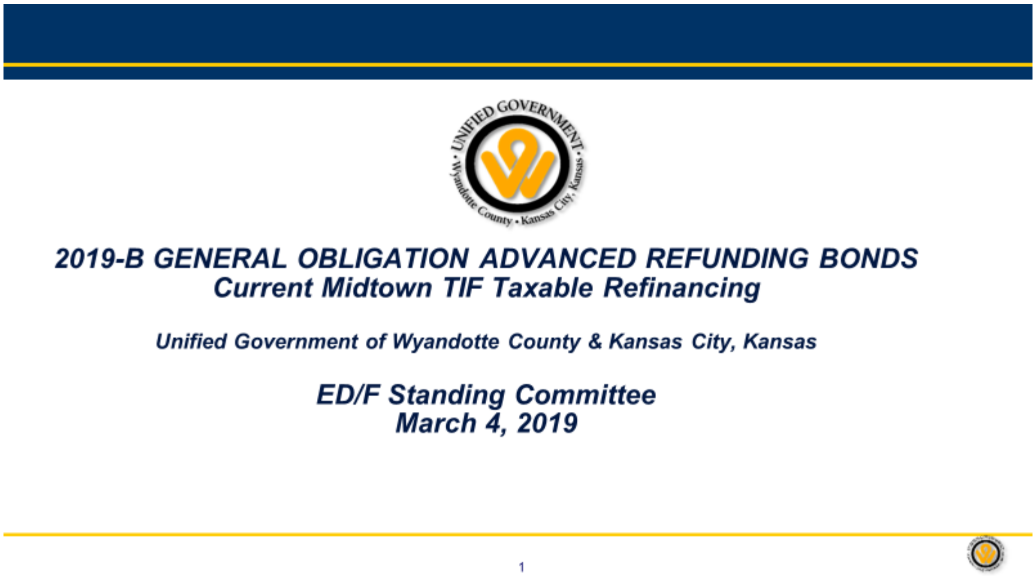
Chairman Burroughs said my understanding is we need to move this this evening to get it to full Commission March 7, Thursday night meeting. We will need to take action this evening.

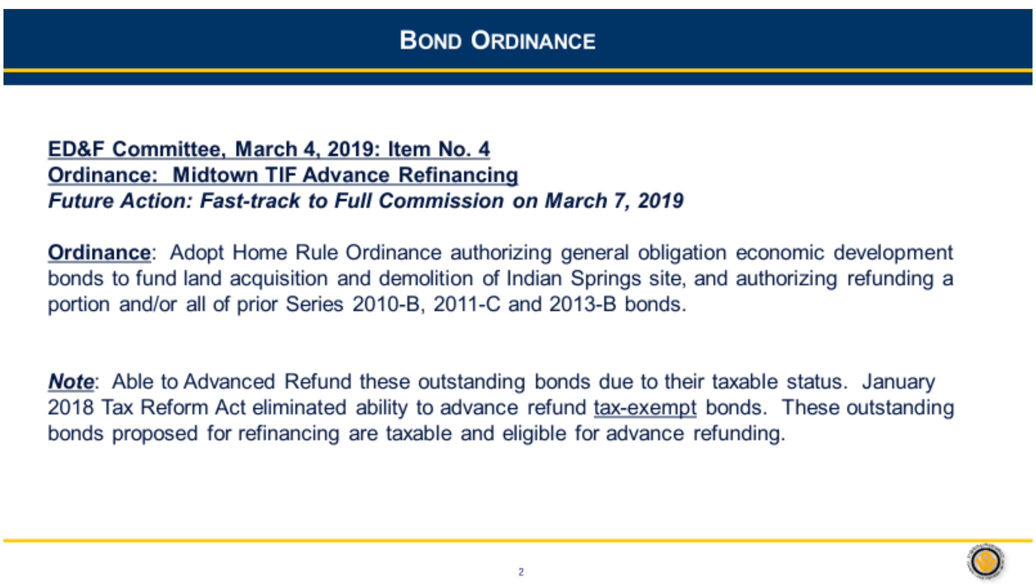
Action: **Commissioner McKiernan made a motion, seconded by Commissioner Townsend, to approve with the stipulation that it be fast tracked to the March 7 full Commission meeting**.

Justine Underwood Jones, Strawberry Hill Neighborhood Association, said I just wanted to be clear if we were moving the public hearing date from April 11 to March 7, or if we were just approving on March 7 that the public hearing date will be on April 11. Katherine is shaking her head, so it's still going to be April 11. **Chairman Burroughs** said yes. **Ms. Jones** said that's great; we'll look forward to it. Thank you, guys, so much for your hard work. **Chairman Burroughs** said for clarification, the public hearing will be April 11. This action this evening moves this item to the March 7, Thursday evening full Commission meeting.

Roll call was taken on the motion and there were five "Ayes," Bryant, Murguia, Townsend, McKiernan, Burroughs.

Item No. 4 – 19613…ORDINANCE: MIDTOWN TIF REFINANCING
Synopsis: Adopt Home Rule Ordinance authorizing general obligation economic development bonds to fund land acquisition and demolition of Indian Springs site and authorizing refunding a portion and/or all of prior Series 2010-B, 2011-C and 2013-B bonds for interest savings, submitted by Kathleen VonAchen, Chief Financial Officer, and Debbie Jonscher, Deputy Chief Financial Officer. It is requested that this item be fast tracked to the March 7, 2019 full commission meeting.

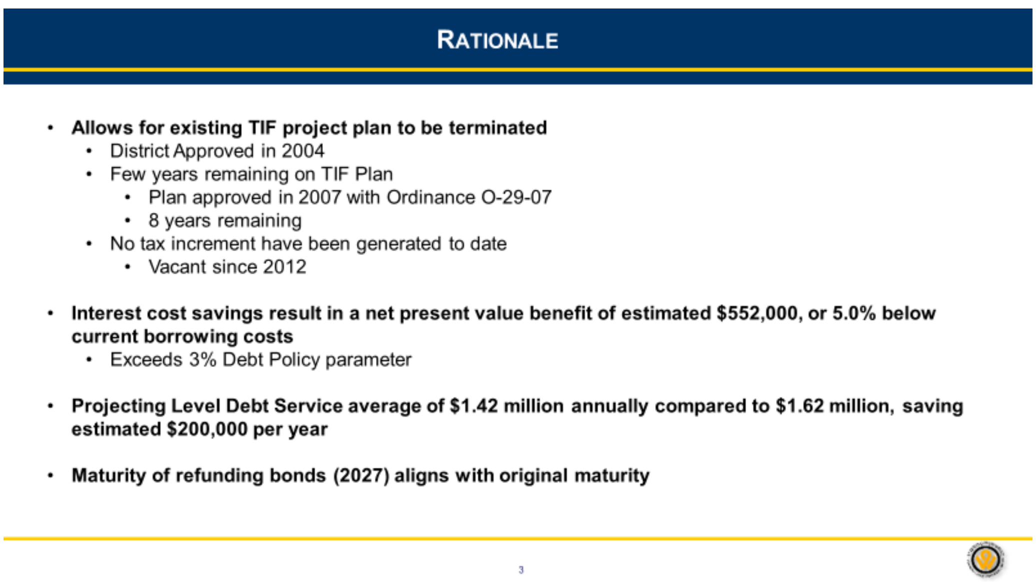




Kathleen VonAchen, Chief Financial Officer, said tonight, we have two bond issues that we're presenting for your review and approval. Both of them are requested to be fast tracked to the March 7 full Commission meeting. The first is an ordinance that authorizes the refinancing of what we call the Midtown TIF. Basically, it's refinancing all or a portion of three different bond issues issued in three different years. All of these bond issues are GO backed, but they were issued as taxable bonds back in those years that's why it's a taxable advanced refunding.

Today, at the March 9 meeting, Item No. 4, we need your approval on this ordinance which adopts a home rule ordinance authorizing the general obligation economic development bonds to fund the land acquisition and demolition of the Indian Springs site, and authorizes the refunding of a portion or all of the 2010-B, the 2011-C, and the 2013-B Bonds. Of course, all of these bond proceeds have long ago been spent. We're just paying down the debt on these bonds that were issued previously. At this time, we're now asking you to refinance it.

I'm going to talk about the purpose of the refinance here in the next slide, but I did want to note one thing that the 2018 Tax Reform Act prohibited local governments from doing advanced refundings on tax-exempt bonds, but not on taxable bonds so that's why we're able to refund these bonds, so just keep that in mind. I know a lot of you have asked, can we refinance old debt. We have some legal restrictions that don't let us do that and that's one of the—Tax Reform Act. Because these bonds are taxable, we're able to.



The reason for the refunding primarily is to allow for the existing TIF project plan to be terminated. I mean project plan, not the district. We want to basically stop the current project plan and then start a new one for this project that Katherine and Rob, the Planning Director, also presented at a previous meeting.

This project plan began in 2004. There's only a few years remaining on the existing TIF plan. The plan was approved back in 2017 with that ordinance, and now there's only eight years remaining. No tax increment had been generated to date with this project plan. The site, itself, has been vacant since 2017. Initially, it was created as a TIF with the hope that there would be revenue generated, but in the end, it didn't happen.

The key point here is that there's only eight years left, so it makes the viability for this project plan to not be satisfactory for our project. We want to start a new project plan so that we can start the clock again, the 20-year clock afresh.

There's also, secondly, some interest savings from refinancing this project. We've figured out that the interest cost savings, which is net present value benefit, is estimated to be about $552,000, or around 5% of the total borrowing costs. That exceeds our policy, which we kind of set a policy that we're not going to refinance unless we can obtain 3% savings. It's pretty good.

We're projecting level debt service which averages about $1.4M annually compared to the amount we're paying right now out of the City Bonded Interest Fund which is $1.6M. That's principal and interest, so we're saving about $200,000 a year.

Finally, just to let you know that the refinancing approach that we're taking does not extend the maturity of the bonds.

PURPOSE AND NET SAVINGS DETAIL

- Advance Refund all and/or a portion of bonds outstanding taxable bonds that previously financed the Midtown TIF (land acquisition and demolition) in order to:
- 1) Remove the Tax Increment Financing pledge and reissue under the Unified Government's Home Rule powers with a general obligation pledge
- 2) Provide net savings due to: a) shorter maturities, and b) shift from taxable to tax-exempt

Current Bonds	Series	Issuance Date	Original Issuance	Average Coupon*	Remaining Years	Outstanding Balance
Taxable GO Bonds	2010-B	2/26/2010	$10,780,000	4.97%	2019 to 2026	$7,320,000
Taxable GO Bonds	2011-C	2/24/2011	$2,570,000	5.17%	2019 to 2026	$1,690,000
Taxable GO Bonds	2013-B	2/27/2013	$3,075,000	2.86%	2019 to 2027	$2,080,000

Advanced Refunding	Series	Issuance Date	True Interest Cost	Years	Refunding Amount*
Tax-Exempt GO Refunding Bonds	2019-B	4/30/2019	2.17%	2019 to 2027	$12,000,000

Estimate par of $10.4 million; amt above includes estimate premium and COI

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The advance refunding, we're advance refunding all or a portion as much as possible of these three prior bond issues, the outstanding portion. The first table right here is a list of the three bond issues that we're refinancing. Here's the issuance date, how much we issued initially and those respective dates, what the average coupon is for the remaining balance of these respective bond issues, remaining years, and then the outstanding balance.

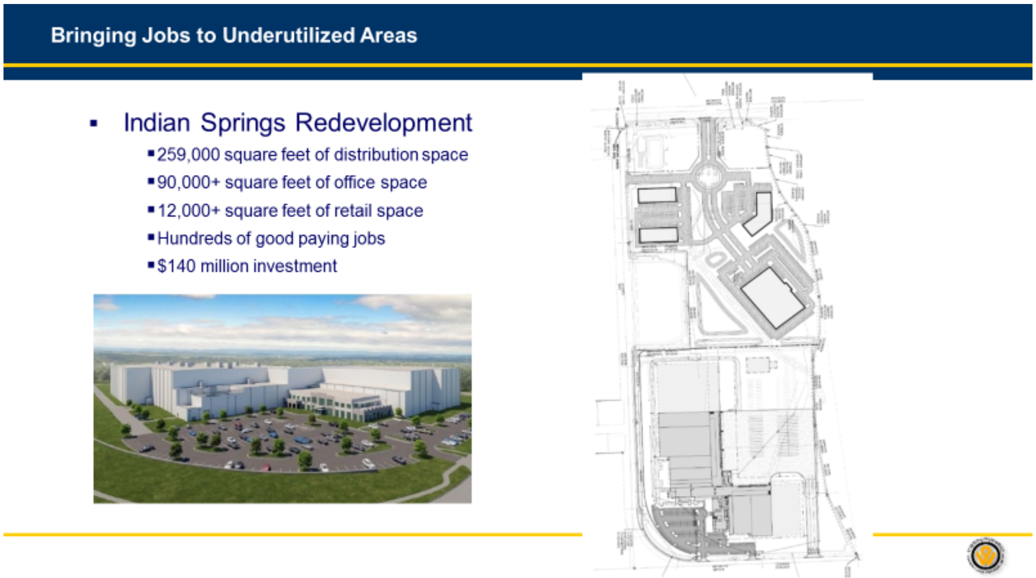
As I mentioned before, we are looking to remove the tax increment financing pledge from these proceeds and reissue under a new Unified Government Home Rule powers general obligation pledge.

Secondly, the reason the savings is in place is because we are now financing it for a shorter maturity, which typically when you take out a loan for a shorter maturity, the interest rate is lower than for a longer maturity so that results in that interest saving.

Secondly, we're shifting from what is taxable, which a tax-exempt bond issue typically has a higher interest rate or yield because investors find it to be a little more risky, and it's shifting it to a tax-exempt, which means the interest rate is also lower for tax-exempt bond issues. As a result, we're rolling in all of these into a $12M refunding, which is expected to close on April 30. Our true interest costs are estimated, at this time, to be 2% rather than these higher numbers up here.

I just wanted to point out the par value of the amounts we're refunding totals $10.4M, but we've got $12M in here just as an estimate because we're potentially doing—it kind of depends on how we structure it. We may end up paying a premium so that our investors get a higher percentage, but then they turn around and give us a little less proceeds, or we end up borrowing less if they can get a higher premium or a higher interest rate. That's what the effects of the premium happens with them. It kind of depends on how we structure it.

The new project plan is what's being called Foodie Park. I'm going to let Katherine talk a little bit about these two next slides.



Katherine Carttar, Director of Economic Development, said it's gone through Planning Commission thus far. We are currently working on a development agreement with Scavuzzo's. They are a food distribution company currently located on Kansas Avenue here in KCK. This is still relatively early days of this project. It has gone through Planning Commission, but it's got a number of times that it will be in front of you formally here in the coming months.

Just to give you a little overview of probably what we're looking it. Scavuzzo's would like to build a new distribution center. This would be a few hundred thousand square feet and hundreds of jobs, good paying jobs with good benefits. In addition, up along State Avenue, they will have retail. We have been working through the amount of retail required and timeframes and all of that. They already have a brokerage firm on board that is already doing work and trying to locate who those potential retailers could be.

In the area kind of in-between will be not only Scavuzzo's world headquarters, which would be a brand new building, but also a mix of potentially other office space, other food related businesses or potentially some more retail. It will be a nice campus and a good use to bringing more retail and jobs, good paying jobs, to that area.

Ms. VonAchen said we want to move quickly on the refinancing of the existing debt so that we can allow Katherine and her Economic Development team to move forward with the development of the development agreement and all the others that go along with putting the new project in place. Once we end this project plan, we'll also be working with all of you to start a new project plan, but we can't do that until we get these bonds refinanced.

GO 2019-B Bonds Tentative Calendar

Action Items	Tentative Dates
UG Commission considers approval of ordinance authorizing projects/ the issuance of bonds	March 7
First draft of Preliminary Official Statement sent out to UG Staff and Gilmore & Bell for review	March 14
Draft of Awarding Resolutions provided to Springsted (to be included in the information sent to the rating agencies)	March 20
Posting of Preliminary Official Statement and application for rating forwarded to credit rating agencies	**March 21**
Credit rating conferences	Week of March 25
Form of Award Resolutions from G&B; Receive ratings	Week of April 8
Sale of obligations; Commission considers award of obligations	**April 11**
Distribution of Final OS and draft closing documents	April 18
Closing, settlement and receipt of funds	**April 30**
Redemption of Series 2010-B *	August 2020
Redemption of Series 2011-C *	August 2021
Redemption of Series 2013-B *	August 2023
**Advanced Refunding: new bond proceeds escrowed towards future repayment of current outstanding bonds*	

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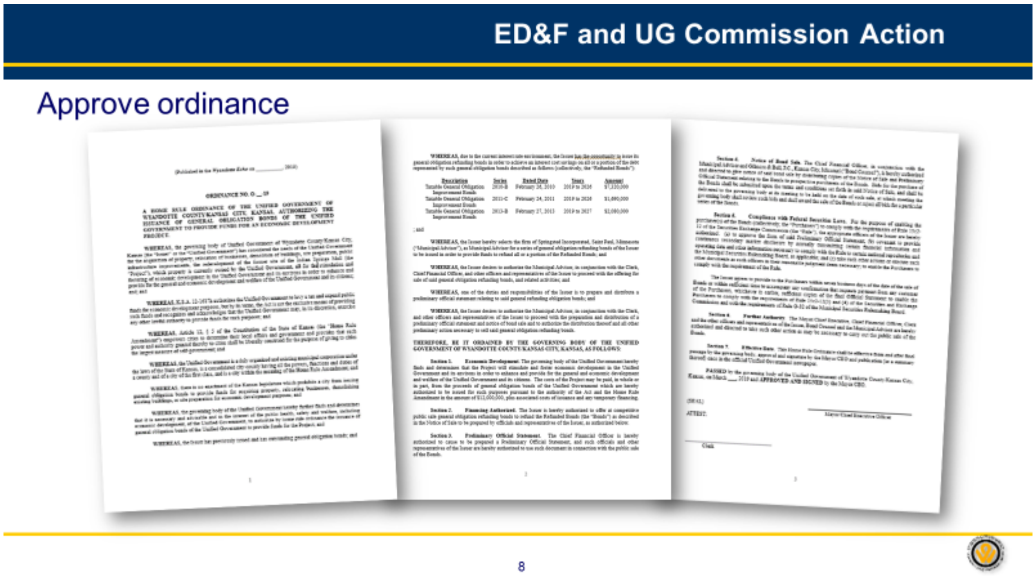
Here's the schedule for these bonds. The key points here are that we are posting the Preliminary Official Statement, with your approval of the bond ordinance. We plan on posting the Preliminary Official Statement in about two weeks. These dates have been uploaded to our bond link website. We're already getting the promotion with investors who may be interested in buying these bonds. We plan to do our credit rating conference calls on March 25. The sale is scheduled for April 11, and we plan to close on April 30.

Because it's an advanced refunding, how it works is the bond proceeds come in and they go into an escrow account. As the existing bonds maturity dates come up, then the escrow pays for that portion of the principal. That's why the redemption dates are in August 2020, 2021, and 2023. That's why it's advanced refunding.



We ask for your approval on the ordinance. I do have our bond counsel here.

Commissioner Murguia said, Kathleen, you've done a great job on that. It looks like there is going to be some savings there which is fantastic. Just because this is such a large amount of money that we are refinancing, and it's been a long time that we've been paying back debt on this site, for the viewers and the taxpayers so they sort of understand what we're talking about when we talk about debt, just a very small history on this project. I believe this was even before my time when I served on the Commission.

For clarity, this Indian Springs site, correct me if I'm wrong, was taken by eminent domain. Correct? **Ms. Carttar** said portions of it, yes. **Commissioner Murguia** said portions of it were taken and the Unified Government actually purchased this property in an attempt to get control of it for redevelopment. Correct? **Ms. Carttar** said correct. **Commissioner Murguia** asked what year was that. **Ms. VonAchen** said I was just chuckling because I did previously have a slide with the history on here, but I took it out. It was definitely some time before 2010**.** **Ms. Jonscher** said it's 2007.

Commissioner Murguia said for 12 years, we've owned this property. We purchased it. We acquired it. We took it through eminent domain. For 12 years, we've tried to redevelop it. Correct? The reason that we're refinancing it and paying this large amount of money is because we've been unable to secure development for this site. Is that right? **Ms. VonAchen** said so far, yes.

Commissioner Murguia said in the best interest of transparency, I think the public needs to understand that somebody had a vision in 2007 and thought that taking this property and leveling it, we would be able to market it for redevelopment and that hasn't happened yet. As a result, we have to pay back the debt we have issued on this site. So, not to be negative, you've done a great job on the financing end of it, but I do think the public really needs to know that's a big amount of debt that we have, the fact that Indian Springs has not been redeveloped.

I understand this pending project is great, but we've had over my decade that I've served on the Commission, we've had many projects that have come forward, so just so we're very clear with the public on what's happening.

Ms. VonAchen said the existing debt is costing the Bond and Interest Fund, after the refinancing, $1.4M every year in principal and interest. **Commissioner Murguia** said I really appreciate that. Nobody wants to say that out loud, but sometimes I think we get up here and we speak in terms of really kind of fancy financial terms that the average citizen doesn't understand. Sometimes we do have to deliver not such great news. There was a vision, it didn't happen. We spent a lot of money. As a result of it still not happening, we are paying $1.42M in interest annually even though you have done a great job in trying to keep that interest rate down.

Commissioner McKiernan said everything that Commissioner Murguia has said is absolutely true in terms of the history of this. I want this project to come to fruition like we all do, but even if this project doesn't come, then the true savings here will still be realized by the Unified Government. We will still reduce our payback by refinancing at this point. **Ms. VonAchen** said yes.

Chairman Burroughs said in relation to the history of that place, most developments went through a recession. Most communities have been affected by the recession we went through. This is a very challenging site. Now, we have a development that brings promise to the district of additional jobs, so thank you for the work on that.

Chairman Burroughs said I do have a question in reference to the $12M. Kathleen, you've highlighted a little bit ago that it is a million shy of what the total is on the far right-hand column, the outstanding balance, and you're asking for a million more, the $12M. You stated it was for incidentals in the refinancing. Is that what I was to understand?

Ms. VonAchen stated how that works is investors, when they buy the bonds, they're willing to say—when you buy a bond, an individual, one bond is $5,000. Typically, we get institutional investors who buy these bonds. Investors, though, they like to see that higher coupon, but they're willing to pay more in proceeds. If they're going to pay a $5,000 bond, they're buying a $5,000 bond. That's the par value, but they want to have, let's say, a 5% coupon rate in the future for their portfolio so they're willing to pay more than $5,000 in exchange for that 5% coupon rate. As a result, it's sort of a marketing endeavor because investors just like to get a higher premium. They're willing to pay more for it. What happens is, we end up getting a larger amount of bond proceeds than the outstanding balance. That's why the $12M is greater than the subtotal of these three amounts.

The bond documents are set up so the amount that we're borrowing—the bond document states that higher amount, but when we actually go out and issue the bonds, we redo all the bond documents so we're only paying off the amount that we need.

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

Item No. 5 – 19622…RESOLUTION: KAW RIVER BANK TURKEY CREEK STABILIZATION (STORM WATER) GO TEMPORARY NOTES SERIES 2019-II

Synopsis: A resolution authorizing the sale of Series 2019-II General Obligation Temporary Notes to fund $7.5 million of project costs for the Kaw River Bank Turkey Creek Stabilization Storm Water Project, submitted by Debbie Jonscher, Deputy Chief Financial Officer. Prior GO Series 2019-I Temporary Notes authorized $2.5 million towards this project. Proposed resolution increased temporary notes proceeds to $10 million for this project to address total project costs. It is requested that this item be fast tracked to the March 7, 2019 full commission meeting.

2019-II TEMPORARY NOTES
Kaw River Bank Turkey Creek Stabilization Project
(Stormwater Utility)

Unified Government of Wyandotte County & Kansas City, Kansas

ED/F Standing Committee
March 4, 2019

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Debbie Jonscher, Chief Financial Officer, said this is the second issue that Kathleen referred to as she started talking about the previous item. We are requesting authorization on a sale resolution for Series 2019-II Temporary Notes that would fund the Kaw River Bank Turkey Creek Stabilization Project. This is a storm water utility project.

RELATED PROJECT RESOLUTIONS

Public Works & Safety Standing Committee February 25, 2019, Item No. 6
Resolution: Amending 2019 CMIP Authorization
Future Action: Before Full Commission on March 7, 2019

Resolution: Amending the 2018-2023 CMIP; amending prior authorization of certain public improvements related to the Kaw River Bank Stabilization at Turkey Creek project (CMIP 963-5056) increasing the project costs from $5 million to $10 million; and expressing the intent to issue general obligation bonds and/or temporary notes to finance all or a portion of the costs of such improvements.

ED&F Committee, March 4, 2019: Item No. 5
Resolution: Sale of Municipal Temporary Notes GO Series 2019-II
Future Action: Fast-track to Full Commission on March 7, 2019

Resolution: Authorizing the sale of Series 2019-II General Obligation Temporary Notes to fund $7.5 million of project costs for the Kaw River Bank Turkey Creek Stabilization Storm Water Project. Prior GO Series 2019-I Temporary Notes authorized $2.5 million towards this project. Proposed resolution increases temporary notes proceeds to $10 million for this project to address total project costs.

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To give you some background, here's some related resolutions that have gone through. Last week, Public Works took a resolution amending the 2019 CMIP authorization to the Public Works & Safety Standing Committee last Monday. This was to amend the CMIP and also amend the authorization for the project increasing the project from $5M to $10M, and expressing the intent to issue general obligation temp notes to finance all or a portion of the project. That resolution was passed by the Public Works Standing Committee to be forwarded to the March 7 full Commission meeting.

Tonight, we are here to ask for the approval of the resolution authorizing the sale of the municipal temporary notes in the amount of $7.5M for the project. I'll go into a little bit more detail on how we got to that amount.

2019-II TEMPORARY NOTES
Kaw River Bank Turkey Creek Stabilization Project
(Stormwater Utility)

Unified Government of Wyandotte County & Kansas City, Kansas

ED/F Standing Committee
March 4, 2019

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KAW RIVER BANK STABILIZATION AT TURKEY CREEK (STORMWATER) PROJECT AUTHORITY

Amendment approved by Public Works and Safety Committee 2/25/19 Item #6 (Amending 2019 Project Authorization) are based off of the totals from the Original Adopted CMIP

- Original project authorization reflected below
- The Public Works & Safety Committee action increased the project by $5 million, for a total of $10 million.

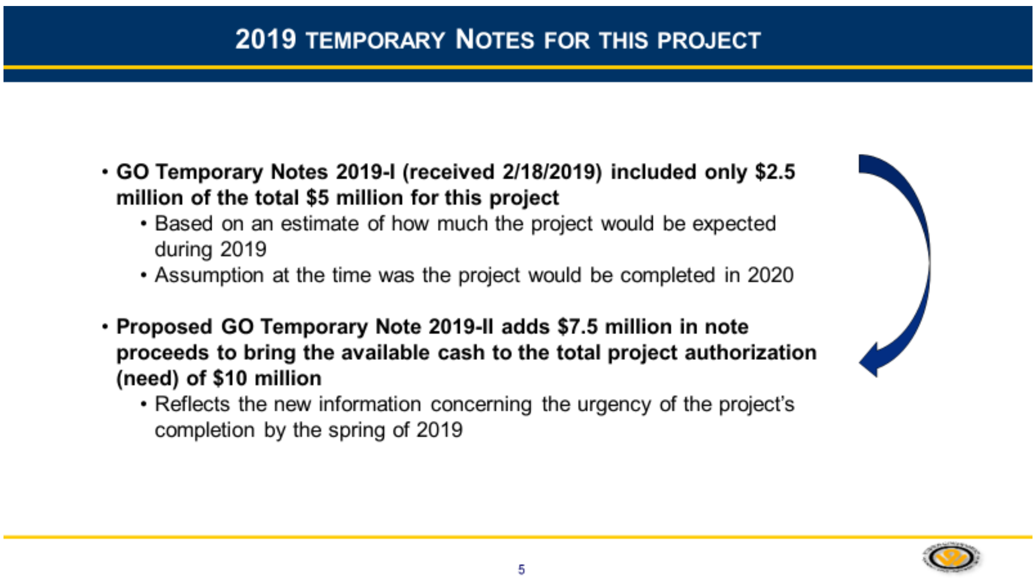
Sample of:

UNIFIED GOVERNMENT
2019 - 2023 Proposed Capital Maintenance Improvement Program (CMIP)
DEBT FINANCED PROJECTS

Project Type	New	MSF	CMIP	2018 Original	2018 Amended	2019	2020	2021	2022	2023	FY18-23
Storm Water Utility											
			5040 - 29th/Ohio Storm Sewer Reconst.	250,000	-	-	-	-	-	-	-
			5045 - 51st N of Cleveland RCB Replacement	500,000	500,000	-	-	-	-	-	500,000
			5046 - Stream Bank Stabilization Improvements	100,000	100,000	100,000	100,000	100,000	100,000	100,000	600,000
			5048 - 77th & Troup 96" Storm Replacement	80,000	80,000	500,000	-	-	-	-	580,000
			5049 - Strong Ave Levee Pump Sta Flood Control	1,200,000	1,200,000	-	-	-	-	-	1,200,000
			5056 - Kaw River Bank Stabilization at Turkey Creek	-	400,000	4,600,000	-	-	-	-	5,000,000
			5317 - Stormwater Enhancements	-	-	-	-	500,000	500,000	-	1,000,000
			Storm Water Utility Total	2,130,000	2,280,000	5,200,000	100,000	600,000	600,000	100,000	8,880,000

4

This is showing last year when the budget was approved last July, this project was in the budget. At the time, it was estimated to be $5M but couldn't get in, I think, to determine the full amount of work that had to be done on the project so they did estimate thinking it would be about $5M. As they determined, once the water levels decreased and they actually got in and took a closer look at the project, it was going to cost more than what they had estimated. That's the reason for the increase from $5M to $10M.



This project was included in the 2019-1 Temporary Notes that were sold in February. The project did have an authorization of $5M; however, we only included $2.5M in that total, I think, because based on those estimates, we were thinking this project might rollover into 2020 and we wouldn't need all the money upfront. It has since been determined that this project needs to be completed this spring, I think, to avoid future additional failures related to the wall. Now, we're coming requesting the additional $7.5M and a second temp note to get us to the $10M. Jeff Fisher, our Public Works Director, is here to give some additional detail on the project if needed.

KAW RIVER BANK STABILIZATION AT TURKEY CREEK (STORMWATER)

6

These were some pictures that were provided to the Public Works Standing Committee. This is the area, I believe, this is the area where the failure has occurred. This is a close-up picture. You can see—this was taken right after the wingwall failed and it is encroaching upon the railroad tracks. There is some urgency to get this project fixed, I believe, before the river levels rise again and get this corrected before anymore damage occurs.

TIMELINE OF EVENTS, STAKEHOLDERS AND REVISED PROJECT ESTIMATES

- Timeline of Project Events
  - July 2014 - Small hole in Wingwall brought to our attention
  - 2015-2016 - Design of repair, monitoring efforts, construction cancelled
  - August 2017 - After 2 consecutive rain events, wingwall & floodwall failed. Emergency Stabilization. Applied for FEMA funding
  - 2017-2018 - CMAR design of repair, FEMA funding denied, began FEMA appeal process
  - 2019- Phase I construction began week of Feb 11
- Stakeholders include (potential outside funding sources being pursued):
  - UG, BNSF, KVDD, COE, KCMO
- Revised Project Cost Estimate – ALL FROM STORMWATER UTILITY FUND:
  - CMAR (Construction-Manager-At-Risk) (Designer & Contractor)
    - ✓ Construction $8,763,000
    - ✓ Additional Design/Permits/Contingency: $1,237,000

7

This is a timeline of the project events. Back in 2014 there was a—they found a small hole in the wall and they've been monitoring it. August 2017, the wingwall and the floodwall failed. They did apply for FEMA funding. That funding was denied; however, they have appealed that process and are waiting to hear back on that.

Now that they've gone in there, they've revised project estimates. We're looking at construction costs just a little under $8.8M with a contingency of about $1.2M, which totals the $10M that we're asking for as part of the temp note.

Kathleen VonAchen, Chief Financial Officer, said I did want to add something that I meant to point out. The UG administration, including the County Administrator's Office and Public Works, are in conversation with not only—specifically with KCMO to discuss some cost-sharing arrangements. They've been fairly receptive, but at this point, we're not 100% sure how much that's going to be.

This project is actually—we're asking for the full amount of the project costs at this time. We expect that the amount that the UG will be responsible for paying for is some lesser number than the $10M, just so you know, a sizable less number than the $10M. If Jeff wants to add anything to that. **Jeff Fisher, Executive Director of Public Works,** said no, you all did a great job.

DOWNSTREAM WINGWALL REPAIRS

Proposal

Line No.	Pay Item No.	Description Subtotal Description	Quantity	Unit of Measure	Unit Price	Total Price
1	001	MOBILIZATION	1.00	LS	735,000.00	735,000.00
2	002	SITE PREP PREPARE STAGING AND LAYDOWN AREAS	1.00	Each	94,002.65	94,002.65
3	003	SITE PREP DEMO WALL	1.00	LS	40,993.41	40,993.41
4	004	BUILD WORK PAD FOR DRILLED SHAFT INSTALLATION	5,544.00	Ton	36.30	201,247.20
5	005	INSTALL SHEET PILE	315.00	LF	1,367.60	430,794.00
6	006	COMMON EXCAVATION	925.00	CY	17.55	16,233.75
7	007	EXCAVATE FOR GUIDEWALL	280.00	CY	17.55	4,914.00
8	008	CLAY BACKFILL FOR GUIDEWALL	300.00	CY	42.83	12,849.00
9	009	INSTALL DRILLED SHAFTS	1.00	LS	2,679,413.28	2,679,413.28
10	010	PURCHASE AND INSTALL RE-STEEL	68.00	TN	3,095.25	210,477.00
11	011	INSTALL TIE BACK ANCHORS	1.00	LS	1,096,855.35	1,096,855.35
12	012	INSTALL CONCRETE CAP FOR DRILLED SHAFT WALL	112.00	CY	836.08	93,640.96
13	013	BACKFILL CONCRETE CAP TO GRADE	608.00	CY	35.10	21,340.80
14	014	INSTALL CLF ON TOP OF CONCRETE CAP	88.00	Each	57.80	5,086.40
15	015	INSTALL AGG SURFACE LANDSIDE OF CAP	500.00	Ton	39.47	19,735.00
16	016	REMOVAL OF WORK BENCH	5,108.00	CY	32.90	168,053.20
17	017	EXCAVATE FOR RIPRAP	1,176.00	CY	32.90	38,690.40
18	018	INSTALL RIPRAP BEDDING	500.00	TN	34.25	17,125.00
19	019	INSTALL 36 IN RIPRAP	1,940.00	TN	34.61	67,143.40
20	020	RESTORATION OF FLOOD WALL ACCESS	2,000.00	TN	26.58	53,160.00
21	021	RESTORATION OF RAILROAD ACCESS	2,000.00	TN	26.58	53,160.00
22	022	PURCHASE RAILROAD PROTECTIVE INSURANCE	1.00	Each	63,710.50	63,710.50
23	023	QC TESTING	6.00	Month	32,839.99	197,039.94
24	024	GENERAL CONDITIONS	1.00	Each	318,552.50	318,552.50
25	025	CONTINGENCY	1.00	Each	318,552.50	318,552.50
					Subtotal:	6,957,770.24
					Running Total:	6,957,770.24
					GRAND TOTAL:	6,957,770.24

Ms. Jonscher said these next two slides just give a breakdown of the costs. I believe the downstream wingwall repair is the current repair that needs to be done, which is about $7M. This kind of details all of those costs.

UPSTREAM WINGWALL REPAIRS

Proposal

Line No.	Pay Item No.	Description Subtotal Description	Quantity	Unit of Measure	Unit Price	Total Price
1	001	MOBILIZATION	1.00	LS	226,791.45	226,791.45
2	002	SITE PREP PREPARE STAGING AND LAYDOWN AREAS	1.00	Each	35,990.38	35,990.38
3	003	SITE PREP DEMO WALL	1.00	LS	41,419.13	41,419.13
4	004	BUILD WORK PAD FOR SOIL ANCHOR INSTALLATION	5,905.00	Ton	36.30	214,351.50
6	006	COMMON EXCAVATION	313.00	CY	24.48	7,662.24
8	008	IMPORT AND PLACE SOIL BACKFILL	1,325.00	CY	42.84	56,763.00
9	009	INSTALL SOIL ANCHORS	1.00	LS	594,066.13	594,066.13
10	010	PURCHASE AND INSTALL RE-STEEL	2.00	TN	3,095.95	6,191.90
12	012	INSTALL CONCRETE FOR GOUND ANCHOR END CAPS	1.00	LS	68,089.88	68,089.88
14	014	INSTALL CLF ON TOP OF CONCRETE CAP	88.00	LF	61.14	5,380.32
15	015	INSTALL AGG SURFACE LANDSIDE OF CAP	500.00	Ton	39.48	19,740.00
16	016	REMOVAL OF WORK BENCH	3,192.00	CY	32.91	105,048.72
17	017	EXCAVATE FOR RIPRAP	998.14	CY	32.91	32,848.79
18	018	INSTALL RIPRAP BEDDING	500.00	TN	34.26	17,130.00
19	019	INSTALL 36 IN RIPRAP	1,846.57	TN	34.61	63,909.79
20	020	RESTORATION OF FLOOD WALL ACCESS	500.00	TN	26.58	13,290.00
21	021	RESTORATION OF RAILROAD ACCESS	500.00	TN	26.58	13,290.00
22	022	PURCHASE RAILROAD PROTECTIVE INSURANCE	1.00	Each	31,862.39	31,862.39
23	023	QC TESTING	1.00	Month	34,740.66	34,740.66
24	024	GENERAL CONDITIONS	1.00	Each	108,332.15	108,332.15
25	025	CONTINGENCY	1.00	Each	108,332.15	108,332.15
					Subtotal:	1,805,230.58
					Running Total:	1,805,230.58
					GRAND TOTAL:	1,805,230.58

CONSTRUCTION TOTAL: $8,763.000

Then we also have upstream wingwall repair which while they're doing the other repair, they want to go in and repair this portion. They believe there's the potential for this portion to also fail, so rather than just fixing the current one and having an additional expense when this portion fails, they want to fix it all at the same time. That's where they get the $8.7M for the repairs.

GO 2019-II Temporary Tentative Calendar

Action Items	Tentative Dates
UG Commission considers approval of resolution authorizing projects/ the issuance of temporary notes	March 7
First draft of Preliminary Official Statement sent out to UG Staff and Gilmore & Bell for review	March 14
Draft of Awarding Resolutions provided to Springsted (to be included in the information sent to the rating agencies)	March 20
Posting of Preliminary Official Statement and application for rating forwarded to credit rating agencies	March 21
Credit rating conferences	Week of March 25
Form of Award Resolutions from G&B; Receive ratings	Week of April 8
Sale of obligations; Commission considers award of obligations	April 11
Distribution of Final OS and draft closing documents	April 18
Closing, settlement and receipt of funds	April 30

10

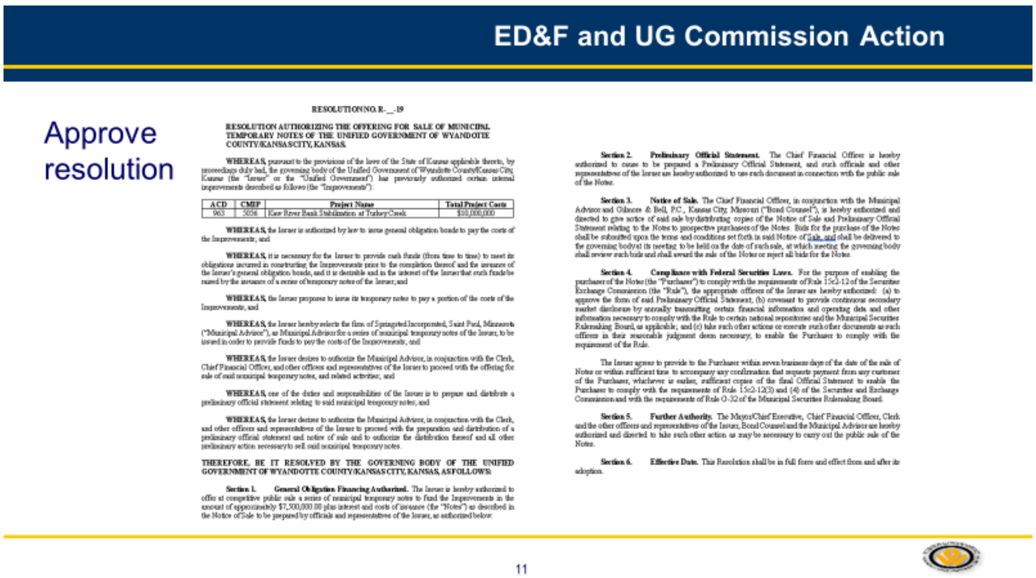
This is a timeline and coincides with the timeline on the bond issue showing you that we are requesting that this be fast tracked to the March 7 full Commission meeting so we can start preparing the official statements prepared and with the sale occurring on April 11.

Commissioner McKiernan said historically, we have spent—and this was really before and right as my time on the Commission started, but we've spent a considerable amount of money on Turkey Creek flood control stabilization projects or one big project that came in chunks. Is this any part of that or is this in addition to what we have previously done? **Jeff Fisher, Executive Director of Public Works,** said this would be in addition.

Commissioner McKiernan said logistically, I'm trying to look it up on the map here. I guess Metropolitan Road comes to a gate at this point in time. You can't get past it. I can't just look, but where is this? If we could go back to the map, where is the work we previously did in comparison to this failure of this wingwall?

Mr. Fisher said it would be south of I-35, upstream of that. They are currently in here and upstream of that. **Commissioner McKiernan** said that is just to the east of 7th St. turning into Rainbow Blvd. then. **Mr. Fisher** said right.

As Debbie and Kathleen said, we're still pursuing FEMA reimbursement then also working with KCMO as well. We have an agreement, we believe. **Commissioner McKiernan** said our hope is that we can recover at least maybe a portion of this from KCMO because ultimately, they are downstream of this, but that's speculative at this point. **Mr. Fisher** said right. **Commissioner McKiernan** said we've taken our original $5M CMIP authorization and we're adding $5M to it hoping, and we're going to prepare to bond all $10M hoping that, ultimately, we can get refunded a portion of that. **Ms. VonAchen** said well, it's a temp note. They're going to spend it all and they're hoping to spend whatever they have to spend by spring because they really need to get this project done fast.



Action: **Commissioner McKiernan made a motion, seconded by Commissioner Murguia, to approve.**

Chairman Burroughs said thank you for that clarification. As you can tell, the committee has worked hard to try to come up with debt reduction. This was just one of those. **Ms. VonAchen** said although it's a general obligation bond, the revenue is coming from the storm water utility, not property taxes.

Chairman Burroughs asked should we be reimbursed by FEMA, will all parties be reimbursed accordingly by their contribution level. Does this hamper us? Does this weaken our position to go in and negotiate additional assistance in remedying this issue with those other entities that were mentioned? **Mr. Fisher** said I believe all parties would be reimbursed. I don't think it weakens our position though. **Ms. VonAchen** said I think the FEMA reimbursement is a result of a rain event. Right? It's like an emergency relief.

Chairman Burroughs said I'm quite aware of the issue. My concern is I'd like to see us get the best negotiated position we possibly can in addressing this issue. If under the emergency status that we're putting in the $10M to remedy this, all of a sudden, it's nobody else's problem. Anything that may have contributed to that beyond us, it's been remedied. I'm just trying to be a good steward of the city's money to ensure that we put our staff in the best negotiation position to have the fare share paid by those that share some responsibility. **Mr. Fisher** said we're doing all we can. The repair must happen this spring. That's our big drive right now. **Chairman Burroughs** said it still needs to be remedied.

Commissioner Murguia said I think that what we've been trying to do, what you've been trying to do up to this point, is to play nicely with others who this affects and who has been a part of this issue; to meet with them and kind of get them involved and try to build some consensus around how we all are going to take responsibly for this and all going to pay for this. I know you're working hard at that because we've met in regard to that. Hopefully, people will rise to the occasion. If not, I would hope that we would, our government, would seek out legal counsel to potentially help us with that.

As I look at this slide and look at the damage that's done, there is a party on the other side of this damage that you would think would have a big interest in seeing this situation resolved. How cooperative has the railroad been? **Mr. Fisher** said they've been very cooperative. We hope they'll help us lobby state and FEMA for reimbursement. We've shared information with them to help us do that. I have a call tomorrow morning with BNSF. **Commissioner Murguia** said that's great because if we had to shutdown that rail it would be—**Mr. Fisher** said millions of dollars a day. **Commissioner Murguia** said it would be millions of dollars a day. Thank you, Jeff. I knew you were doing a great job.

This is in my district so I am briefed on it as often as Jeff can brief me on it. I've been here long enough to know the history of it. Thank you all for your hard work.

Roll call was taken on the motion and there were five "Ayes," Bryant, Murguia, Townsend, McKiernan, Burroughs.

Adjourn

Chairman Burroughs adjourned the meeting at 6:17 p.m.

tk

Staff Request for Commission Action

Tracking No. 19716

Full Commission Meeting Date: 5/9/19

Committee: Economic Development & Finance

Date of Standing Committee Action: 4/29/19 (If none, please explain):

Publication Required: Yes 5/16/2019

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
4/16/2019	Katherine Carttar	x5176	kcarttar@wycokck.org	Economic Development

Item Description:
Resolution Adopting the Second Amendment to Legends West Lawn Development Agreement

Action Requested:
Approve and advance to May 9, 2019 Full Commission.

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

Attachments List:
Resolution approving Second Amendment to West Lawn DA , Second Amendment to Legends West Lawn DA

(Published in *The Wyandotte Echo* on ___________)

RESOLUTION NO. R-____-19

A RESOLUTION ADOPTING THE SECOND AMENDMENT TO LEGENDS WEST LAWN DEVELOPMENT AGREEMENT

WHEREAS, on February 8, 2018 the Unified Government and W-LD Legends Owner VII, L.L.C. ("Developer")(collectively, the "Parties") entered into that certain Development Agreement for Legends West Lawn (the "Agreement"); and

WHEREAS, the Agreement provided that Developer shall construct hardscape and landscape improvements, a video board installation, shade structures, signage, façade improvements, escalator repair and enclosures, and new "legends" monuments (the "Project"); and

WHEREAS, the Agreement provided that that the Project shall be complete by December 31, 2018; and

WHEREAS, the Parties entered into that certain First Amendment to Legends West Lawn Development Agreement on January 4, 2019, extending the time for completion of the Project to March 31, 2019;

WHEREAS, due to the severe cold and heavy snows this past winter, additional time is needed to complete the Project, up to and including June 30, 2019; and

WHEREAS, the Governing Body has determined that it is advisable to enter into an amended Development Agreement with Developer with respect to the Development Agreement for Legends West Lawn (the "Second Amendment to Legends West Lawn Development Agreement"), attached as Exhibit A hereto, and incorporated by reference herein.

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

Section 1. That the Unified Government Board of Commissioners hereby approves the Second Amendment to Legends West Lawn Development Agreement in substantially the form attached hereto.

Section 2. That the Mayor of the Unified Government is hereby authorized to execute in the name of the Unified Government of Wyandotte County/Kansas City, Kansas, the Second Amendment to Legends West Lawn Development Agreement, and any other certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 3. The Unified Government Clerk is hereby authorized and directed to publish this Resolution once in *The Wyandotte Echo*.

Section 4. This Resolution shall be effective upon adoption by the Governing Body.

ADOPTED BY THE UNIFIED GOVERNMENT BOARD OF COMMISSIONERS THIS 9th DAY OF MAY, 2019.

ATTEST:

____

Unified Government Clerk

(Seal)

SECOND AMENDMENT TO DEVELOPMENT AGREEMENT

FOR LEGENDS WEST LAWN

THIS SECOND AMENDMENT TO DEVELOPMENT AGREEMENT FOR LEGENDS WEST LAWN, (the "Second Amendment") is entered into between the Unified Government of Wyandotte County/Kansas City, Kansas ("Unified Government") and W-LD Legends Owner VII, L.L.C., a Delaware limited liability company, or permitted assigns ("Developer") (collectively "the Parties"), and is dated as of the date set forth on the Unified Government's signature page (the "Effective Date").

RECITALS

A. On February 8, 2018 the Unified Government and Developer entered into that certain Development Agreement for Legends West Lawn (the "Agreement").

B. On January 4, 2019 the Parties entered into that certain First Amendment to Development Agreement for Legends West Lawn (the "First Amendment"). The Agreement, as amended, shall be referred to as the "Amended Agreement".

C. Pursuant to Section 10.4 of the Amended Agreement, the Amended Agreement may be amended by mutual agreement of the Parties.

D. Capitalized terms used in this Second Amendment but not otherwise defined shall have the meanings ascribed to them in the Amended Agreement, as modified herein.

E. The Parties desire to amend the Amended Agreement as provided herein.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. Completion Date. Sections 3.2 and 6.8 are modified as follows: The date of "March 31, 2019" shall be replaced with the date of "June 30, 2019".

2. The Amended Agreement, together with all the Exhibits attached hereto and incorporated by reference herein, constitutes the entire undertaking between the Parties hereto, and supersedes any and all prior agreements, arrangements and understandings between the parties. The Amended Agreement shall not be modified or amended unless such amendment is set forth in writing and executed by both Parties as set forth in Section 10.4.

3. By executing this Second Amendment the signatory represents that they possess the required authority of their respective party.

4. If for any reason any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

IN WITNESS WHEREOF, the Parties hereto have executed this Second Amendment as of the Effective Date.

[Remainder of page intentionally left blank]

THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS:

By: ____________________________

David Alvey
Mayor/CEO

Date: ___________________________

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS.
COUNTY OF WYANDOTTE)

On this _____day of ________________, 2019, before me personally appeared David Alvey, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same in his capacity as Mayor/CEO of the Unified Government of Wyandotte County/Kansas City, Kansas.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

____
Notary Public

My term expires:

W-LD LEGENDS OWNER VII, L.L.C.,
a Delaware limited liability company

By: W-LD Legends Holdings VII, L.L.C.,
a Delaware limited liability company,
its Sole Member

By: W-LD Legends Investors VII, L.L.C.,
a Delaware limited liability company,
its Authorized Member

By: Walton Acquisition REOC Holdings VII, L.L.C.,
a Delaware limited liability company,
its Sole Member

By: Walton Street Real Estate Fund VII-Q, L.P.,
a Delaware limited partnership,
its Managing Member

By: Walton Street Managers VII, L.P.,
a Delaware limited partnership,
its General Partner

By: WSC Managers VII, Inc.,
a Delaware corporation,
its General Partner

By: ______________________________

Name: ______________________________

Title: ______________________________

STATE OF _________________)

) SS.

COUNTY OF _______________)

This instrument was acknowledged before me on _____________________, 2019 by W-LD LEGENDS OWNER VII, L.L.C., a Delaware limited liability company.

____

Printed Name: ______________________________

Notary Public in and for said State

Commissioned in ____________ County

My commission expires:

____

Staff Request for Commission Action

Tracking No. 19719

Full Commission Meeting Date: 5/9/19
Committee: Economic Development & Finance

Date of Standing Committee Action: 4/29/19 (If none, please explain):

Publication Required: Yes 5/16/2019

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
4/17/2019	Katherine Carttar	x5176	kcarttar@wycokck.org	Economic Development

Item Description:
A Resolution Adopting and Authorizing the Approval of the Turner Logistics Development Agreement.

Action Requested:
Approve and advance to May 9, 2019 Full Commission.

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

Attachments List:
Resolution approving Turner Logistics Development Agreement, Turner Logistics Center Development Agreement

(Published in *The Wyandotte Echo* on ___________)

RESOLUTION NO. R-____-19

A RESOLUTION ADOPTING AND AUTHORZING THE APPROVAL OF THE DEVELOPMENT AGREEMENT FOR TURNER LOGISTICS CENTER

WHEREAS, NorthPoint Development, LLC, a Missouri limited liability company ("Developer") plans to design, develop, and construct a logistics center, including industrial, distribution and manufacturing space (the "Project"), on certain real property generally located at Interstate 70 and Turner Diagonal Freeway (the "Project Site"); and

WHEREAS, the Project requires certain road improvements and public infrastructure to provide adequate access to the Project Site, including a new interchange to replace the existing Interstate 70 and Turner Diagonal interchange (the "Public Infrastructure"), which Public Infrastructure will be designed and constructed by the Kansas Turnpike Authority (the "KTA"). The Unified Government and Developer have agreed to help pay for the costs of the Public Infrastructure (along with public funding from the Kansas Department of Transportation ["KDOT"] and a Better Utilizing Investments to Leverage Development ["BUILD"] transportation grant from the U.S. Department of Transportation and other sources) by providing funds to the KTA to help finance the Public Infrastructure; and

WHEREAS, in connection with the Project, Developer has also requested industrial revenue bond ("IRB") financing in order to pay certain project costs pursuant to K.S.A. 12-1741 *et seq.*, including an exemption on ad valorem property taxes on the portions of the Project Site and an exemption on sales taxes for construction materials, equipment and furnishings for the portions of the Project located within the Project Site; and

WHEREAS, development of the Project should attract new industrial and manufacturing facilities to the community and stimulate the economy of Wyandotte County through employment, additional taxes and other indirect spending in the community, all of which would promote the public good, health, and welfare within Wyandotte County; and

WHEREAS, the Governing Body has determined that it is advisable to enter into the Development Agreement for Turner Logistics Center with Developer (the "Turner Logistics Development Agreement"), attached as Exhibit A hereto, and incorporated by reference herein.

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 and authorizes the Unified Government Mayor/CEO to approve and execute the Turner Logistics Development Agreement in substantially the form attached hereto.

Section 2. The Mayor, the County Administrator, and the Unified Government's other officers, agents, and employees are hereby authorized and directed to take such further action, and execute such other documents, certificates, and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 3. The Unified Government Clerk is hereby authorized and directed to publish this Resolution once in *The Wyandotte Echo*.

Section 4. This Resolution shall be effective upon adoption by the Unified Government Board of Commissioners.

ADOPTED BY THE UNIFIED GOVERNMENT BOARD OF COMMISSIONERS THIS _____ DAY OF _______________, 2019.

____
David Alvey, Mayor/CEO

ATTEST:

____
Unified Government Clerk

(Seal)

DEVELOPMENT AGREEMENT
FOR
TURNER LOGISTICS CENTER

between the

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

and

NORTHPOINT DEVELOPMENT, LLC

DATED AS OF ________________, 2019

DEVELOPMENT AGREEMENT
TURNER LOGISTICS CENTER

THIS DEVELOPMENT AGREEMENT FOR TURNER LOGISTICS CENTER (this "Agreement") is made as of ___________________, 2019 (the "Effective Date") between the Unified Government of Wyandotte County/Kansas City, Kansas (the "UG"), and NorthPoint Development, LLC, a Missouri limited liability company ("Developer").

RECITALS:

A. The Developer wishes to design, develop, and construct a logistics center, including industrial, distribution and manufacturing space (the "Project," as further defined in Section 2.2 below), on certain real property generally located at Interstate 70 and Turner Diagonal Freeway (the "Project Site"), as legally described on **Exhibit A-1** and generally depicted on **Exhibit A-2**, as attached hereto.

B. The Project requires certain road improvements and public infrastructure to provide adequate access to the Project Site, which road improvements and public infrastructure shall be designed and constructed by the Kansas Turnpike Authority (the "KTA") and which are more fully described on **Exhibit B-3** attached hereto (the "Public Infrastructure"). The UG and Developer have agreed to help pay for the costs of the Public Infrastructure (along with public funding from the Kansas Department of Transportation ["KDOT"] and a Better Utilizing Investments to Leverage Development ["BUILD"] transportation grant from the U.S. Department of Transportation and other sources) by providing funds to the KTA to help finance the Public Infrastructure.

C. In connection with the Project, Developer has requested industrial revenue bond ("IRB") financing in order to pay certain project costs pursuant to K.S.A. 12-1741 *et seq.* Pursuant to the terms and conditions set forth in Section 4.2 below, the parties hereby agree that Developer may use IRB financing to obtain an exemption on ad valorem property taxes, and to obtain an exemption on sales taxes for construction materials, equipment and furnishings.

D. Development of the Project should attract new industrial and manufacturing facilities to the community and stimulate the economy of Wyandotte County through employment, additional taxes and other indirect spending in the community, all of which would promote the public good, health, and welfare within Wyandotte County.

E. The parties agree that the Project is not financially feasible without the public-private partnership as set forth in this Agreement, and therefore the parties wish to enter into this Agreement to provide the necessary financing for the Project.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the UG and Developer hereby agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Interpretation. In this Agreement, unless a clear contrary intention appears:

(a) the singular number includes the plural number and vice versa;

(b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

(c) reference to any gender includes each other gender;

(d) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;

(e) reference in this Agreement to any article, section, appendix, annex, schedule or exhibit means such article or section thereof or appendix, annex, schedule or exhibit thereto;

(f) each of the items or agreements identified on the attached Index of Exhibits are deemed part of this Agreement to the same extent as if set forth herein;

(g) "hereunder", "hereof", "hereto" and words of similar import shall be deemed references to this Agreement as a whole and not to any particular article, section or other provision thereof;

(h) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; and

(i) relative to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding."

1.2 Accounting Terms. Unless expressly otherwise provided, accounting terms shall be construed and interpreted, and accounting determination and computations shall be made, in accordance with GAAP.

1.3 Legal Representation of the Parties. This Agreement was negotiated by the parties hereto with the benefit of legal representation and any rules of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party shall not apply to any construction or interpretation hereof or thereof.

1.4 Definitions. All capitalized terms used in this Agreement shall have the meanings ascribed to them in Annex 1 attached hereto and made a part hereof, or as otherwise provided herein.

ARTICLE 2
THE PROJECT

2.1 Undertaking of Developer. Developer hereby agrees, subject to the terms and conditions hereinafter provided, to develop, construct, complete, and operate the Project. The performance of all activities by Developer hereunder shall not be as an agent of the UG, except as otherwise specifically provided herein.

2.2 Development of the Project Site. Developer hereby contemplates that all of the buildings, parking structures and other improvements constituting the Project, as specifically described in this Section 2.2 and as generally depicted on **Exhibit B-1** attached hereto (the "Improvements"), shall be developed, constructed, completed, and operated on the Project Site in substantial accordance and compliance with the terms and conditions of this Section 2.2 and the final site plan approvals as may be granted or amended from time to time by the UG's Planning Commission or other relevant bodies if any (the "Development

Plan"). On and subject to the terms and provisions set forth in this Agreement, Developer shall have the sole right to, and shall be responsible for, design, construction, equipment and completion of the Improvements, and shall operate and use the Improvements in the manner described herein, all in accordance with the terms of this Section 2.2 and all other Applicable Laws and Requirements. The parties further agree as follows:

(a) The Project shall be designed, developed and constructed as a first class logistics center, including industrial, distribution and manufacturing space and is intended to include up to approximately 2,700,000 square feet of improvements and a capital investment by Developer (and its various tenants and assignees) of over $125,000,000 at full build-out. As used herein, the term "Capital Investment" shall mean the total investment by Developer, Affiliates, tenants, and other owners or similar entities with the Project including but not limited to acquisition costs, reasonable and customary soft costs (brokerage fees, engineering and design fees, etc.), personal property, building costs, equipment, information technology costs, infrastructure and fixtures.

(b) Within ___ months of the Effective Date, Developer hereby agrees to begin site preparation, site utilities and other infrastructure improvements for the Project Site (the "Phase 1 Private Infrastructure"), which Phase 1 Private Infrastructure is more particularly described on **Exhibit B-2** attached hereto along with a budget therefor. Notwithstanding the foregoing, the parties hereby understand and agree that Developer's obligations to commence and complete the Phase 1 Private Infrastructure are hereby expressly contingent upon the KTA timely commencing design and construction of the Public Infrastructure as set forth on **Exhibit B-3**. If the KTA shall be delayed in its design and commencement of construction for the Public Infrastructure, then Developer shall be entitled to a day-for-day delay in its obligations to commence and complete the Phase 1 Private Infrastructure as set forth herein.

(c) The Project shall include parking improvements containing the number of spaces required by the Applicable Laws and Requirements (the "Parking Improvements").

(d) Developer's plans for landscaping on the Project Site shall be considered in accordance with all Applicable Laws and Requirements.

(e) Developer's design, development and construction of the Improvements shall in all respects comply with the Plans and Specifications (as defined in Section 6.2).

(f) The Project described in this Section 2.2 and Section 2.3 below shall not be amended or modified without: (i) the prior written consent of the UG, which consent shall not be unreasonably withheld, and (ii) full compliance with all Applicable Laws and Requirements.

2.3 Phasing of the Project. The parties agree that the Project is contemplated to be constructed in multiple phases, on a building by building basis as dictated by market demand (each a "Phase" or collectively "Phases"), as described below. The parties hereby agree that the Phases are currently contemplated to be as follows; provided, however, that the Phases may be combined, Developer may proceed with the Phases in any order that it sees fit, and/or the square footages articulated below may be larger or smaller than the estimates below based on market demand:

(a) Phase 1: The design, construction and development of an approximate 366,600 square foot building identified as "Building 1" on **Exhibit B-1** attached hereto shall constitute a Phase of the Project ("Phase 1") and shall consist of the design, construction and development of Building 1, along with the Parking Improvements and infrastructure required by Building 1;

(b) Phase 2: The design, construction and development of an approximate 432,640 square foot building identified as "Building 2" on **Exhibit B-1** attached hereto shall constitute a Phase of the Project ("Phase 2") and shall consist of the design, construction and development of Building 2, along with any Parking Improvements and infrastructure required by Building 2;

(c) Phase 3: The design, construction and development of an approximate 226,240 square foot building identified as "Building 3" on **Exhibit B-1** attached hereto shall constitute a Phase of the Project ("Phase 3") and shall consist of the design, construction and development of Building 3, along with any Parking Improvements and infrastructure required by Building 3;

(d) Phase 4: The design, construction and development of an approximate 488,800 square foot building identified as "Building 4" on **Exhibit B-1** attached hereto shall constitute a Phase of the Project ("Phase 4") and shall consist of the design, construction and development of Building 4, along with any Parking Improvements and infrastructure required by Building 4;

(e) Phase 5: The design, construction and development of an approximate 488,800 square foot building identified as "Building 5" on **Exhibit B-1** attached hereto shall constitute a Phase of the Project ("Phase 5") and shall consist of the design, construction and development of Building 5, along with any Parking Improvements and infrastructure required by Building 5;

(f) Phase 6: The design, construction and development of an approximate 436,800 square foot building identified as "Building 6" on **Exhibit B-1** attached hereto shall constitute a Phase of the Project ("Phase 6") and shall consist of the design, construction and development of Building 6, along with any Parking Improvements and infrastructure required by Building 6; and

(g) Phase 7: The design, construction and development of an approximate 349,800 square foot building identified as "Building 7" on **Exhibit B-1** attached hereto shall constitute a Phase of the Project ("Phase 7") and shall consist of the design, construction and development of Building 7, along with any Parking Improvements and infrastructure required by Building 7.

2.4 Minimum Building Improvements. Notwithstanding Developer's intentions to build up to approximately 2,700,000 square feet of improvements in the Project as set forth above, Developer hereby irrevocably covenants and contractually commits to fully construct and complete at least 1,000,000 square feet of buildings in one or more of the Phases set forth in Section 2.3 above (the "Minimum Building Improvements"), and Developer hereby agrees to do so on or before the Completion Date set forth in Section 6.11 below. If Developer shall fail to complete the Minimum Building Improvements by the Completion Date set forth in Section 6.11 below, then (i) the UG shall be entitled to the Annual Shortfall Payments or the proceeds of the Shortfall CID as set forth in subsections (a) and (b) below, and (ii) the UG may terminate this Agreement and/or exercise any other applicable remedies under Section 9.2 below. If and to the extent that Developer constructs and completes the Minimum Building Improvements on or before the Completion Date set forth in Section 6.11 below, the parties hereby agree that the UG shall not have any right to terminate this Agreement as set forth above and Developer shall not be obligated to complete any additional Phases or additional Improvements beyond the Minimum Building Improvements.

(a) If Developer fails to complete the Minimum Building Improvements on or before the Completion Date, Developer hereby agrees to make a payment to the UG on or before January 31st of each year commencing on January 31, 2025 and ending with a final payment on January 31, 2034, which payment shall be equal to one-tenth of the difference between $7,500,000 and the amount of any PILOTs paid or projected from any Phases completed by Developer on or before the Completion Date (the "Annual Shortfall Payments").

(b) In lieu of the Annual Shortfall Payments described above, if Developer fails to complete the Minimum Building Improvements on or before the Completion Date, Developer may elect to impose community improvement special assessments on the Project Site. The parties hereby agree to create the community improvement district (the "Shortfall CID") pursuant to the CID Petition which is attached hereto as **Exhibit G**, which Shortfall CID shall be designed to produce proceeds in an amount equal to the Annual Shortfall Payments over a ten (10) year period. No special assessments shall ever be imposed upon the Project Site if and to the extent that Developer shall complete the Minimum Building Improvements on or before the Completion Date. However, if and to the extent that Developer fails to complete the Minimum Building Improvements on or before the Completion Date, Developer must elect the Shortfall CID alternative by written notice to the UG on or before January 31, 2025, in which case the UG shall impose special assessments on the Project Site pursuant to the Shortfall CID, which special assessments shall commence on or before July 1, 2025 and remain in place until such time as the UG has received Shortfall CID proceeds in an amount equal to the Annual Shortfall Payments. Additionally, the UG shall also have the unilateral right to impose special assessments under the Shortfall CID at any time during the Term (as defined in Section 7.1 below) if and to the extent that Developer shall be more than sixty (60) days delinquent in making any of the Annual Shortfall Payments.

(c) The parties hereby agree that Developer's obligation to pay any unpaid Annual Shortfall Payments owed by Developer, and the payment of special assessments under the Shortfall CID shall survive the expiration or earlier termination of the Term of this Agreement.

2.5 General Agreements. Developer agrees to promptly and completely perform each and all of its duties and obligations under this Agreement and the other Transaction Documents. The UG agrees to promptly and completely perform each and all of its duties and obligations under this Agreement and the other Transaction Documents.

ARTICLE 3
INTENTIONALLY DELETED.

ARTICLE 4
FINANCING — SOURCE OF FUNDS

4.1 Financing; Source of Funds. Reference is hereby made to the Total Project Budget attached hereto as **Exhibit C-1**, and by this reference made a part hereof. However, it is understood and agreed by the parties that the Total Project Budget is for illustrative purposes only, and is intended only to describe and identify the general scope of the Project; the parties hereby agree that this Total Project Budget will necessarily evolve and be modified as the Project progresses and specific tenants come to the Project. Developer shall not be deemed to be in default of this Agreement if the actual costs and investments in particular elements of the Project are less or more than those sums reflected on the attached Total Project Budget. Additionally, a Phase 1 Private Infrastructure description and budget is attached hereto as **Exhibit C-2**. The costs of the Project (the "Project Costs") will generally be funded by private equity and debt. Developer, using private equity and debt, will pay all of the costs for the design, development and construction of the Project, except for and excluding the Public Infrastructure Improvements, which shall be paid with combination of the Developer's Contribution (as defined below in Section 5.2), along with UG, State and/or federal funding.

4.2 Industrial Revenue Bonds. Developer has requested IRB financing in order to pay certain Project Costs pursuant to K.S.A. 12-1741 *et seq.* For any building to be constructed on the Project Site during the Term, which is consistent with this Agreement and subject to compliance by Developer with all of the UG's current requirements for the issuance of IRBs (as set forth in the UG's IRB policy, as the same may be amended from time to time) and all other Applicable Laws and Requirements, the parties hereby agree that Developer may use IRB financing to obtain certain property tax abatements as set forth below and to obtain an exemption on sales taxes for construction materials for the Project.

(a) Abatements and PILOT. The parties hereby recognize and agree that Developer will request one hundred percent (100%) abatements of ad valorem property taxes for each of the buildings that it intends to develop in the Project (the "Abatements"). Therefore, the UG shall adopt a master resolution of intent indicating its intention to abate the taxes by one hundred percent (100%) and also a payment-in-lieu of taxes ("PILOT" or collectively "PILOTs") per square foot of each constructed building annually via the issuance of individual IRBs, which PILOTs shall be as scheduled on **Exhibit D-2** attached hereto for each building developed on the Project Site during the Term according to the procedures set forth herein. A copy of this master resolution of intent is hereby attached hereto as **Exhibit D-1** (the "Resolution of Intent"). The parties further agree as follows:

(i) During the Term, the UG shall track the amount of (a) PILOTs actually paid by Developer, and (b) the UG's 44.6% of the ad valorem property taxes from any completed buildings within the various Phases of the Project that come back onto the tax rolls after the Abatements have expired (collectively, the "Infrastructure Reimbursement Credits"); and

(ii) The increases in the annual PILOTs set forth on the schedule attached hereto as **Exhibit D-2** shall cease and the PILOTs for any buildings in Phases of the Project that are subject to Abatements shall thereafter be frozen at the then-current PILOT rate following the date during the Term on which the UG has received Infrastructure Reimbursement Credits in an amount equal to or greater than $7,500,000.

(iii) If and only to the extent that Developer shall timely complete the Minimum Building Improvements on or before the Completion Date, the parties hereby agree that notwithstanding the PILOT schedule attached hereto as **Exhibit D-2**, on January 1st of the year following a date during the Term on which the UG has received Infrastructure Reimbursement Credits in an amount equal to or greater than the UG's Infrastructure Contribution (as defined in Section 5.2 below), then the PILOTs required to be paid by Developer shall be reduced to Fifteen Cents ($0.15) per completed building square foot for any buildings in Phases of the Project that are subject to Abatements for the remainder of the term of any such Abatements.

(b) Approval of IRBs. The parties hereby understand and agree that the individual IRBs shall be approved prior to construction but issued on January 1st of the year following the date of Substantial Completion of each such building for which Abatements are sought by Developer and shall mature and be redeemed ten (10) years after such issuance. Each building shall have an individual ten (10) year "clock" commencing upon the aforementioned issuance. The parties hereby agree that no Abatements shall be granted or commence after December 31, 2029.

(c) UG's IRB Policy. The parties hereby understand and agree that the Abatements herein represent a variance from the UG's non-binding IRB Policy dated as of October 21, 2010.

(d) IRB Origination Fee and Costs of Issuance. In connection with each individual IRB, the parties hereby agree that the UG shall assess and collect, and Developer shall pay (or cause to be paid), the UG's customary origination fees and any normal and customary costs of issuance, including the UG's counsel fees.

(e) Compliance with LBE/MBE/WBE Goals. The Developer understands and agrees that the availability of the Abatements is hereby expressly conditioned upon the Developer's compliance with and satisfaction of the terms and conditions of the goals in Section 8.2. In the event that Developer, or Developer's tenant or transferee, shall fail to comply with and fully satisfy the terms and conditions of Section 8.2 for a particular building, then it is hereby understood and agreed that the PILOT for such building shall be increased as set forth in Section 8.2.

(e) Relocations. Notwithstanding anything set forth herein to the contrary, Developer understands and agrees that the Abatements and the IRB financing described in this Section 4.2 are always subject to approval of the UG's Commission, which may grant or deny any such approvals in its sole discretion. Without limiting the generality of the foregoing, the parties hereby understand and agree that the UG's policy is to reduce or deny Abatements for relocations of businesses already operating in Wyandotte County ("Relocations"). The parties agree that in making its Abatement decision regarding Relocations, the UG will consider factors such as whether or not the business has outgrown its current facility, occupies a facility with certain functional obsolescence, or seeks a new facility in order to accommodate a merger or acquisition.

ARTICLE 5
PUBLIC INFRASTRUCTURE IMPROVEMENTS

5.1 Public Infrastructure Improvements. The parties hereby understand and agree that the KTA shall design and construct a new interchange to replace the existing Interstate 70 and Turner Diagonal interchange, as more particularly described on **Exhibit B-3**.

5.2 Payment of Costs for the Public Infrastructure. Notwithstanding the foregoing, the parties hereby understand and agree that KTA has agreed to design, commence and complete the Public Infrastructure with a combination of funding, including funds from KDOT, the BUILD transportation grant and (a) a $1,500,000 private contribution from the Developer (the "Developer's Contribution"), and (b) a contribution from the UG which is not to exceed $7,500,000 (the "UG's Infrastructure Contribution"), it being expressly understood and agreed that the UG's Infrastructure Contribution may be reduced depending upon the final overall project costs for the Public Infrastructure Improvements, and therefore the actual amount of the UG's Infrastructure Contribution (for purposes of Section 4.2(a)(iii) and otherwise) may be less than $7,500,000. Developer hereby covenants and agrees to pay, deliver and provide the Developer Contribution to KTA within thirty (30) days of a request from KTA. The UG hereby covenants and agrees to pay, deliver and provide the UG's Infrastructure Contribution to KTA within thirty (30) days of a request from KTA.

5.3 Timing of Design and Construction. KTA has indicated its intention to let the Public Infrastructure on or before __________________, 2019 and to complete the Public Infrastructure on or before October 31, 2020.

ARTICLE 6
CONSTRUCTION OF IMPROVEMENTS AND INFRASTRUCTURE IMPROVEMENTS

6.1 Architect. Developer shall select such architects, engineers and other design professionals and consultants as are necessary to provide construction documents and construction oversight services for the Improvements. All agreements respecting architectural and engineering services shall be between

Developer and such Persons, and a copy of each such agreement shall be timely provided to the UG upon a request for the same.

6.2 Design and Plans and Specifications. Developer shall, as soon as practicable, provide the UG with plans and specifications for the Improvements (collectively, the "Plans and Specifications"), which Plans and Specifications shall include cost estimates for the Improvements, the design of which is compatible with the Development Plan, and all Applicable Laws and Requirements. Developer recognizes, stipulates and agrees that the Plans and Specifications will be presented to and subject to approval by the appropriate Government Authorities. Without the prior written approval of the appropriate Government Authorities, there shall be no Material Changes to the Plans and Specifications subsequent to the initial approval.

6.3 General Contractor and Construction Documents. Developer shall select a general contractor (the "General Contractor") for the Improvements. Developer represents that its construction documents relative to the Improvements (the "Construction Documents") will require and provide for (a) the design, development, construction, equipping and completion of the Improvements in accordance with the Development Plan, the Plans and Specifications and all Applicable Laws and Requirements; (b) a guaranteed maximum price; (c) guaranteed Substantial Completion not later than the Completion Date (with liquidated damages for failure); and (d) surety of performance and labor and material payment bonds in the full amount of the Construction Documents. Developer shall, as soon as practicable, provide the UG with a copy of the Construction Documents.

6.4 Changes or Amendments. Developer shall promptly deliver to the UG copies of all change orders or other changes or amendments to the Construction Documents. Developer agrees with the UG that it will (a) perform its duties and obligations under the Construction Documents and (b) enforce the obligations of all other parties thereunder.

6.5 INTENTIONALLY DELETED.

6.6 Terms and Requirements of Improvements. The contracts for all Improvements in the Project shall comply with all Applicable Laws and Requirements. Any Material Changes to the Improvements require the prior written consent of the UG. The UG, or its designee, shall have the right to inspect, observe, and oversee the construction of the Improvements in order to ascertain and determine that the standards of the UG have been met. Developer shall obtain the UG's approval of all change orders relating to the Improvements.

6.7 Responsibility for Design and Construction. Developer shall, subject to the terms of this Agreement and the Development Plan, have the sole right, and the responsibility, to design, manage, operate and construct the Project. Developer shall receive no separate fee from the UG for acting as construction manager or developer of the Project.

6.8 Payment and Performance Bonds. If required by Applicable Laws and Requirements, the General Contractor shall be required under the Construction Documents to furnish and maintain in full force and effect performance and labor and material payment bonds in the full amount of the Project Costs, as set forth in the Construction Documents. Said bonds shall be in form and substance and issued by a corporate surety satisfactory to Developer and the UG.

6.9 Permits and Reviews. Developer hereby recognizes, stipulates and agrees that: (a) in the design, construction, completion, use or operation of the Improvements and Phase 1 Private Infrastructure, Developer, or its General Contractor, shall procure and pay for any and all permits, licenses or other forms of authorizations that are, from time to time, required; and (b) nothing herein shall be construed as any release by the UG of the responsibility of Developer to comply with, and satisfy the requirements of, all Applicable Laws and Requirements.

6.10 Periodic Meetings with Master Developer. From the Effective Date until Substantial Completion of the Project, Developer hereby agrees to meet with the UG at such intervals as Developer, the UG and any such designee of the UG shall mutually agree upon or reasonably request, not more frequently than monthly, to review and discuss the design, development and construction of the Improvements and the Project.

6.11 Completion Date for Minimum Building Improvements. Developer hereby agrees that, subject only to Force Majeure (as defined in Section 10.2 below) and to any delay of completion of the Public Infrastructure Improvements, Developer shall complete construction of the Minimum Building Improvements as described in Section 2.4 on or before January 1, 2025 (the "Completion Date").

ARTICLE 7
USE AND OPERATION

7.1 Term. The Term of this Agreement shall commence on the Effective Date and shall expire on the last day of the later of (a) the expiration of the last Abatement issued within the Project, or (b) December 31, 2039 (the "Term"), if not earlier terminated by one of the parties pursuant to the terms and conditions of this Agreement.

7.2 Use and Operation. Developer covenants that at all times during the Term, it will, at its expense:

(a) Use the Project only for the Permitted Uses.

(b) Conduct its business at all times in a dignified quality manner and in conformity with the first-class industry standards and in such manner as to help establish and maintain a high reputation for the Project.

7.3 Development Plan. During the Term, Developer agrees that it shall perform and comply with each and all of the terms and provisions of the Development Plan and not suffer or permit any default or breach of any such terms or provisions of the Development Plan.

7.4 Maintenance and Use. During the Term, Developer shall cause the Project, and all parts thereof, the Project Site and all other of its property used or useful in the conduct of its business and operations on the Project Site, to be maintained, preserved and kept in good repair and working order and in a safe condition, consistent at all times with other first-class industrial space in the greater metropolitan Kansas City area, and will make all repairs, renewals, replacements and improvements necessary for the safe, efficient, and advantageous conduct of its business and operations on the Project Site. Developer may make additions, alterations and changes to the Project so long as such additions, alterations and changes are made in compliance with all Applicable Laws and Requirements and the Development Plan, and as long as the same do not materially adversely affect Developer's ability to perform its obligations under this Agreement. Developer agrees to set aside on its books such reasonable reserves for future maintenance and capital expenditures.

7.5 Compliance. Developer shall conduct its affairs and carry on its business and operations in such a manner as to comply with all Applicable Laws and Requirements, and to observe and conform to all valid orders, regulations or requirements (including, but not limited to, those relating to safety and health) of any Government Authorities applicable to the conduct of its business and operations and the ownership of the Project; provided, however, that nothing contained in this Agreement shall require Developer to comply with, observe and conform to any such law, order, regulation or requirement of any Government Authorities so long as the validity thereof shall be contested by Developer in good faith by appropriate proceedings, and provided that Developer shall have set aside on its books adequate reserves in accordance with GAAP or secured adequate bonding with respect to such contest and such contest shall not materially impair the ability of Developer to meet its obligations under this Agreement. Developer agrees to promptly pay any and all fees and expenses associated with any safety, health or other inspections required under this Agreement or imposed by Applicable Laws and Requirements, unless contested in good faith with the assurances provided in the preceding sentence.

7.6 Payment of Taxes and Other Charges. During the Term, Developer and/or each successor owner within the Project shall pay or cause to be paid as they become due and payable all taxes, assessments and other governmental charges lawfully levied or assessed or imposed upon parcels owned by the Developer or upon any income therefrom, including, but not limited to, any taxes, assessments, PILOTs or other governmental charges levied, assessed or imposed on the Project, the Project Site, and/or the Improvements. Ad valorem property taxes shall be due in arrears, with half due on December 20th and half due on May 10th of each year in which said amount is required to be paid, and will be considered delinquent if not paid by such dates of each year or as otherwise determined by Applicable Laws and Requirements. The obligation to make ad valorem property tax payments shall be a covenant running with the land and shall create a lien in favor of the UG on each such tax parcel as constituted from time to time and shall be enforceable against Developer and its successors and assigns in ownership of property on the Project Site. Additionally, Developer hereby understands and agrees that if Developer shall fail to timely pay its ad valorem property taxes as set forth herein, that Developer's access to the IRB financing and Abatements shall be suspended until such taxes are paid in full.

7.7 Payment of Obligations. During the Term, Developer shall promptly pay or otherwise satisfy and discharge all of its obligations and all demands and claims against it as and when the same become due and payable, unless the validity, amount or collectability thereof is being contested in good faith or unless the failure to comply or contest would not materially impair its ability to perform its obligations under this Agreement nor subject any material part of the Project to loss or forfeiture.

7.8 Liens and Encumbrances. During the Term, except for a Permitted Mortgage (as defined below), Developer shall not create or incur or permit to be created or incurred or to exist any mortgage, lien, security interest, charge or encumbrance upon the Project, or any part thereof, and shall promptly cause to be discharged, challenged or terminated all mortgages, liens, security interests, charges and encumbrances that are not a Permitted Mortgage. For purposes hereof, the term "Permitted Mortgage" shall mean any security interest placed on the Project Site or any part thereof by Developer in connection with any construction or permanent financing of the Project. Notwithstanding the foregoing, any Permitted Mortgage shall be subject to the terms and conditions of this Agreement, including without limitation, Section 9.2 of this Agreement.

7.9 Licenses and Permits. During the Term, Developer shall procure and maintain all licenses and permits, and allow all inspections and/or investigations required by Applicable Laws and Requirements or otherwise necessary in the operation of its business and affairs in, on or about the Project.

7.10 Insurance. During the Term, Developer shall maintain or cause to be maintained insurance with respect to the portions of the Project which it owns and operations covering such risks that are of an insurable nature and of the character customarily insured against by organizations operating similar properties and engaged in similar operations (including but not limited to property and casualty, worker's compensation, general liability and employee dishonesty) and in such amounts as, in the reasonable judgment of the UG, are adequate to protect Developer, the UG and the Project, but in no event in an amount less than that required by the Insurance Specifications attached hereto as **Exhibit E,** and made a part hereof, or as otherwise required by the terms of the Transaction Documents. Each policy or other contract for such insurance shall: (i) name the UG as an additional insured with respect to liability insurance (but only in an amount equal to Five Hundred Thousand Dollars ($500,000)), and (ii) contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for at least thirty (30) days after written notice of cancellation to Developer and each other insured, additional insured, loss payee and mortgage payee named therein. The rights of the UG to any insurance proceeds shall be subject and subordinate to the rights of any Permitted Mortgagee. Throughout the Term, Developer shall ensure the UG is provided with a current and accurate certificate of insurance ("Certificate of Insurance") for each coverage applicable to the Project, the Site, and the Improvements, and for all coverages required herein. Each Certificate of Insurance shall be on ACORD forms or on other forms which the UG may approve in writing.

7.11 Damage, Destruction or Condemnation. The parties hereby agree as follows:

(a) In the event of damage to or destruction of any portion of the Improvements resulting from fire or other Casualty during the Term, or in the event any portion of the Improvements is condemned or taken for any public or quasi-public use or title thereto is found to be deficient during the Term, the net proceeds of any insurance relating to such damage or destruction, the net proceeds of such condemnation or taking, or the net proceeds of any realization on title insurance shall be paid into, and used in accordance with, a construction escrow agreement satisfactory to the UG, Developer and any Permitted Mortgagee ("Casualty Escrow").

(b) If, at any time during the Term, the Improvements or any part thereof shall be damaged or destroyed by a Casualty (the "Damaged Facilities"), Developer, to the extent insurance proceeds are made available to Developer and to the extent made possible with said proceeds shall proceed as promptly as possible to repair, restore and replace the Damaged Facilities as nearly as possible to their condition immediately prior to the Casualty and shall be entitled to draw upon the Casualty Escrow for payment of said costs.

(c) If at any time during the Term, title to the whole or substantially all of the Improvements shall be taken in condemnation proceedings or by right of eminent domain, Developer, at its sole discretion, may terminate this Agreement as of the date of such taking. For purposes of this Section 7.11(c), "substantially all of the Improvements" shall be deemed to have been taken if the UG and Developer, each acting reasonably and in good faith, determine that the untaken portion of the Project, including the Parking Improvements, cannot be practically and economically used by Developer for the purposes and at the times contemplated by this Agreement. In the event of condemnation of less than the whole or substantially all of the Improvements during the Term, Developer, to the extent made possible by the proceeds in the Casualty Escrow, shall commence and thereafter proceed as promptly as possible to repair, restore and replace the remaining part of the Project, as nearly as possible, to their former condition, and shall be entitled to draw upon the Casualty Escrow for payment of said costs.

7.12 Indemnity. Developer shall pay and indemnify and save the UG and its governing body members, directors, officers, employees and agents harmless from and against all loss, liability, damage or expense arising out of: (a) the acquisition of the Project Site; (b) the design, construction and completion of the Project by Developer; (c) the use or occupation of the Project by Developer or anyone acting by, through or under it; (d) damage or injury, actual or claimed, of whatsoever kind or character occurring after the Effective Date, to persons or property occurring or allegedly occurring in, on or about the Project; (e) any breach, default or failure to perform by Developer under this Agreement; (f) any act by an employee of the UG at the Project Site which are within or under the control of Developer or pursued for the benefit of or on behalf of Developer; and (g) any claims or challenges related to the legality of the approval of, or terms contained in the planning, zoning, platting or other governmental approvals necessary for this Project, this Agreement, the Development Plan, the IRBs and the terms thereof, and of the financing structure contemplated by this Agreement. Developer shall also pay and indemnify and save the UG and its governing body members, directors, officers, employees and agents harmless of, from and against, all costs, reasonable counsel fees, expenses and liabilities incurred by them or by Developer in any action or proceeding brought by reason of any such claim, demand, expense, penalty or fine. If any action or proceeding is brought against the UG or its governing board members, directors, officers, employees or agents by reason of any such claim or demand, Developer, upon notice from the UG, covenants to resist and defend such action or proceeding on demand of the UG or its governing body members, directors, officers, employees or agents. Notwithstanding the foregoing, no party benefited by this indemnity shall be indemnified against liability for damage arising out of bodily injury to persons or damage to property caused by the said party's own respective willful and malicious acts or omissions or gross negligence. The foregoing covenants contained in this Section 7.12 shall be deemed continuing covenants, representations and warranties for the benefit of the UG and any successors and assigns of the UG, and shall survive the termination, satisfaction or release of this Agreement, or any other instrument.

7.13 Prohibition on Sales, Etc. Except for a Permitted Mortgage and except as otherwise provided herein, during the Term, Developer will not, without the prior written consent of the UG: (a) assign, sell, lease, mortgage or otherwise transfer the Project Site, the Improvements or equipment that comprise the Project or any part thereof or any interest therein; (b) merge with or into another corporation or sell or transfer to another corporation substantially all of its assets; or (c) assign this Agreement, or any of the rights, benefits or obligations hereunder. Any such assignment, sale, lease, mortgage, merger or other transfer which is consented to by the UG shall be an "Approved Assignment" and the assignee, purchaser, lessee, mortgagee or transferee shall be an "Assignee." The UG shall have the right to grant or withhold its consent to any of the aforesaid in its reasonable discretion after inquiry and delivery of information to the UG as to whether the proposed Assignee has sufficient financial wherewithal and experience to successfully complete the Project according to the terms of this Agreement. If and to the extent that the proposed Assignee has sufficient experience to complete the Project, is not a convicted felon and demonstrates a net worth of not less than Thirty Million Dollars ($30,000,000) to the UG (the "Assignment Standards"), then the UG shall not be deemed to be "reasonable" in withholding its consent to such an assignment or transfer. If there is an Approved Assignment, the Assignee shall assume and agree to pay and perform each and all of the terms and provisions of this Agreement. Notwithstanding the foregoing, the parties hereby agree as follows:

(a) that Developer may, subject always to the terms of this Agreement, in the ordinary course of its business, but without the prior written approval of the UG, make leases of portions of the Project to reputable tenants; and

(b) that upon completion of the Minimum Building Improvements, Developer may freely assign, sell, lease, mortgage or otherwise transfer the Project Site, the Improvements, or any equipment that comprise any completed Phase of the Project or any part thereof or any interest therein to a transferee that meets the Assignment Standards without the consent of the UG; provided, however, that Developer shall provide the UG with written notice of any such transfer.

7.14 Access. During the Term, Developer hereby recognizes, acknowledges and agrees that the UG, and its duly authorized representatives and agents, shall have the right to enter the Project at reasonable times and upon reasonable notice, to substantiate compliance with this Agreement or, to the extent Developer has failed to cure any breach within applicable notice and cure periods, to cure any defaults under this Agreement. In exercising its rights hereunder, the UG shall use reasonable efforts to avoid unreasonable interference with the operation of the Project. Except as otherwise provided in this Agreement, the UG shall pay all costs it incurs under this provision. Nothing contained in this Section 7.14

shall restrict or impede the right of the UG to enter the Project pursuant to any Applicable Laws and Requirements.

7.15 Environmental Matters. Developer hereby agrees that as of the Effective Date, Developer shall assume responsibility for the costs of any remediation of any environmental conditions upon the Project Site. Further, Developer shall not store, locate, generate, produce, process, treat, transport, incorporate, discharge, emit, release, deposit or dispose of any Hazardous Substance in, upon, under, over or from the Project Site in violation of any Environmental Regulation; shall not permit any Hazardous Substance to be stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited, disposed of or to escape therein, thereupon, thereunder, thereover or therefrom in violation of any Environmental Regulations; shall cause all Hazardous Substances to be properly removed therefrom and properly disposed of in accordance with all applicable Environmental Regulations; shall not install or permit to be installed any underground storage tank therein or thereunder in violation of any Environmental Regulation; and shall comply with all other Environmental Regulations which are applicable to the Project. Developer shall indemnify the UG against, shall hold the UG harmless from, and shall reimburse the UG for, any and all claims, demands, judgments, penalties, fines, liabilities, costs, damages and expenses, including court costs and attorneys' fees incurred by the UG (prior to trial, at trial and on appeal) in any action against or involving the UG, resulting from any breach of the foregoing covenants or from the discovery of any Hazardous Substance, in, upon, under or over, or emanating from, the Project Site, whether or not Developer is responsible therefor, it being the intent of Developer and the UG that the UG shall have no liability or responsibility for damage or injury to human health, the environment or natural resources caused by, for abatement and/or clean-up of, or otherwise with respect to, Hazardous Substances, which arises subsequent to the Effective Date. The foregoing covenants contained in this Section 7.15 shall be deemed continuing covenants, representations and warranties for the benefit of the UG and any successors and assigns of the UG, and shall survive the termination, satisfaction or release of this Agreement, or any other instrument. Any amounts covered by the foregoing indemnification shall bear interest from the date incurred at the Prime Rate plus two percent (2%), or, if less, the maximum rate permitted by law, and shall be payable on demand.

7.16 Power of the UG. Notwithstanding anything set forth herein to the contrary, no provision contained herein shall in any manner diminish or usurp the inherent rights and powers of the UG to act in its capacity as a public body. Further, nothing herein shall relieve Developer from complying with all Applicable Laws and Requirements.

ARTICLE 8
SPECIAL PROVISIONS

8.1 Special Agreements of Developer.

(a) Developer recognizes, stipulates and agrees that it will actively market and advertise the Project in the Kansas City Metropolitan area and regionally.

(b) During the Term, Developer agrees to actively participate in the civic, charitable, educational, philanthropic and economic development of the Kansas City, Kansas/Wyandotte County community in activities of its choice. Without limiting the generality of the foregoing, Developer specifically agrees that during the Term, Developer shall be an active, dues-paying member in good standing with the KCK Area Chamber of Commerce and the Wyandotte Economic Development Council ("WYEDC"). Developer further agrees to encourage its tenants and transferees to join and become dues-paying members of the KCK Area Chamber of Commerce and WYEDC.

(c) With regard to businesses that are located in Kansas City, Kansas/Wyandotte County, Developer hereby agrees that it and its Affiliates shall use best efforts to cause their agents, representatives and brokers not to solicit, call upon or otherwise directly market the other properties of the Developer and its Affiliates located outside Kansas City, Kansas/Wyandotte County without first offering and marketing the Project to such businesses. Notwithstanding the foregoing, Developer shall be permitted to respond to direct inquiries from Kansas City, Kansas/Wyandotte County businesses who are actively in the market or who have issued requests for proposals.

(d) Following construction of each building within the Project, Developer shall use best efforts to cause each of its tenants or users of the buildings within the Project to hire Wyandotte County residents for employment at its building within the Project. Developer further agrees to encourage its tenants and transferees to work with WYEDC and the Workforce Partnership to help provide such employment opportunities to Wyandotte County residents.

8.2 LBE/MBE/WBE Employment Opportunity Goals. Developer agrees to comply with the goals set forth on **Exhibit F**, attached hereto and made a part hereof, in order to identify and provide employment opportunities for local businesses and contractors, women and local minority owned businesses. Developer shall use best efforts to comply with such LBE/MBE/WBE goals for construction of the Project, with limited exceptions for the "Specialized Services" portions of the Project which, due to the nature of the Project, have limited or no qualified bidders for the type and size of building to be completed herein. Except for the Specialized Services described in **Exhibit F**, if and to the extent that Developer fails to comply with goals that it performs at the Project (including the Phase 1 Private Infrastructure), then such failure shall be a default under the terms of this Agreement and the remedy shall be as set forth herein. If, upon completion of any Phase of the Project, Developer or an Assignee shall have failed to meet the LBE/MBE/WBE goals, then the UG shall have the right to increase each of the PILOT payments scheduled on **Exhibit D-2** by five percent (5%) for the term of the IRBs related to the Phase(s) of the Project for which Developer or an Assignee failed to meet the LBE/MBE/WBE goals.

8.3 Green Globes Certification. Developer hereby agrees that it shall comply with the Environmental Design Bonus for Green Globes Certification as set forth on **Exhibit H** for all buildings in the Project.

ARTICLE 9
DEFAULT AND REMEDIES

9.1 Default Provisions. Developer shall be in default under this Agreement if:

(a) Developer fails to make any of the payments of money required by the terms of this Agreement or any of the Transaction Documents, and Developer fails to cure or remedy the same within twenty (20) days after the UG has given Developer written notice specifying such default;

(b) Developer fails to keep or perform any covenant or obligation herein contained on Developer's part to be kept or performed, and Developer fails to remedy the same within sixty (60) days after the UG has given Developer written notice specifying such failure and requesting that it be remedied; provided, however, that if any event of default shall be such that it cannot be corrected within such period, it shall not constitute an event of default if corrective action is instituted by Developer within such period and diligently pursued until the default is corrected;

(c) Developer or any Affiliate shall file a voluntary petition under any bankruptcy law or an involuntary petition under any bankruptcy law is filed against any such party in a court having jurisdiction and said petition is not dismissed within sixty (60) days; or Developer or any Affiliate generally is not paying its debts as such debts become due; or Developer or any Affiliate makes an assignment for the benefit of its creditors; or a custodian, trustee or receiver is appointed or retained to take charge of and manage any substantial part of the assets of Developer, or any Affiliate, and such appointment is not dismissed within sixty (60) days; or any execution or attachment shall issue against Developer whereupon the Project, or any part thereof, or any interest therein of Developer under this Agreement shall be taken and the same is not released prior to judicial sale thereunder (each of the events described in this subparagraph being deemed a default under the provisions of this Agreement); or

(d) Developer breaches the representations and warranties set forth in this Agreement and fails to cure or correct same within fifteen (15) days of notice from the UG.

In the event of such default, the UG may take such actions, or pursue such remedies, as exist hereunder, or at law or in equity, and Developer covenants to pay and to indemnify the UG against all reasonable costs and charges, including attorneys' fees, lawfully and reasonably incurred by or on behalf of the UG in connection with the enforcement of such actions or remedies.

9.2 Rights and Remedies. Upon the occurrence and continuance of a Developer default, the UG shall have the following rights and remedies, in addition to any other rights and remedies provided under this Agreement or by law:

(a) Whenever any default by Developer shall have occurred and be continuing, subject to applicable cure periods as set forth above, the UG may: (i) refuse to approve any further IRB financing or Abatements and/or terminate existing Abatements; (ii) terminate this Agreement; and/or (iii) exercise any remedies provided to the UG under the Transaction Documents. The rights and remedies reserved by the UG hereunder and those provided by law shall be construed as cumulative and continuing rights, no one of which shall be exhausted by the exercise of any one or more of such rights or remedies on any one or more occasions.

(b) The UG may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce and compel the specific performance of the duties and obligations of the Developer as set forth in this Agreement, to enforce or preserve any other rights or interests of the UG under this Agreement or otherwise existing at law or in equity and to recover any damages incurred by the UG resulting from such Developer default.

(c) In the event of such default by Developer, the UG may take such actions, or pursue such remedies, as exist hereunder or at law or in equity and Developer covenants to pay and to indemnify the UG against all reasonable costs and charges, including attorneys' fees, lawfully and reasonably incurred by or on behalf of the UG in connection with the enforcement of such actions or remedies.

(d) The rights and remedies reserved by the UG hereunder and those provided by law shall be construed as cumulative and continuing rights, no one of which shall be exhausted by the exercise of any one or more of such rights or remedies on any one or more occasions. If a default by Developer occurs under this Agreement and is continuing, the UG may take whatever action at law or in equity as may appear necessary or desirable to enforce performance and observance by Developer of any provision of this Agreement. The UG shall be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Agreement, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity. Failure by the UG to enforce any such rights shall not be deemed a waiver thereof.

(e) The UG shall be entitled to interest payments at a rate equal to the lesser of (i) fifteen percent (15%) or (ii) the highest rate which is allowed by Applicable Laws and Requirements on any payments of money required by the terms of this Agreement which are not paid by Developer on or before the date that such payments are due.

9.3 Default by the UG. The UG shall be in default under this Agreement if the UG fails to keep or perform any covenant or obligation herein contained on the UG's part to be kept or performed, and the UG fails to remedy the same within thirty (30) days after Developer has given the UG written notice specifying such failure and requesting that it be remedied; provided, however, that if any event of default shall be such that it cannot be corrected within such period, it shall not constitute an event of default if corrective action is instituted by the UG within such period and diligently pursued until the default is corrected. If a default by the UG occurs under this Agreement and is continuing, Developer may take whatever action at law or in equity as may appear necessary or desirable to enforce performance and observance by the UG of any provision of this Agreement; provided, however, that the UG's liability for monetary amounts shall be limited to the actual amount, if any, in question, and under no circumstances shall the UG be liable for any remote or consequential damages. Developer shall be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Agreement, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceedings in equity. Under no circumstances shall the UG be liable for remote or consequential damages.

In the event of such default, Developer may take such actions, or pursue such remedies, as exist hereunder or at law or in equity; and if Developer is the prevailing party in an action to enforce its remedies hereunder, Developer shall be entitled, subject to Applicable Laws and Requirements, to reasonable costs and charges, including attorneys' fees, lawfully and reasonably incurred by or on behalf of Developer in connection with the enforcement of such actions or remedies.

ARTICLE 10
MISCELLANEOUS

10.1 Waiver of Breach. No waiver of any breach of any covenant or agreement herein contained shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of a breach by either party of any covenant, agreement or undertaking, the non-defaulting party may nevertheless accept from the other any payment or payments or performance hereunder without in any way waiving its right to exercise any of its rights and remedies provided for herein or otherwise with respect to any such default or defaults which were in existence at the time such payment or payments or performance were accepted by it.

10.2 Force Majeure. In the event either party hereto shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of acts of God; strikes; lockouts; failure of power or other insufficient utility service; riots; insurrection; environmental remediation required by the appropriate Government Authorities; discovery of cultural, archeological or paleontological resources or endangered species; any lawsuit seeking to restrain, enjoin, challenge or delay construction; war; terrorism; labor difficulties (including jurisdictional labor disputes); judicial or administrative writ, order or decree; legislative decisions or actions, or delay by, applicable local, State or federal governments; casualties at the job site and resulting in direct physical damage to the Project, or occurring off-site and directly disrupting or delaying the supply of labor or materials to the Project; moratoria on the issuance of applicable permits or other governmental approvals; or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement ("Force Majeure"), then performance of such act shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this

Section 10.2 shall not be applicable to delays resulting from the inability of a party to obtain financing or to proceed with its obligations under this Agreement because of a lack of funds.

10.3 Covenants of Parties.

(a) Representations and Warranties of Developer. Developer represents and warrants to the UG as follows:

(i) Organization. Developer is a Missouri limited liability company duly formed and validly existing under the laws of the State. Developer is duly authorized to conduct business in each other jurisdiction in which the nature of its properties or its activities requires such authorization. Developer shall: (1) preserve and keep in full force and effect its corporate or other separate legal existence and (2) remain qualified to do business and conduct its affairs in the State and each jurisdiction where ownership of its property or the conduct of its business or affairs requires such qualification.

(ii) Authority. The execution, delivery and performance by Developer of this Agreement are within Developer's powers and have been duly authorized by all necessary action of Developer.

(iii) No Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of any of the transactions herein or therein contemplated, nor compliance with the terms and provisions hereof or thereof, will contravene the organizational documents of Developer or any provision of law, statute, rule or regulation to which Developer is subject, or to any judgment, decree, license, order or permit applicable to Developer, or will conflict or be inconsistent with, or will result in any breach of any of the terms of the covenants, conditions or provisions of any indenture, mortgage, deed of trust, agreement or other instrument to which Developer is a party, by which Developer is bound, or to which Developer is subject.

(iv) No Consents. No consent, authorization, approval, order or other action by, and no notice to or filing with, any court or Government Authority or regulatory body or third party is required for the due execution and delivery by Developer of this Agreement. No consent, authorization, approval, order or other action by, and no notice to or filing with, any court or Government Authority or regulatory body or third party is required for the performance by Developer of this Agreement or the consummation of the transactions contemplated hereby except for zoning, building and other customary permits to be obtained from the UG or other governmental units.

(v) Valid and Binding Obligation. This Agreement is the legal, valid and binding obligation of Developer, enforceable against Developer in accordance with the terms hereof.

(b) Representations and Warranties of the UG. The UG represents and warrants to the Developer as follows:

(i) Authority. The execution, delivery and performance by the UG of this Agreement are within its powers and have been duly authorized by all necessary action.

(ii) No Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of any of the transactions herein or therein contemplated, nor compliance with the terms and provisions hereof or thereof, will contravene the ordinances, rules, regulations of the UG or the laws of the State nor result in a breach, conflict with or be inconsistent with any terms, covenants, conditions or provisions of any indenture, agreement or other instrument by which the UG is bound or to which the UG is subject.

(iii) No Consents. No consent, authorization, approval, order or other action by, and no notice to or filing with, any court or Government Authority or regulatory body or third party is required for the due execution and delivery by the UG of this Agreement. No consent, authorization, approval, order or other action by, and no notice to or filing with, any court or Government Authority or regulatory body or third party is required for the performance by the UG of this Agreement or the consummation of the transactions contemplated hereby.

(iv) Valid and Binding Obligation. This Agreement is the legal, valid and binding obligation of the UG enforceable against the UG in accordance with its terms.

10.4 Amendments. This Agreement may be amended, changed or modified only by a written agreement duly executed by the UG and Developer.

10.5 Construction and Enforcement. This Agreement shall be construed and enforced in accordance with the laws of the State.

10.6 Invalidity of Any Provisions. If for any reason any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

10.7 Headings. The Article and Section headings shall not be treated as a part of this Agreement or as affecting the true meaning of the provisions hereof.

10.8 Execution of Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

10.9 Time. Time is of the essence in this Agreement.

10.10 Consents and Approvals. Wherever in this Agreement it is provided that the UG or Developer shall, may or must give its approval or consent, the UG or Developer shall not, unless specifically herein provided otherwise, unreasonably withhold, condition, delay or refuse to give such approvals or consents. It is agreed, however, that the sole right and remedy for Developer or the UG in any action concerning the other's reasonableness will be action for declaratory judgment and/or specific performance, and in no event shall either such party be entitled to claim damages of any type or nature in any such action.

10.11 Notices. All notices required or desired to be given hereunder shall be in writing and all such notices and other written documents required or desired to be given hereunder shall be deemed duly served and delivered for all purposes if delivered: (i) by nationally recognized overnight delivery service; (ii) by electronic mail (with follow up within one (1) business day by United States Mail or by nationally recognized overnight delivery service); or (iii) in person, in each case if addressed to the parties set forth below:

To the UG:

The Unified Government Clerk
The Unified Government of Wyandotte County/Kansas City, Kansas
701 North 7th Street, Suite 323
Kansas City, Kansas 66101
Telephone: 913-573-5260
Email: bcobbins@wycokck.org

with a copy to:

Kenneth J. Moore, Esq.
Chief Counsel
The Unified Government of Wyandotte County/Kansas City, Kansas
701 North 7th Street, Suite 961
Kansas City, Kansas 66101
Telephone: 913-573-5060
Email: kjmoore@wycokck.org

and a copy to:

Douglas G. Bach
County Administrator
The Unified Government of Wyandotte County/Kansas City, Kansas
701 North 7th Street, 9th Floor
Kansas City, Kansas 66101
Telephone: 913-573-5030
Email: dbach@wycokck.org

and a copy to:

Todd A. LaSala, Esq.
Stinson Leonard Street LLP
1201 Walnut Street, Suite 2900
Kansas City, Missouri 64106
Telephone: 816-842-8600
Email: todd.lasala@stinson.com

To the Developer:

Turner Logistics Center
c/o NorthPoint Development, LLC
4825 NW 41st Street, Suite 500
Riverside, Missouri 64150
Attn: Nathaniel Hagedorn
Telephone: 816-888-7381
e-mail: nathaniel@northpointkc.com

with a copy to:

F. Chase Simmons. Esq.
Polsinelli Shughart PC
900 W. 48th Place, Suite 900
Kansas City, Missouri 64112
Telephone: 816-360 4207
Email: csimmons@polsinelli.com:

All notices given by: (i) nationally recognized overnight delivery service, or (ii) electronic mail, and followed up by regular United States mail or nationally recognized overnight delivery service in accordance with the above procedures, shall be deemed duly given one (1) business day after they are so delivered. All notices given in person shall be deemed duly given when delivered.

10.12 Entire Agreement. Together with the Exhibits hereto, this Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes and replaces all prior oral or written agreements concerning the subject matter hereof.

10.13 Run with the Land. This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective heirs, successors and assigns and shall run with the land. However, Developer shall remain liable in the event of a violation of any of the terms or restrictions set forth in Sections 7.8 and 7.13. Within ten (10) business days after the Effective Date, the parties shall record a memorandum describing this Agreement in the Office of the Register of Deeds of Wyandotte County, Kansas.

[Remainder of page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

UG:

THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

By:____
David Alvey, Mayor/CEO

STATE OF KANSAS)
) SS.
COUNTY OF WYANDOTTE)

This instrument was acknowledged before me on _____________, 2019, by David Alvey as Mayor/CEO of the Unified Government of Wyandotte County/ Kansas City, Kansas.

____
Printed Name: __________________________________
Notary Public in and for said State
Commissioned in ____________ County

My commission expires

____

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

DEVELOPER:

NORTHPOINT DEVELOPMENT, LLC

By: ___________________________________
Printed Name: __________________________
Title: __________________________________

STATE OF ________________)
) SS.
COUNTY OF ______________)

This instrument was acknowledged before me on ____________________, 2019 by ____________________ as ____________________ of NorthPoint Development, LLC, a Missouri limited liability company.

____
Printed Name: ______________________________
Notary Public in and for said State
Commissioned in ____________ County

My commission expires:

____

ANNEX 1
DEFINITIONS

"Abatements" means those certain abatements of ad valorem property taxes for each building developed on the Project Site as described in Section 4.2(a).

"Affiliate" means any person, entity or group of persons or entities which controls Developer, which Developer controls or which is under common control with Developer. As used herein, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management and policies, whether through the ownership of voting securities, by contract or otherwise. However, the parties understand and agree that the term "Affiliate" shall not include passive investors or capital partners without day to day operational control of the Project

"Agreement" means this Development Agreement [Turner Logistics Center] by and between the UG and Developer.

"Annual Shortfall Payments" means the payments to be made by Developer to the UG if Developer fails to complete the Minimum Building Improvements on or before the Completion Date, as described in Section 2.4(a).

"Applicable Laws and Requirements" shall mean any applicable constitution, treaty, statute, rule, regulation, ordinance, order, directive, code, interpretation, judgment, decree, injunction, writ, determination, award, permit, license, authorization, directive, requirement or decision of or agreement with or by government authorities, and all requirements of any insurers. Applicable Laws and Requirements shall include, without limitation, the Development Plan, the Kansas Cash Basis Law (K.S.A. § 10-1100 *et seq.*) and Budget Law (K.S.A. § 75-2935 *et seq.*).

"Approved Assignment" means any assignment, sale, lease, mortgage, merger or other transfer which is consented to by the UG pursuant to Section 7.13.

"Assignee" means the assignee, purchaser, lessee, mortgagee, or transferee of an Approved Assignment pursuant to Section 7.13.

"Assignment Standards" means that a proposed Assignee has sufficient experience to complete the Project, is not a convicted felon and demonstrates a net worth of not less than Thirty Million Dollars ($30,000,000) to the UG, as described in Section 7.13.

"Capital Investment" means the total investment by Developer, affiliates, tenants, and other owners or similar entities with the Project including but not limited to acquisition costs, reasonable and customary soft costs (brokerage fees, engineering and design fees, etc.), personal property, building costs, equipment, information technology costs, infrastructure and fixtures, as set forth in Section 2.2(a).

"Casualty" means any fire, storm, earthquake, tornado, flood or natural disaster or other sudden, unexpected or unusual cause of damage or destruction.

"Casualty Escrow" means that certain escrow agreement for the net proceeds of any insurance relating to damage or destruction of any portion of the Improvements, the net proceeds of condemnation or taking of any portion of the Improvements, or the net proceeds of any realization on title insurance for the Project as set forth in Section 7.11(a).

"Certificate of Insurance" means a current and accurate certificate of insurance for each coverage applicable to the Project, the Project Site, and the Improvements, and for all coverages required in Section 7.10 and **Exhibit E**.

"Completion Date" means the date by which Developer must complete construction of the Minimum Building Improvements, as set forth in Section 6.11.

"Construction Documents" means the construction documents relative to the Improvements, as described in Section 6.3.

"Damaged Facilities" means any part or the whole of the Project to the extent that the same is damaged or destroyed by a Casualty as described in Section 7.11(b).

"Developer" means NorthPoint Development, LLC, a Missouri limited liability company.

"Developer's Contribution" means the $1,500,000 private contribution from the Developer for the Public Infrastructure, as described in Section 5.2.

"Development Plan" means the plan agreed to by Developer and the UG as more fully described in Section 2.2.

"Effective Date" means the date of this Agreement first above written.

"Environmental Regulation" means any and all present and future laws, statutes, ordinances, rules, regulations and orders of any governmental authority having jurisdiction over the parties hereto or the Project Site or any portion thereof and pertaining to the protection of human health, hazardous substances, pollution, or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, and as the same may be further amended from time to time (collectively, "CERCLA").

"Force Majeure" is defined in Section 10.2.

"GAAP" means generally accepted accounting principles.

"General Contractor" means that general contractor selected by Developer pursuant to Section 6.3.

"Government Authority" or **"Government Authorities"** shall mean any and all jurisdictions, entities, courts, boards, agencies, commissions, offices, divisions, subdivisions, departments, bodies or authorities of any nature whatsoever of any governmental unit (federal, state, county, district, municipal, city or otherwise), whether now or hereafter in existence.

"Hazardous Substance" means any substance that is defined or listed as a hazardous or toxic substance and which is regulated as such or may form the basis of liability under any present or future Environmental Regulation, or that is otherwise prohibited or subject to investigation or remediation under any present or future Environmental Regulation because of its hazardous, toxic, or dangerous properties, including, without limitation; (i) any substance that is a "hazardous substance" under CERCLA, and (ii) petroleum, natural gas, natural gas liquids, liquefied natural gas, and synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas), only to the extent that the constituents of such synthetic gas are released or threatened to be released into the environment.

"Improvements" means those certain improvements to be constructed in the Project as more particularly described in Section 2.2 and generally depicted on **Exhibit B-1**.

"Infrastructure Reimbursement Credits" means the amount of (a) PILOTs actually paid by Developer, and (b) the UG's 44.6% of the ad valorem property taxes from any completed buildings within the various Phases of the Project that come back onto the tax rolls after the Abatements have expired, as described in Section 4.2(a)(i).

"Insurance Specifications" means the insurance requirements on Developer in connection with the Project as generally described in Section 7.10 and more fully set forth in **Exhibit E**.

"Interchange Improvements" means the interchange improvements to be paid for by State and/or federal government funding, as described in Section 2.2(b) and on **Exhibit B-3**.

"IRB" means industrial revenue bond financing pursuant to K.S.A. 12-1741 *et seq.*

"KDOT" means the Kansas Department of Transportation.

"KTA" means the Kansas Turnpike Authority.

"Material Changes" means any substantial change to any agreement, plan or other document referred to herein, which change would require changes to Developer's permits or approval of the appropriate government authorities or is required by Applicable Laws and Requirements.

"Minimum Building Improvements" means the minimum of 1,000,000 square feet of buildings that Developer irrevocably covenants and contractually commits to fully construct, as set forth in Section 2.4.

"Parking Improvements" means the parking improvements containing the number of spaces required by the Applicable Laws and Requirements for the Project, as set forth in Section 2.2(c).

"Permitted Mortgage" means any mortgage placed on the Project Site or any part thereof in connection with any construction or permanent financing of the Project as described in Section 7.8.

"Permitted Mortgagee" means the holder of the Permitted Mortgage.

"Permitted Uses" means a first-class logistics center, including industrial, distribution and manufacturing space.

"Person" shall mean any natural person, firm, partnership, association, corporation, limited liability company, trust, entity, public body or government or other entity.

"Phase" or collectively **"Phases"** means the multiple phases in which the Project is contemplated to be constructed, on a building by building basis as dictated by market demand, as set forth in Section 2.3.

"Phase 1" means the design, construction and development of an approximate 366,600 square foot building identified as "Building 1" on **Exhibit B-1**, along with the Parking Improvements and infrastructure required by Building 1, as set forth in Section 2.3(a).

"Phase 1 Private Infrastructure" means site preparation, site utilities and other infrastructure improvements for the Project Site, as described in Section 2.2(b) and on **Exhibit B-2**.

"Phase 2" means the design, construction and development of an approximate 432,640 square foot building identified as "Building 2" on **Exhibit B-1**, along with any Parking Improvements and infrastructure required by Building 2, as set forth in Section 2.3(b).

"Phase 3" means the design, construction and development of an approximate 226,240 square foot building identified as "Building 3" on **Exhibit B-1**, along with any Parking Improvements and infrastructure required by Building 3, as set forth in Section 2.3(c).

"Phase 4" means the design, construction and development of an approximate 488,800 square foot building identified as "Building 4" on **Exhibit B-1**, along with any Parking Improvements and infrastructure required by Building 4, as set forth in Section 2.3(d).

"Phase 5" means the design, construction and development of an approximate 488,800 square foot building identified as "Building 5" on **Exhibit B-1**, along with any Parking Improvements and infrastructure required by Building 5, as set forth in Section 2.3(e).

"Phase 6" means the design, construction and development of an approximate 436,800 square foot building identified as "Building 6" on **Exhibit B-1**, along with any Parking Improvements and infrastructure required by Building 6, as set forth in Section 2.3(f).

"Phase 7" means the design, construction and development of an approximate 349,800 square foot building identified as "Building 7" on **Exhibit B-1**, along with any Parking Improvements and infrastructure required by Building 7, as set forth in Section 2.3(g).

"PILOT" or **"PILOTs"** means payment-in-lieu-of-taxes, as further described in Section 4.2(a).

"Plans and Specifications" means those plans and specifications generally described in Section 6.2.

"Prime Rate" means the rate of interest announced from time to time by Security Bank of Kansas City, or any successor to it. If such bank, or any successor to it, ceases to announce a prime rate, the UG shall designate a reasonably comparable financial institution for purposes of determining the Prime Rate.

"Project" means the design, development, and construction of certain improvements on the Project Site for a first-class industrial park as more particularly set forth in Section 2.2.

"Project Costs" means the costs of designing, developing, constructing and completing the Project as more particularly set forth in Section 4.1 and **Exhibit C-1**.

"Project Site" means that certain real property legally described on **Exhibit A-1** and generally depicted on **Exhibit A-2**.

"Public Infrastructure" those certain infrastructure improvements to improve access to the Project Site which are to be designed and constructed by the KTA and paid for by the UG and Developer (along with public funding from the federal government, KDOT and other sources), as described in Recital B.

"Relocations" means relocations of businesses already operating in Wyandotte County to the Project Site, as described in Section 4.2(e).

"Resolution of Intent" means that certain master resolution of intent indicating the UG's intention to grant to Developer the Abatements for each building developed on the Project Site during the Term, as described in Section 4.2(a) and **Exhibit D**.

"Shortfall CID" means the special assessment community improvement district that Developer or the UG may elect to impose on the Project Site in lieu of the Annual Shortfall Payments, if Developer fails to complete the Minimum Building Improvements on or before the Completion Date, as described in Section 2.4(b).

"State" means the State of Kansas.

"Substantial Completion" means the stage in the progress of the construction of the Project, or as to any particular portion thereof, when said construction is sufficiently complete so that the Project or such particular portion can be occupied or utilized for its intended use.

"Term" means the term of this Agreement as set forth in Section 7.1.

"**Transaction Documents**" means the lease, along with any bond trust indentures, bond purchase agreements, tax compliance agreements, financing agreements, and other similar documents executed and delivered by the parties in connection with the IRB financing.

"Total Project Budget" means the budget attached hereto as **Exhibit C-1.**

"UG" means the Unified Government of Wyandotte County/Kansas City, Kansas.

"UG's Infrastructure Contribution" means and the contribution from the UG which is not to exceed $7,500,000 for the Public Infrastructure, as described in Section 5.2.

"WYEDC" means the Wyandotte Economic Development Council.

INDEX OF EXHIBITS

EXHIBIT A-1

THE PROJECT SITE – LEGAL DESCRIPTION

EXHIBIT A-2

THE PROJECT SITE – MAP

EXHIBIT B-1

GENERAL SITE PLAN – IMPROVEMENTS

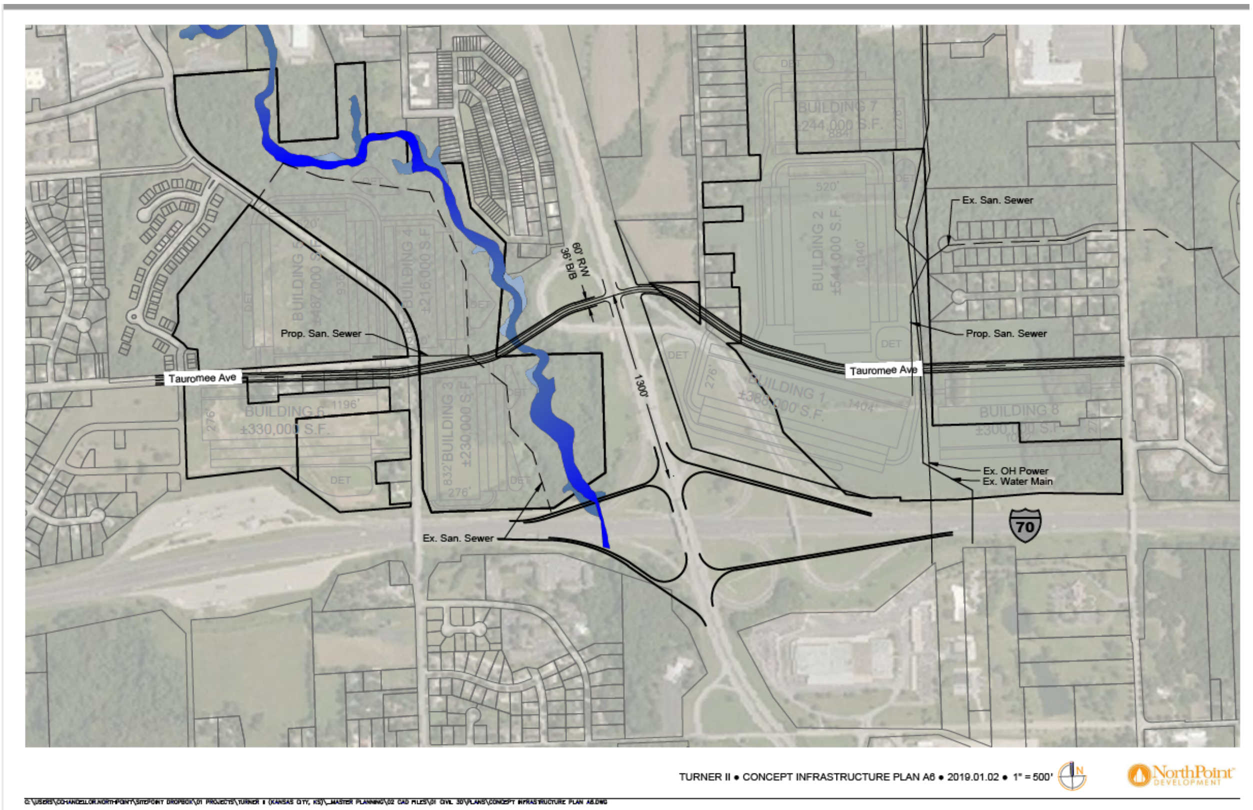


EXHIBIT B-2

DEVELOPER'S PHASE 1 PRIVATE INFRASTRUCTURE

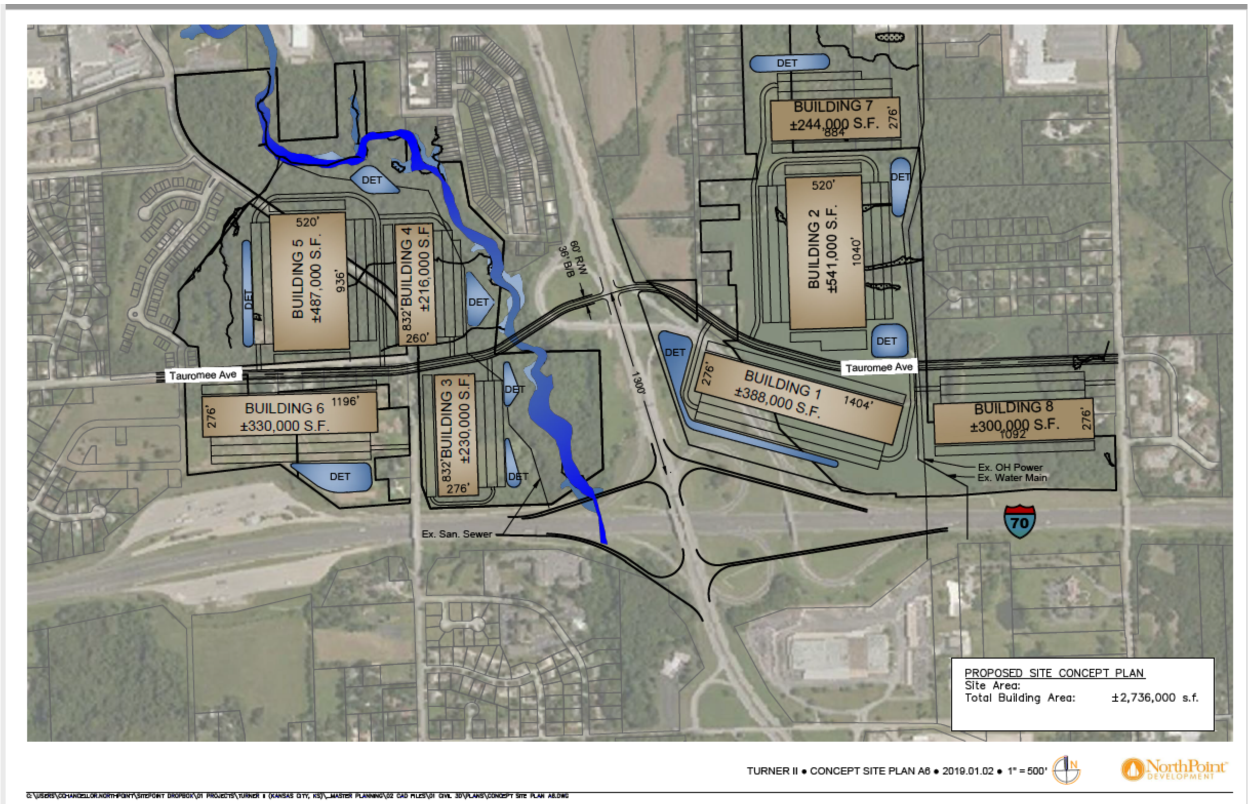


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EXHIBIT B-3

INTERCHANGE IMPROVEMENTS

The Public Infrastructure includes a reconfiguration of the interchange at Interstate 70 and Turner Diagonal with a diverging diamond interchange, reusing the existing concrete bridges. An illustration of the proposed interchange improvements is attached.

As part of the Public Infrastructure project, more short-term truck staging space will also be made available by reconfiguring the adjacent truck staging area to utilize the space more efficiently. Because KTA operates this stretch of I-70, triple trailers will be allowed on the facilities, and so the truck-staging area would provide a location for triple trailers to drop off their 3rd trailer prior to entering the KDOT and local facilities where the same are prohibited.

[Illustration on following page]

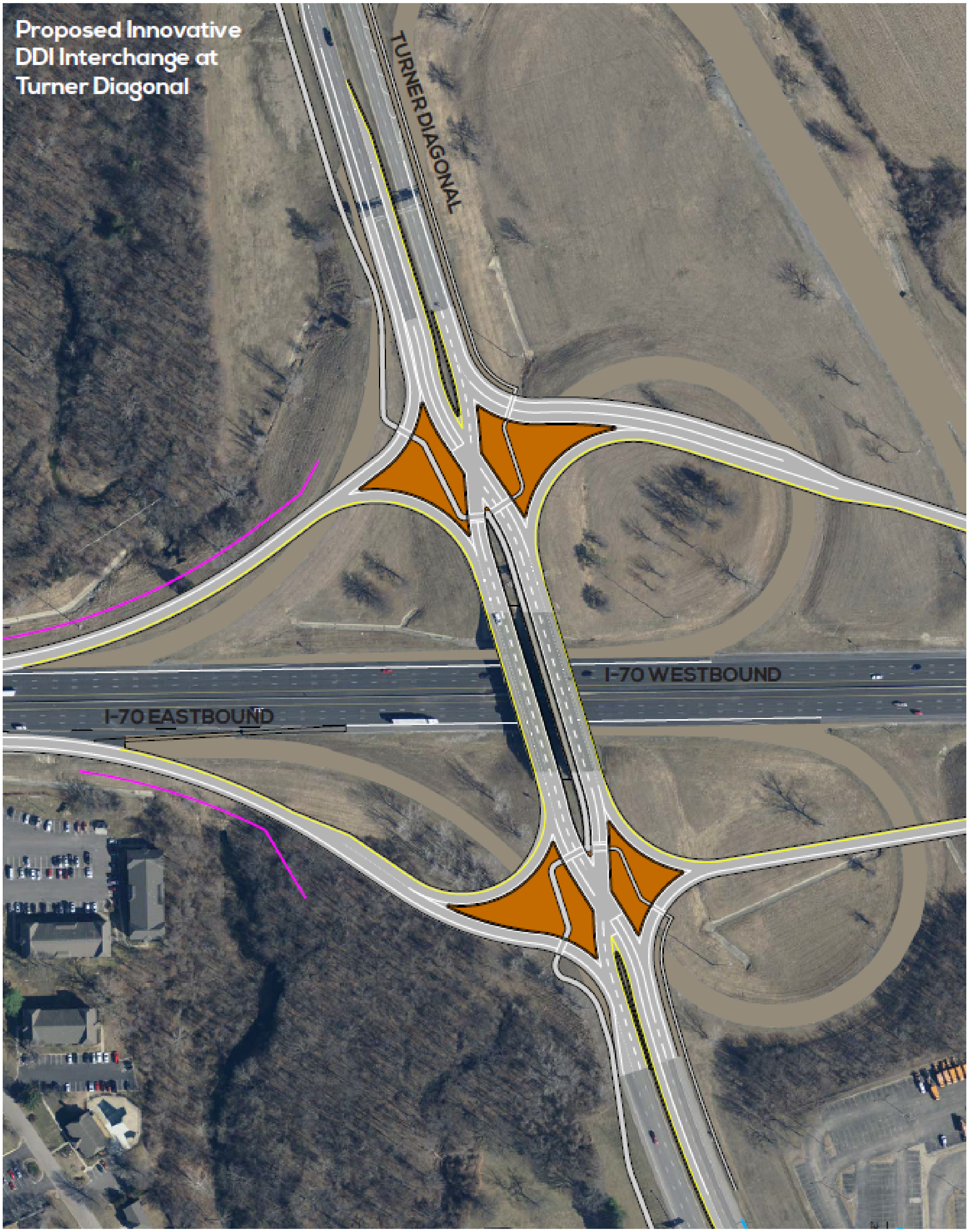

Proposed Innovative DDI Interchange at Turner Diagonal
TURNER DIAGONAL
I-70 WESTBOUND
I-70 EASTBOUND

EXHIBIT C-1

TOTAL PROJECT BUDGET

EXHIBIT C-2

PHASE 1 PRIVATE INFRASTRUCTURE BUDGET

EXHIBIT D-1

RESOLUTION OF INTENT

EXHIBIT D-2

PILOT SCHEDULE

Year	Per Square Foot PILOT	
2020	$	0.14
2021	$	0.1600
2022	$	0.1800
2023	$	0.1800
2024	$	0.2000
2025	$	0.2000
2026	$	0.2200
2027	$	0.3000
2028	$	0.3200
2029	$	0.3400
2030	$	0.3400
2031	$	0.3600
2032	$	0.3800
2033	$	0.4800
2034	$	0.4800
2035	$	0.4800
2036	$	0.4800
2037	$	0.4800
2038	$	0.4800
2039	$	0.4800

EXHIBIT E

INSURANCE SPECIFICATIONS

1. Worker's Compensation. Developer may self-insure, to the extent allowed by applicable law. The self-insured retention shall be that which is standard in the industry. Developer will then purchase excess Worker's Compensation Insurance with statutory limits over the self-insured retention. If self-insurance is not available under applicable state law, coverage will be purchased in accordance with the statutory requirements.

2. Comprehensive General Liability. Developer will purchase and maintain with primary limits of $2,000,000.

3. Automobile Liability. Developer will purchase and maintain with primary limits of $1,000,000.

4. Excess Liability. Developer will purchase and maintain excess liability insurance in an amount not less than $5,000,000.

5. Special Perils Form Property Insurance. Developer will purchase on a replacement cost basis. Deductibles and limits will be standard to those in the industry, and the policy shall include an "Agreed Amount" endorsement.

EXHIBIT F

LBE/MBE/WBE GOALS AND REQUIREMENTS

This Exhibit sets forth the guidelines for the utilization of local business, minority and women enterprises and local resident, minority and women participation and equal employment opportunity referenced in **Section 8.2** of the Development Agreement for Turner Logistics Center (**"Development Agreement"**) between the Unified Government of Wyandotte County/Kansas City, Kansas (**"UG"**) and NorthPoint Development, LLC (**"Developer"**). The parties agree as follows:

I. SCOPE

These procedures are applicable to the construction of the Project, including but not limited to all aspects of the construction of the Improvements and all related facilities, including labor, materials and supplies and construction-related services, but not including Specialized Services.

II. DEFINITIONS

All capitalized terms used in this Exhibit shall have the meaning ascribed to them in the Development Agreement and made a part thereof, or as otherwise set forth herein.

A. **"Best Efforts"** has the meaning set forth in Section III.C.3.b herein.

B. **"Construction"** means all aspects of the construction of the Improvements, all related facilities and the Project, including labor, materials and supplies and construction-related services, whether performed or contracted for by or on behalf of Developer.

C. **"Contractor"** means the Proposer selected by Developer for the design, development, or construction of the Project.

D. **"Developer"** means _____., and any of its successors, assigns or anyone holding portions of the Project by or through them.

E. **"Local Business Enterprises or LBE"** means businesses headquartered or which maintain a Substantial Local Office that performs the significant functions of the business in Wyandotte County or businesses of which at least 51% of the stock, equity or beneficial interest is owned, held, or controlled and whose day-to-day management is under the control of an individual residing in Wyandotte County. There is no formal certification process for LBE designation. It is determined and assigned based on the criteria referenced in this definition and payment of all applicable Wyandotte County taxes and/or licensing fees.

F. **"Local Resident"** means an individual that, during his or her employment with the Project, maintains his or her place of domicile in Wyandotte County, Kansas.

G. **"Minority Business Enterprise or MBE"** means a business of which at least 51% of the stock, equity, or beneficial interest is owned, held, or controlled and/or whose day-to-day management is under the control of a person who is a member of an American ethnic minority group including African-American, Asian-Indian, Asian-Pacific, Hispanic and Native American.

H. **"Professional Services"** means advisory or consulting activities including, but not limited to, architectural, engineering, legal, accounting, financial, marketing, environmental studies, and financial services contracted for by or on behalf of Developer for the operations of the Project but specifically excluding professional services that have historically been sourced and performed at the holding company level by Developer (i.e. legal and accounting services).

I. "Proposer" means a person who submits a proposal in response to a solicitation for proposals issued by Developer or one of its Contractors with respect to the design, development or Construction of the Project or with respect to the annual operations of the Project.

J. "Specialized Services" means expertise, services or products, the application of which are unique to the business of the Project and which are only available through sole or limited source providers or national vendors. Specialized Services shall also include the services provided by the Contractors and designers who have been involved with and have previous experience on similar projects with Developer and which Developer has engaged or intends to engage to perform similar services for the Project.

K. "Substantial Local Office" means an office operated and financially supported by a firm that has sufficient space, staff, and equipment to carry on the local business of the firm and that is engaged in significant, on-going local involvement with the business community in Wyandotte County, Kansas.

L. "Women Business Enterprise or WBE" means a business of which at least 51% of the stock, equity, or beneficial interest is owned, held, or controlled and/or whose day-to-day management is under the control of one or more women who are U.S. citizens or legal resident aliens.

III. DESIGN, DEVELOPMENT AND CONSTRUCTION OF THE PROJECT

A. GOALS FOR LBE/MBE/WBE PARTICIPATION

1. Project Design, Development and Construction Goals.

Developer will use its best efforts, as defined in Section III.C.3.b, to meet the following goals based upon the total cost of the Improvements and all related facilities for the Project. In no event shall Developer be required to incur higher costs as a result of its commitment to attempt to meet such goals. These goals are based upon a disparity study performed for the Kansas City Metropolitan Area for LBE, MBE and WBE participation. These goals are not to act as quotas or set asides.

	Construction	Professional
LBE	18%	18%
MBE	15%	13%
WBE	7%	8%

It is the intent of the UG to give preference to the utilization of LBEs so long as all other factors relating to the award of an individual contract are equal. If the factors relating to an award of an individual contract are equal, Developer shall give preference to the utilization of LBEs over the utilization of MBEs and WBEs. Developer shall strive to meet each individual goal listed.

2. Contract Specific Goals.

Where appropriate, the UG may agree to different specific goals for specific elements of the Project to be awarded by Developer, when proposed by Developer, relating to the design, development and construction of the Project, based upon the availability of qualified LBEs and certified MBEs and WBEs to perform the specific scopes of work delineated in Developer's Project Utilization Plan.

3. Eligibility for Credit.

a. Only LBE businesses that are qualified and/or MBE or WBE businesses that are certified or undergoing certification at the time of submittal of the subject bid or proposal and ultimately certified as MBEs or WBEs by the Kansas Department of Commerce, State of Missouri, Missouri Department of Transportation (MODOT), City of Kansas City, Missouri, MidAmerica Minority Business Development Council (MAMBDC), Women's Business Enterprise National Council or any other public or private entity reasonably acceptable to the UG, may be counted towards the participation goals set forth in Section III.A.1.

b. In the event that a contract has been awarded on the Project to an approved LBE/MBE/WBE business, and such LBE/MBE/WBE business later becomes unapproved prior to the completion and acceptance of all the work to be provided under such contract, then Developer shall receive credit towards the goal for only that portion of work performed or services provided up to the point such business becomes unapproved.

4. Construction Workforce.

a. Recruitment and outreach. Developer will use its best efforts to employ and to ensure its Contractors employ Local Residents, minorities and women in all aspects of the design, development and construction of the Project except for Specialized Services. These efforts shall include but not be limited to:

i. advertising in appropriate publications, describing the work available, pay scales, and application procedures and maintaining a log or copies of these ads showing the date of publication and identifying the publication;

ii. working with local community organizations, minority and women's community organizations and other appropriate organizations to seek qualified Local Residents, minorities and women (a list of these organizations may be provided by the UG upon request); and

iii. working with the UG to promote diversity and inclusion in all aspects of the Project.

b. Employment Procedures. Developer and its Contractors shall implement equal employment opportunity hiring and job action procedures as those terms are commonly understood.

B. DEVELOPMENT AND PROJECT UTILIZATION PLANS

1. Submissions, Content, and Fulfillment of Developer's Project Utilization Plan.

a. Fourteen (14) calendar days before the solicitation of the first proposal for the Construction of part of the Project, Developer will submit a Project Utilization Plan to the UG for review and approval. The Project Utilization Plan shall be on the form attached to this Exhibit as Attachment A or on another form provided or approved by the UG. The Project Utilization Plan shall set forth: all categories of work that will be covered within solicitations that Developer or its Contractors intend to issue for all Construction and Professional Services providers necessary for Construction of the Project; an estimate of the dollar value of all work covered by these solicitations and an estimate of the dollar value of work within each identified work category; the dollar value of the work for each identified work category that is projected to be performed by LBEs, MBEs and WBEs; the potential joint ventures with LBEs, MBEs and WBEs within each identified work category; an overall schedule of all work projected to be performed, related to the design, development and construction of the Project laid out sequentially over time; and the actions Developer intends to take, with respect to each of these solicitations, to make its best efforts to meet the goals set forth in Section III.A.1.

b. Developer, in the Project Utilization Plan, shall designate one person as the project manager to serve as the point of contact with the UG on all matters related to the Project Utilization Plan. Developer shall provide the project manager's name, address (including e-mail address if available) and phone number to the UG. The project manager shall be an individual with administrative authority with regard to enforcement of the stipulations of this Exhibit.

c. The goals of Section III.A.1. may be met by the expenditure of dollars with approved LBE, MBE or WBE prime Contractors, material suppliers, subcontractors, or through joint ventures with approved LBEs, MBEs or WBEs.

i. The participation of certified MBE and WBE Proposers may count toward each goal for which they qualify, and the participation may be divided between two goals but may not be double-counted. These prime Proposers shall receive credit towards the goals for the dollar value of the contract.

ii. Approved or certified MBE, and WBE and/or qualified LBE material suppliers, regular dealers and manufacturers shall be credited towards the goals for the dollar value of the contract.

iii. A joint venture involving an approved LBE, MBE or WBE as a partner may be counted towards the applicable goal only to the extent of the dollar amount that the approved LBE, MBE or WBE is responsible for and at risk, except, however, if the LBE/MBE/WBE is the majority partner in the joint venture, the entire joint venture contract amount shall be counted, less any work subcontracted to the non LBE/MBE/WBE joint venture partner. To receive credit, the approved LBE, MBE or WBE must be responsible for a clearly defined portion of the work, profits, risks, assets and liabilities of the joint venture.

iv. Participation by a certified MBE owned by a minority woman may be counted as MBE participation or as WBE participation; however, this participation cannot be double-counted. A certified MBE or WBE may also be counted towards the LBE goal, if qualified as LBE. The amount of participation by these businesses may be divided between the MBE or the WBE goals but may not be double-counted. A qualified LBE that is certified as MBE and WBE shall be counted toward the LBE and the MBE or WBE goals, but shall not be counted toward both the MBE and WBE goals.

v. Only the participation of LBEs, MBEs and WBEs that provide a commercially useful function required for the work of the specific solicitation shall be counted toward achievement of the goals. The LBE, MBE or WBE must be responsible for the execution of a distinct element of the work by actually performing, managing, or supervising its function in the work identified in the solicitation. Brokering is not credited. Purchases from LBEs, MBEs and WBEs that constitute indirect or general overhead costs to a projected Proposer's business may not be counted toward the goals. Costs directly incurred solely to perform the work with respect to a Project contract may be counted toward the goals.

2. Evaluation of Project Utilization Plans.

a. The UG will review Developer's Project Utilization Plan respecting each category of work identified by Developer. In conducting its review, the UG shall evaluate the extent to which the actions Developer proposes to take to meet the goals constitute best efforts, as set forth is Section III.C.3.b. below. In no event shall Developer or any of its Contractors be required to engage any LBE, MBE or WBE that is not the low bidder or is not qualified or capable of performing the work to acceptable standards in the reasonable discretion of Developer.

b. No changes to the Project Utilization Plan are permitted after its submission to the UG without the prior submission of the proposed change to the UG and receipt of the UG's written approval, which shall not be unreasonably withheld or delayed.

C. CONTRACT AWARD COMPLIANCE PROCEDURES

1. Solicitation Documents.

Five (5) calendar days before the issuance of each solicitation, Developer shall submit the solicitation documents and the bid list to the UG. This submittal is mandatory for each bid subject to L/M/WBE goals. The solicitation documents for each contract for which goals are established shall contain a description of the requirements set forth in this Exhibit; the LBE, MBE and WBE goals; and the areas of projected subcontracting.

2. Developer's Report of Solicitation Results.

Within seven (7) working days after the date set for receipt of proposals by each solicitation issued for Developer for the Construction of the Project, the Project Manager shall submit to the UG, on a form provided or approved by the UG, a Report of Solicitation Results (the "Report") fully describing all proposals received in response to the solicitation. The Report shall: (1) state the estimated total dollar value of the work covered by the solicitation: (2) state the name of all Proposers; (3) state the total dollar value of work covered by proposals submitted by approved

LBEs, MBEs and/or WBEs (for both Construction and Professional Services); (4) provide all relevant information concerning each joint venture Proposer; and (5) state the names of all subcontractors to Proposers (to the extent then available), which are approved LBEs, MBEs and/or WBEs, and the dollar value of work covered by proposed subcontracts between Proposers and LBEs, MBEs and/or WBEs. The Report shall also indicate to which of the Proposers, including joint venture Proposers, the Developer or any of its Contractors is intending to award contacts resulting from the solicitation. In addition, with respect to any LBE, MBE, or WBE goal established in the Developer's Project Utilization Plan that it appears from the proposals received will not be met, Developer shall include in the Report a precise description of all best efforts it has undertaken or caused to be undertaken to meet the established goals. These submittals are mandatory for all solicitations subject to LBE/MBE/WBE goals.

3. <u>UG Review of Developer's Report of Solicitation Results.</u>

a. Within seven (7) calendar days of receiving a Report of Solicitation Results for review, the UG, based on its review of the Report, shall advise Developer whether it appears that, in light of Developer's indication of the Proposers to whom it intends to award contracts, Developer will meet the goals set forth in the Project Utilization Plan or if not, whether Developer has established best efforts to meet these goals, and shall state the reasons for this conclusion, referring to the specific best efforts criteria contained in Section III.C.3.b. below. As a part of its review, the UG may ascertain whether LBE, MBE or WBE subcontractors agree with the dollar value of the work and the scope of the work, as identified in the proposal.

b. For each Project Utilization Plan goal that is not achieved, Developer shall be deemed to have used best efforts (**"best efforts"**) to meet the Project Utilization Plan goals for Construction and Professional Services set forth in Section III.A.1. of this Exhibit if Developer shall have taken substantially all the following actions:

i. Developer is seeking or has sought timely assistance of the UG to identify qualified LBEs, MBEs and WBEs;

ii. Developer is advertising or has advertised contract opportunities in local, minority and women media;

iii. Developer is providing or has provided reasonable written notice of opportunities and informational meetings to approved LBEs, MBEs and WBEs;

iv. Developer is following up or has followed up initial solicitations of interest by contacting LBEs, MBEs and WBEs;

v. Developer is segmenting or has segmented portions of the work to increase the likelihood of LBE, MBE and WBE participation, where feasible;

vi. Developer is providing or has provided interested LBEs, MBEs and WBEs with timely and accurate information about the plans, specifications, requirements, deadlines, and bidding procedures of the contracts;

vii. Developer is negotiating or has negotiated in good faith with interested LBEs, MBEs and WBEs, not rejecting them as unqualified without sound reasons, based on a thorough review of their capabilities and prior work histories;

viii. Developer is seeking or has sought to educate and assist LBEs, MBEs, and WBEs in obtaining bonding, lines of credit, or insurance required to perform the contract; and

ix. Developer is or has worked with local, minority and women contracting, professional, civic and community organizations, government officers and any other organization or persons, as identified by the UG, that provide assistance in the recruitment of LBEs, MBEs and WBEs.

Failure by the Developer to take all of the foregoing actions shall not be determinative that Developer has not used its best efforts.

4. <u>Signed Contracts.</u>

Within thirty (30) days of provision of the UG's evaluation of the Report of Solicitation Results to Developer, the project manager shall submit signed contracts with successful Proposers to the UG. This submittal must be made before any contracts are awarded.

D. SUBCONTRACTOR RELATIONS

1. <u>Documentation of Subcontracting Agreements.</u>

All subcontracting services shall be evidenced by a written agreement stating, at a minimum, the scope of work to be performed and the amount to be paid for performance of the work. Unit price subcontracts are acceptable if appropriate to the type of work being performed.

2. <u>Documentation of Schedules.</u>

a. For Construction contracts, the Contractor must present a work schedule that includes when the LBE, MBE and WBE subcontractors will be utilized at the job site. This schedule is due on or before the pre-construction meeting with the UG and the project manager representing Developer.

b. For Professional Services contracts, Developer must present a written schedule of when the LBE, MBE and WBE consultants will be working on the Project. This schedule must be submitted to the UG on the day of execution of the contract for services.

3. <u>Substitutions, Additions or Deletions.</u>

Where a substitution for a LBE, MBE or WBE subcontractor must occur after submission of proposals by Developer to the UG, Developer's project manager must submit the proposed change or substitution to the UG for review. The UG shall have no authority to approve or reject any change or substitution. The sole purpose of the review by the UG shall be to determine whether the LBE, MBE or WBE should be counted toward achievement of the goals of Section III.A.1.

IV. UG'S ASSISTANCE TO DEVELOPER

The UG shall use its best efforts to provide assistance to Developer in fulfilling its obligations as set forth in this Exhibit. Developer assumes all responsibility for its best efforts in meeting the goals and complying with the procedures and processes set forth herein. The UG assumes no duty or responsibility to the Developer with respect to Developer's fulfillment of the goals set forth in this Exhibit by reason of the provision of assistance to Developer. Examples of assistance the UG may provide include but are not limited to:

A. providing information and technical assistance regarding the Project to Developer and its agents, including Contractors, subcontractors, LBEs, MBEs, WBEs, officials, and other interested persons;

B. developing and maintaining a registry of approved LBE/MBE/WBE businesses;

C. assisting with identifying potential LBEs, MBEs, and WBEs and reviewing their qualifications to participate in the Project;

D. updating Developer and its agents on current or proposed affirmative action legislation that may affect the Project;

E. recommending contract specific goals, as appropriate;

F. providing assistance in pre-award activities, such as provision of model or example Project Utilization Plans and work segmentation;

G. reviewing Developer, Contractor, and subcontractor performance and LBE/MBE/WBE participation on the Project;

H. providing advice relative to utilization and compliance matters;

I. conducting compliance reviews and audits of LBE/MBE/WBE participation;

J. evaluating requests for substitutions, additions, and deletions;

K. assisting Developer and its agents in addressing issues related to the goals and procedures set forth in this Exhibit;

L. reviewing payments to subcontractors, as documented by monthly reports submitted by Developer;

M. reviewing complaints from LBEs, MBEs WBEs, Contractors, subcontractors, and any other interested persons regarding these goals and procedures;

N. assisting in Developer's development of forms to document compliance with these procedures; and

O. reviewing and approving utilization plans and contract award submittals.

V. <u>DEVELOPER COMPLIANCE RECORDS AND REPORTS.</u>

A. RECORDS

Developer shall maintain those records as may reasonably be required to demonstrate compliance with the goals and procedures set forth in this Exhibit. These records shall be available to the UG upon reasonable notice.

B. DEVELOPMENT AND PROJECT UTILIZATION PLAN REPORTS

Developer shall update the Project Utilization Plan quarterly on the form attached hereto as <u>Attachment B</u> or another form provided or approved by the UG and shall include information requested thereon. In addition, each quarterly report shall include the following for each LBE, MBE or WBE whose participation is utilized by Developer to be applied to the goals set forth herein: business name and address of each LBE, MBE and WBE and a brief description of the work to be performed by each. Developer also shall document the change orders to contracts awarded in each quarterly report.

VII. <u>PROJECT COMPLIANCE EVALUATION.</u>

A. RECORDS

Developer shall maintain those records as may reasonably be required to demonstrate compliance with the goals and procedures set forth in this Exhibit. These records shall be available to the UG upon reasonable notice.

B. PROJECT UTILIZATION PLAN REPORTS

Developer shall provide the UG with information sufficient to document the participation under this Exhibit, including monthly compliance reports on the forms attached hereto as <u>Attachments B and C</u> or another form provided or approved by the UG. In addition, each monthly report shall include the following for each LBE/MBE/WBE whose participation is utilized by Developer to be applied to the goals set forth herein: business name and address of each LBE/MBE/WBE; and a brief description of the work to be performed by each. Developer also shall document the change orders to contracts awarded in each monthly report.

C. REMEDIES

Subject to the provisions of Section 9.1 of the Development Agreement, if Developer should fail to provide a Report required by this Exhibit, and fail to cure such failure within fourteen (14) days after receipt of written notice from the UG, then such failure to cure shall constitute an event of default and the UG shall have those remedies set forth in the Development Agreement.

If, after reviewing Developer's Reports, UG believes that the participation goals contained in this Exhibit have not been met, and that the best efforts described herein have not been met, then the UG shall inform Developer of this determination in writing. Remedies shall be available as set forth in Section 8.2 of the Development Agreement, including increases to the PILOT payments.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

By: ______________________________________

County Administrator

Dated: _______________, 2019

NORTHPOINT DEVELOPMENT, LLC

By______________________________________

____

Dated: _________________, 2019

Attachment A
Unified Government
Project Utilization Plan

Date:________________

Project Name:______________________________

Bid Package	Estimated Contract Value	Estimated LBE Value	Estimated LBE %	Estimated MBE Value	Estimated MBE %	Estimated WBE Value	Estimated WBE %	Total Combined Value	Total Combined %
DIVERSITY TOTAL	**0**			**0**	**#DIV/0!**	**0**	**#REF!**		

CORE/0501343.0163/139638468.7

Attachment B
LBE/MBE/WBE Utilization Report

LBE/MBE/WBE - UTILIZATION REPORT | Month, Year

CONSTRUCTION

APPLICABLE TRADES

	Goal		Actual
Total by Classification	0.00%	LBE	0.00%
	0.00%	MBE	0.00%
	0.00%	WBE	0.00%

Discipline	Subcontractor/Supplier Name	Original Contract Value	Change In Contract Value	Total Contract (Excluding CCIP)	LBE		MBE		WBE		Ceritifying Agency or Local Zip Code
					$	%	$	%	$	%	
Bid Package #1											
Bid Package #2											
Bid Package #3											
Bid Package #4											
Bid Package #5											
Total Applicable Contract Volume Awarded To Date											
					$	%	$	%	$	%	
					TOTAL - LBE		TOTAL - MBE		TOTAL - WBE		

Attachment C

LBE/MBE/WBE COMPLIANCE

SUMMARY REPORT
EXPENDITURES FOR REPORTING PERIOD

GOODS SUPPLIES and OTHER SERVICES	Total	Class	Percent	Comments
Total $ Awarded				
Total $ Expended				
Total $ MBE		% MBE		
Total $ WBE		%WBE		
Total $ M/WBE		%M/WBE		

MINORITY AND WOMEN EMPLOYEES

List the name, address, trade, classification, date hired, sex and ethnic origin for each minority/women employed by your company.

Name & Address	Trade	Classification	Date Hired	Sex	Ethnic Origin

EXHIBIT G

SHORTFALL CID PETITION

EXHIBIT H

GREEN GLOBES CERTIFICATION

Staff Request for Commission Action

Tracking No. 19721

Full Commission Meeting Date: N/A
Committee: Economic Development & Finance

Date of Standing Committee Action: 4/29/19
(If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
4/17/2019	Kathleen VonAchen	x5186	kvonachen@wycokck.org	Finance

Item Description:
Review of final 2018 fund balances for all funds, submitted by Kathleen VonAchen, Chief Finance Officer

Action Requested:
for information only

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

Attachments List:

Staff Request for Commission Action

Tracking No. 19692

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

Date of Standing Committee Action: 4/29/19
(If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
4/15/2019	Kathleen VonAchen	x5186	kvonachen@wycokck.org	Finance

Item Description:
Summary of investments for the 1st quarter 2019, submitted by Kathleen VonAchen, Chief Financial Officer and Andrea Parra, Deputy Treasurer.

Action Requested:
For information only.

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

Attachments List:
2019 Q1 Invstmt Report

Unified Government of Wyandotte County and Kansas City, Kansas
Investment Portfolio Compliance Report
March 31, 2019

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]	**$1,112,367**	**$1,112,367**	**$1,112,367**	**na**	**see note 4**	✓	**1**	**2.38%**
Cash Equivalents	$56,807,266	$56,807,266	$56,807,266	23%	100%	✓	1	2.38%
Total Liquidity	**$56,807,266**	**$56,807,266**	**$56,807,266**	**23%**			**1**	**2.38%**
Certificates of Deposit	$159,940,000	$159,940,000	$159,940,000	65%	100%	✓	508	2.09%
Federal Agency Securities	$27,788,276	$28,034,606	$27,870,289	11%	50%	✓	540	2.69%
Total Securities	**$187,728,276**	**$187,974,606**	**$187,810,289**	**77%**			**1,048**	**4.79%**
Total Portfolio	**$244,535,542**	**$244,781,871**	**$244,617,555**	**100%**			**394**	**2.23%**

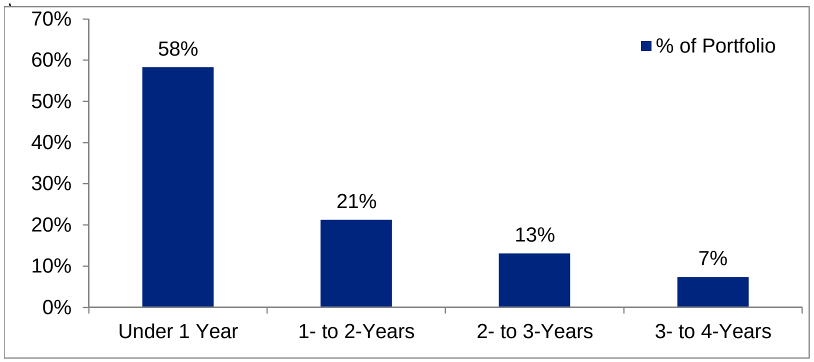
1. Market values provided by UMB Bank, Third-Party Safekeeping Custodial Agent. Recorded at time of settlement to reflect holding investments to maturity.

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.

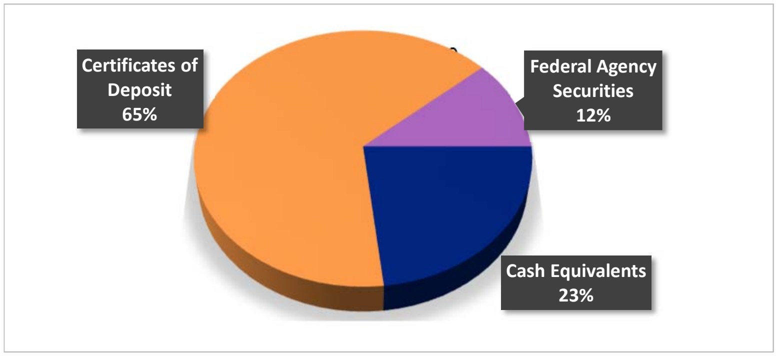
3. Averages shown are weighted averages calculated based on original cost. Average maturity is shown as days.

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



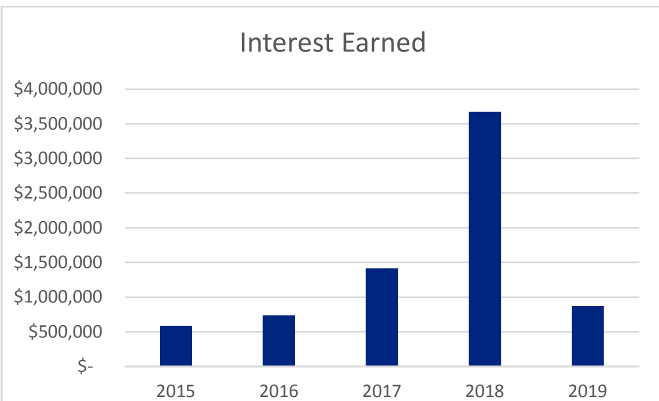
Sector Distribution



Unified Government of Wyandotte County and Kansas City, Kansas
3/31/2019
March 31, 2019

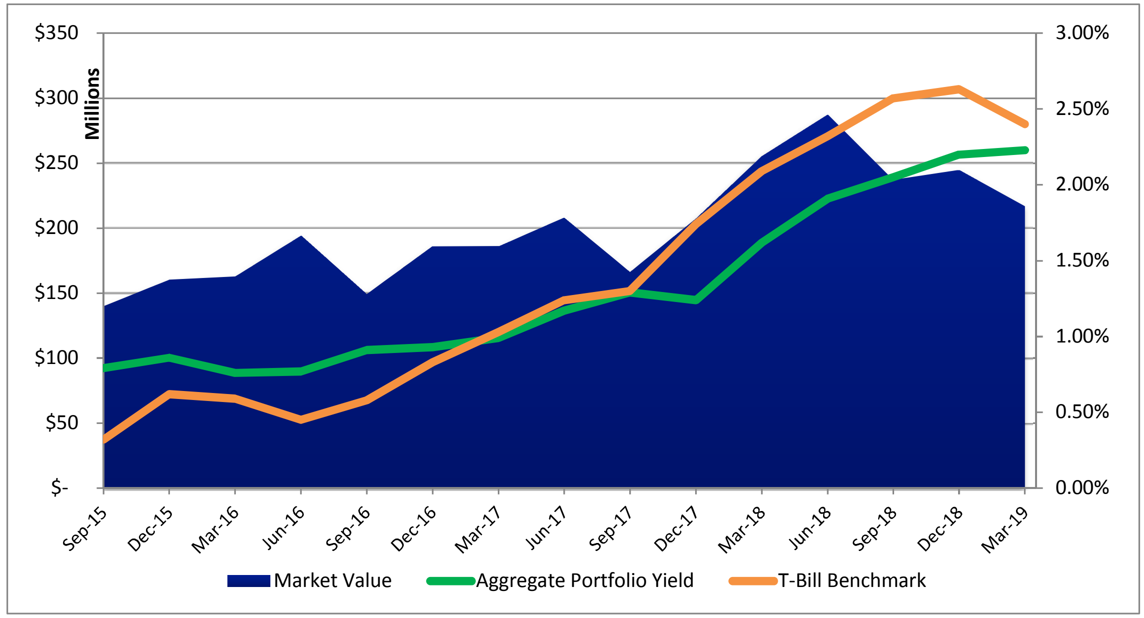
Compliance

	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



CFO Note: The 25% limit within a single banking institution per the investment policy compliance parameters was exceeded. Capital Federal Bank holdings totaled 31% of the total aggregate portfolio. In the upcoming quarters, the CFO will adjust investment strategies to come into compliance with the policy.

Kathleen VonAchen

March 31, 2019

Kathleen VonAchen
Chief Financial Officer

Date

Unified Government of Wyandotte County and Kansas City, Kansas
3/31/2019
March 31, 2019

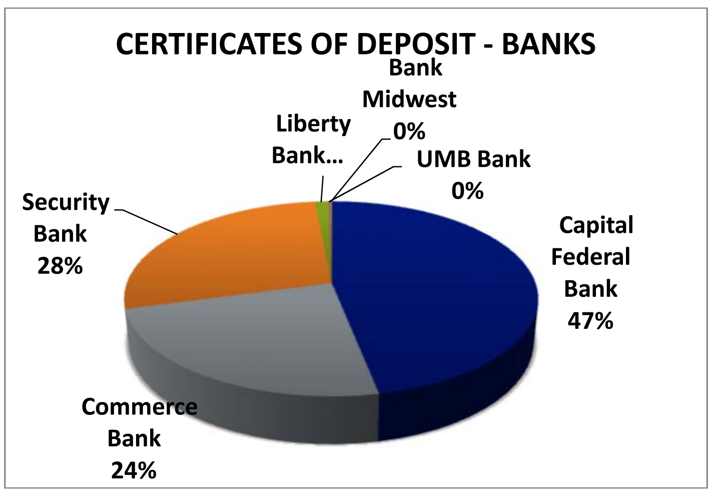
Issuer Detail - Aggregate Portfolio by Issuer

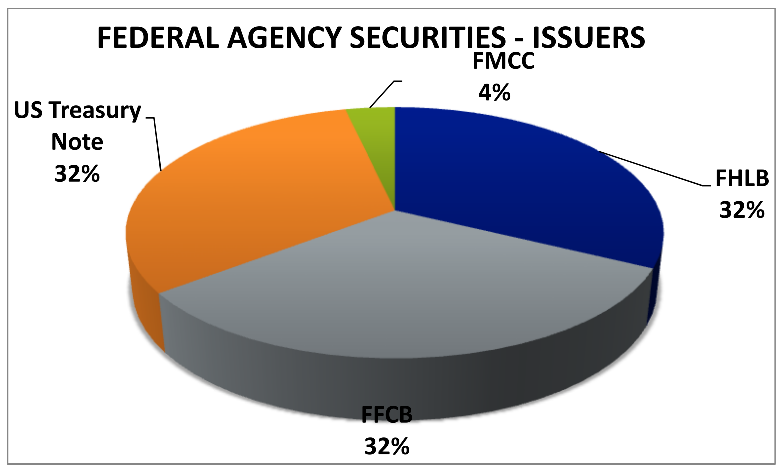
Issuer	Original Cost	Market Value[1]	% of Portfolio[3]	% Permitted by Issuer	In Compliance[3]	Weighted Average Maturity Days[2]	Weighted Average Yield[2]
Property Tax Held for Entities[3]	**1,112,367**	**1,112,367**	**na**	**See note 3**	✓	**1**	**2.38%**
UMB, Wyandotte Operating	53,637,633	53,637,633	22%	25%	✓	1	2.24%
UMB, Wyandotte Health	3,169,633	3,169,633	1%	25%	✓	0	0.13%
Cash Equivalents	**56,807,266**	**56,807,266**	**23%**		✓	**1**	**2.38%**
Bank Midwest	235,000	235,000	0.1%	25%	✓	0.2	0.002%
Capital Federal Bank	75,000,000	75,000,000	31%	25%	⦸	187	0.77%
Commerce Bank	38,235,000	38,235,000	16%	25%	✓	92	0.44%
Liberty Bank	2,000,000	2,000,000	1%	25%	✓	4	0.02%
Security Bank of KC	44,235,000	44,235,000	18%	25%	✓	178	0.63%
UMB	235,000	235,000	0.1%	25%	✓	0.1	0.003%
Certificates of Deposit	**159,940,000**	**159,940,000**	**65%**		✓	**508**	**2.09%**
US Treasury Note	8,851,241	8,937,900	4%	100%	✓	54	0.82%
FFCB	8,951,940	9,067,500	4%	*50% of total portfolio*	✓	283	0.93%
FHLB	8,986,129	9,039,800	4%		✓	171	0.91%
FMCC	998,966	989,406	0.4%		✓	31	0.03%
Federal Agency Securities	**27,788,276**	**28,034,606**	**11%**		✓	**540**	**2.69%**
Grand Total	**244,535,542**	**244,781,871**	**100%**			**394**	**2.23%**

1. Market values provided by UMB Bank, Third-Party Safekeeping Custodial Agent.

2. Averages shown are weighted averages calculated based on original cost for the respective investment categories. Average maturity is shown as days.

3. 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 for financial reporting purposes. The cash being held in trust is presented here for informational purposes.





Unified Government of Wyandotte County and Kansas City, Kansas
3/31/2019
1st Quarter 2019 - January 1, 2019 - March 31, 2019

Quarterly Transactions Detail - Aggregate Portfolio

Settlement Date	CUSIP	Issuer	Coupon	Maturity Date	Par	Original Cost
Thru Q4	NA	UMB, Wyandotte Operating	2.377%	3/29/2019	(54,601,993)	(54,601,993)
Thru Q4	NA	UMB, Wyandotte Health Reserve	2.377%	3/29/2019	692,633	692,633
Cash Equivalents					**(53,909,360)**	**(53,909,360)**
1/10/2019	343009489	Commerce Bank	2.570%	1/20/2020	15,000,000	15,000,000
1/10/2019	115003065	Security Bank of KC	2.550%	1/11/2021	5,000,000	5,000,000
1/10/2019	115003066	Security Bank of KC	2.550%	1/11/2021	5,000,000	5,000,000
Purchases					**25,000,000**	**25,000,000**
8/18/2017	66000543	Commerce Bank	1.320%	2/19/2019	(1,000,000)	(1,000,000)
3/26/2015	70127695	Capital Federal Bank	1.510%	3/15/2019	(4,000,000)	(4,000,000)
Calls/Maturities					**(5,000,000)**	**(5,000,000)**
Total					**(33,909,360)**	**(33,909,360)**

Staff Request for Commission Action

Tracking No. 19720

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

Date of Standing Committee Action: 4/29/19 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
4/17/2019	Reginald Lindsey	x5292	rlindsey@wycokck.org	Finance

Item Description: Review of Approved Budget Policy. Submitted by Reginald Lindsey, Budget Manager *For information only.*
Action Requested: NA
Budget Impact: (if applicable) Amount: Source: Included In Budget: Other (explain):
Attachments List: Budget Policy Final Adopted 12_19_13, edf 120213 Minutes

BUDGET POLICY (ADOPTED 12/19/13)

WHAT IS THE BUDGET?

Budgeting is not a “clerical” process nor is it an exercise in “counting the beans – where they come from and where they go.” The National Advisory Council on State and Local Budgeting (NACSLB) calls the budget document “**arguably the single most important document prepared by governments”.** It’s one of the single-most important documents produced each year. It is a policy document, financial plan, operations guide, and communications tool all rolled into one. It shares what money is available, where it goes, what services are provided and at what costs. The Unified Government’s budget has four main functions. It is a Policy Document, a Financial Plan, an Operations Guide, and a Means of Communication.

Policy Document: This is the most significant function of the budget document. In its broad context, it pertains to long-term, organization-wide policies that establish broad goals, direct how and where resources are spent, and establish a framework for providing and funding services. As a Policy Document, the budget also describes the County's short-term financial and operational policies which influence the budget development process for the upcoming year, for example: the goals and objectives of the County's departments, new programs, staffing requirements, etc. Finally, the policy function articulates the most significant choices and decisions regarding key issues, priorities, ramifications and how these have changed from the current year.

Financial Plan: As a financial planning tool, the budget provides an explanation of the County's financial structure; descriptions of its funds; summaries of major revenues and expenditures; narratives for the major revenue sources; and assumptions associated with revenue estimates and trends. The budget provides a comprehensive discussion of capital projects and their impact on the operating budget, includes financial data and narrative on current debt levels and debt limits, and addresses the potential effect of existing debt levels on the future operations of the County.

Operations Guide: The budget document is designed to be a readable guide to the County's varied activities and services. It is a valuable resource which includes summary tables of personnel and positions, community statistical information, measurements of performance, and other information often referred to by department directors, managers, and the citizens.

Communications Device: To be an effective communication tool, the budget must be able to clearly explain significant budgetary issues, trends, and priorities; short-term and long-term financial strategies; capital improvement plans; and significant budgetary impacts to elected officials, department heads and their staff, and to the citizens for whom they work. The Unified Government is has been striving over the past several years to provide the most comprehensive, yet “readable” and usable document possible. The following section describes the budget process.

BUDGET CONTROL SYSTEM

The Unified Government's budgeting system is a program based line item process. Departments prepare operating and capital program budgets at a detailed level.

All Unified Government Tax Levy Funds are required to balance according to Kansas Stated Statute (K.S.A 79-2967).

The level of control is established at the fund level by State statutes, which also permits the transfer of budgeted amounts from one category to another within the same fund. Funds cannot be transferred between departments without obtaining approval from administration.

The Unified Government further controls spending by requiring that no expenditures be committed that would exceed the amount appropriated for the spending category (eg Personnel, Services, Commodities, Capital) without the department first obtaining approval.

The following types of budget transfers require approval from both from the department director and county administrator's office:

- An appropriation of contingency funds.
- An appropriation of reserve funds.
- Transfers that move funds between operating and capital budgets.
- Transfers within a fund that are equal to or greater than $10,000.

The following actions require budget director's approval before execution:

- Pre Bid Contracts
- Capital Project Contracts
- Capital Equipment Purchases
- Changing status of an unfunded personnel position to funded or creation of a new personnel position.

The following budgetary controls have been implemented and will be adhered to by all departments and divisions:

- Transfers from the salary accounts require department director, chief financial officer, and County Administrator's Office approvals.
- Funds may be transferred between other accounts with department director approval.
- Transfers from the *personnel accounts* require approval from the department director, chief financial officer and county administrator's office. Funds may be transferred *between other accounts* with department director approval. Fund transfers are allowed from *one division to another division* within the same fund category. Additionally, *all transfers* must be approved by the department director and the transferring division manager.

- Commission approval is required for budget amendments at the fund level, in accordance with K.S.A. 79-2929a.

  There are four categories of budget expenditures with differing controls as follows:

  1) Commission review is necessary for discretionary expenditures that exceed $50,000 and do not impact operations or present an immediate health and safety concern. Discretionary expenses include legal settlements (excluding legal fees), new capital projects, property acquisition payments, or other initiatives not previously reviewed by the governing body.

  2) The County Administrator has authority to approve budget revisions that exceed $50,000 for matters involving health and safety concerns, other emergencies or to sustain on-going operations, subject to approval by the Mayor or the Mayor pro-tem, if the Mayor is absent. These revisions will be reported to the next scheduled meeting of the Economic Development and Finance Standing Committee.

  3) The County Administrator has authority to approve budget revisions from $10,000 to $50,000 for emergencies, health and safety concerns, new capital projects, legal settlements, property acquisition, or to sustain on-going government operations. These revisions will be reported to the Economic Development and Finance Standing Committee on a quarterly basis.

  4) Routine day-to-day Department expenditures, less than $10,000, are managed by the Department and are subject to the Administration controls set forth in this policy and do not require Commission review.

In addition to internal budget controls, the Unified Government must comply with the Kansas budget law, K.S.A. 79-2925 et seq., and the Kansas cash basis law, K.S.A. 10-1101 et seq. The budget law requires local governments to adopt a balanced budget and not to raise taxes or spend moneys other than as provided in the budget. The cash basis law is designed to prohibit cities and counties from spending money they don't have or incurring obligations they cannot meet promptly. Both the budget law and the cash basis law make it unlawful to create any indebtedness in excess of the amount of money budgeted and appropriated for the purpose during the current budget year. Any contract of the municipality creating indebtedness, in violation of the law is declared void. Accordingly, multi-year contracts must have a provision that allows cancellation of the contract if the funding to pay the obligation is not appropriated for the budget year. There are certain exceptions to the cash basis law in the Kansas statutes, specifically pertaining to the issuance of certain types of government debt.

Nothing in either the budget or cash basis laws prohibits the transfer of funds from one account within the general fund to another account if needed.

BUDGET AMENDMENTS

Budget Amendments require formal approval of the Commission as allowed by State Statute. An Amendment may only be made for previously unbudgeted increases in revenue other than ad valorem taxes. The UG may authorize an amendment of any current fiscal year budget, at the fund level, for the current fiscal year operating budget.

It is the policy of the UG to amend a fund's budget for emergencies, federal and state mandates, or other circumstances which could not be anticipated, and only if sufficient funds are available. A budget may not be amended simply because additional revenues become available. If unexpected or unfunded expenditures must be made, department directors are expected to manage their available resources and reevaluate priorities before requesting a budget amendment.

The Chief Financial Officer submits to the Commission a request to amend the budget. The request contains explanations written by the director(s) of the department(s) needing additional funds. The request also includes a proposal for financing the additional expenditures. To do this a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after the publication the hearing may be held and the governing body may amend the budget at that time.

ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, December 2, 2013

The meeting of the Economic Development and Finance Standing Committee was held on Monday, December 2, 2013, at 5:45 p.m., in the 6th Floor Human Resources Training Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairperson; BPU Board Member Terry Eidson; Commissioners Walters, Murguia, and Townsend.

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

II. Approval of standing committee minutes for November 4, 2013. **On motion of Commissioner Walters, seconded by Commissioner Murguia, the minutes were approved.** Motion carried unanimously.

III. Committee Agenda:

Item No. 1 – 130412 …. RESOLUTION: TARTAN RESIDENTIAL REVISED SECTION 42 TAX APPLICATION

Synopsis: Resolution of support for Tartan Residential for the use of Section 42 credits for the Buchanan's Crossing project located at 706 N. 65th St., submitted by Charles Brockman, Economic Development. This $4.3M project is a 100% accessible 24-unit duplex development serving disabled veterans and the mobility impaired with 18 two-bedroom and 6 three-bedroom units. On December 3, 2012, this item was presented to the Economic Development and Finance Standing Committee requesting $2.5M in tax credits. The item failed to move out of standing committee.

Charles Brockman, Economic Development, said last year we presented Tartan Residential application to you all and you forwarded it to full commission for approval. Tartan Residential submitted their application to the state and it cost too much money the way it was set up per unit to get approved for tax credits. So what Tartan Residential has done is reduced the cost from $250 down to $175 per unit; and instead of 12 single-family homes, they have 24 duplex units on the same site. This is Daniel Fisher from Tartan Residential, Jeff Carroll of Tartan Residential, and Bob Hughes will be the universal management company that they will be using. So I'm going to turn it over to them for discussion and any questions you have.

Jeff Carroll, President of Tartan Residential, said this is our second time back on this project. Thanks for the opportunity to speak tonight. We're proposing a 24 unit duplex project off of 65th Street south of State and north of I-70. The project would include 12 duplex lots, 24 total units consisting of 2 and 3 bedroom units. The units would be universally designed for universal accessibility. The attention of this project is to target folks with mobility issues, wounded warriors, somebody with a child that's got mobility issues. The units would be constructed with two master bedrooms and two master baths so that you could have the flexibility of an adult, a parent has the mobility issue, a child, to be able to put them into the end of the unit and they could live comfortably.

The project would be financed with a combination of conventional market-rate debt and private equity. The private equity would come from housing tax credits which are allocated by the State Housing Finance Agency. It comes from federal tax credits. We aren't asking the city for any money. We aren't asking the city for anything really at this point in time other than a letter of support for our project so we can make application for the tax credits at the State Housing Finance Agency in January.

This is the site plan for the project (he pointed to a board). We'd have an amenity area with a playground with accessible equipment on the playground for folks with mobility issues, wheelchair basketball court; and our detention pond, we'll set it up in such a way that we could actually have a trail that goes over to it and somebody could actually cast a rod in there and fish in there possibly with some stocking of fish. The detention pond becomes an amenity.

Each building would look like this duplex unit (he pointed to a board). This is our three bedroom plan here with a garage, with an oversized garage so you can get a wheelchair in and out, oversized hallways, and double master setup. Here's our two-bedroom unit over here. Of the 24 units, we're looking at having 18 two-bedrooms and six three-bedroom units here total.

The project would also include off-site sewer extensions. This is the project site here, 65th Street; we're over here. About 500 feet to the east is an existing manhole on the other side of this ravine. What we're proposing, at our expense, is to extend the sewer line over there. There's an existing easement that the Unified Government has acquired as owner here. We would put the sewer line in the ground; connect there. It would open the sewer to all the people on 65th Street because there's a dry sewer line on here in anticipation of this interceptor being put in. It would provide potentially access to the sewer to the folks out on Tauromee, which is just to the south of us, so if they wanted to be able to maybe do a benefit district or something like that on their own in some point and time, they would have access to this sewer.

This project here would be the first step in the larger development plan that we have for the area. This is the site to the west. We own this property to the west and ultimately we're looking at doing some townhomes and some senior housing in there as well. This sewer line extension that would go in here will now be able to provide utilities in here to be able to develop out the rest of the parcel. We're just kind of working through one step at a time. Right now what we're looking at is this initial phase.

I've been working in the affordable housing business since 1988. I've got like 25 years under my belt. I've worked on a couple of thousand projects as either a consultant—I've worked on 15 or 20 projects where I've been an owner or a developer involved in the project. I've worked throughout the entire United States and am familiar with the process and kind of know where the hoops are that we've got to jump through to get the project done with the State Housing Finance Agency and all of that. We're competent that this project will be a great addition to the community.

We turn it over here real quickly to Daniel Fisher. Also, I want to introduce Bob Hughes who will be owner in it as well as a financer. His management company will manage the property but he will be a co-owner. We've got Brenda Shivers here. She represents Northeast Economic Development Corporation and they will be an owner of the project as well. So we turn it over to Daniel. He will talk a little bit about the human amenities; what the units will be consisted of.

Daniel Fisher, Tartan Residential, said I also have previous years experience in multifamily and single-family residential subdivision development in the eastern United States.

On the inside of these units, as Jeff said, one of the features that we're working with is that we have concept of a double master sized bedrooms so that we can accommodate a variety of families with different sets of needs. It could be a parent would have a need for a fully accessible shower or perhaps their child. In either case, the other party would have another master size bedroom with an adaptable bathroom that they could use. If we happen to have parents and children who both have mobility impairments, they could each have their own master size bedroom with enough room to move through it as well as a bathroom that's fully accessible. The one is in its current state and another one is being developed.

The other thing we've done, we've oversized the garages so that there's an accessible isle within the garage. We've made zero entry and three foot path of travel throughout the whole space as well as the appropriate turning circles within. We made it so that all of the controls are accessible and front mounted on the appliances. The cabinets are properly designed to meet the accessibility standards. Hardwares, fixtures accessibility with some height will be, again to make this a 100% accessible throughout all the units.

The other thing that we're working on is to make it so that there is high energy efficiency within these units so that the cost of operation is low. We're investing quite a bit in additional energy amenities with extra efficiency in our HVAC system, extra insulation and the arrangement of space to allow that. I think that's the building and I'll turn it back over to Jeff.

Mr. Carroll said initially each unit will be individually platted and each unit will initially be leased. At the end of a 15-year compliance period, which is required by Federal IRS guidelines when you use tax credit financing, we would sell the units to the residents in place at a discounted price. The longer they're in the unit, the lower the price that they can purchase it at. Ultimately, the idea is to provide a housing solution for these families with mobility issues. It's a good solution to lease-to-own type of a program for them.

In our application, we had one discrepancy. Last year when we applied, we included neighborhood and housing investment, a $30,000 investment for neighborhood housing. This year we meant to take that off the table because we had enough points. I think we scored at like 63 points. Is that right? We are trying to get our cost down as well because that's something

KHRC said we can't fund this until you get your cost down. We took that off the table, but we left it in our narrative. It was a mistake. It's an oversight on our part. I think you all have it in there. It had the two points for that neighborhood funding. In our 63 point score, I want to clarify that we want to take that off the table. It would give us a 61 point score which is still sufficient. It meets the 50 point threshold for a letter of support.

Chairman McKiernan said I actually have one and then I think there are some other questions here. Remind me again, how many of these units are income restricted? Is it 100%? **Mr. Carroll** answered 100% will have income and rent restrictions on them. That's correct. **Chairman McKiernan** asked, no market rate units out of this development? **Mr. Carroll** answered, that's correct.

Commissioner Murguia said I have several questions. Originally, this deal now is a $4.5M dollar development for a 24-unit facility? **Mr. Carroll** answered that is correct. **Commissioner Murguia** asked, what was it originally, the total? **Mr**. **Carroll** said originally it was 12 units. It was $277,000 per unit; we've taken it down to about $175,000 per unit. **Commissioner Murguia** said okay but I want to speak in terms of projects. So you've upped the number of units that you intended to develop to 24 and you're saying the original was 12 units at $2.2M? **Mr**. **Carrol**l answered $277,000 times 12. I believe it was $2.5M. **Commissioner Murguia** said okay, and so they just didn't like the cost per unit, the state didn't? **Mr. Carroll** answered that is correct. They came back they said that the projects scored very high, that they were supportive of the project and if it weren't for the fact that the cost per unit was so high that they otherwise probably would have funded it.

Commissioner Murguia asked, when this is built, who's going to be the owner of the project? **Mr. Carroll** said it will be a single purpose entity that's set up. I'll be one of the owners. Daniel will be one of them. Robert Hughes will be one of the owners. Northeast Economic Development Corporation will be an owner as well. So, all four of us will be owners in the project. **Commissioner Murguia** asked, and do all four of you individually currently own property in Wyandotte County? **Mr. Carroll** answered he does, Northeast does as well. **Mr. Carroll** said that's correct.

Commissioner Murguia asked, you guys own property in Wyandotte County; multiple properties or individual? **Ms. Shivers** answered, individual. **Commissioner Murguia** asked, so you just own one property? **Ms. Shivers** said I'm sorry we have multiple properties. We have two commercial properties and one individual.

Mr. Hughes said I'm on the Northeast Economic Development Corporation's board also. We have one single family home. **Commissioner Murguia** asked, so you only own one single family home and two commercial pieces of property. Okay, that's all you own though? And Mr. Hughes you own, how many pieces of property? **Mr. Hughes** said we're in limited partnership in two, three multifamily and then we've got single family, forgive me, I'd have to count, but I'd say somewhere around a dozen, between 12 and 15-single family. **Commissioner Murguia** said okay**.**

Mr. Carroll said in clarification, I own 100 acres to the west as well which is currently zoned manufactured housing, rezoned back in 1998. The plan is first installment of trying to rezone the entire parcel to townhomes **Commissioner Murguia** asked, but you don't own any structures? **Mr. Carroll** answered no.

Commissioner Murguia asked, so the people here that own structures here in Wyandotte County are those LITECH deals or Section 42 deals or did they have a HAP contract on them through HUD or are they just fair market rentals**?** **Mr. Hughes** said I can answer that question, yes. **Commissioner Murguia** asked, they are all of the above? **Mr. Hughes** said we've got some of all, from my perspective, we've got some of all the above.

Ms. Shivers said we have commercial buildings that we own and then we have one house that we're trying to sell. **Commissioner Murguia** asked, so you're just trying to sell the one house? This is geared toward housing so I'd be more concerned about and it's one and you're selling it.

Not to leave you out, but Mr. Hughes seems to have a number of residential properties. If you were to give yourself a grade for the condition of all that property right now in Wyandotte County, how would you grade yourself? **Mr. Hughes** said B+ or A. We are, and I was listening intently to the last session when you talked about landlord licensing. All the properties we have that are multifamily are under some form of government compliance and restrictions, so we have what they call RREAC. RREAC is Reactive Real Estate Assessment Center. They come out annually unless you score well, which we like to do, then they come out bi-annually to do a physical inspection which is for safety compliance as well as maintenance upkeep.

We have HUD that comes out when we have HUD insurance that comes out and does a physical analysis. Where there is LITECH, we have the state that comes out does the same kinds of inspections. Typically, without rental licensing, we have at least four physical compliance inspections. Rental licensing is the only one we have to pay for. They come out and do something very similar to what all the rest do. All of those, we've not failed on any of those that we have.

Commissioner Murguia asked, okay, but how would you personally rate the condition of your properties? **Mr. Hughes** said I would rate them anywhere from B. We've got some older properties that need to go through 15 years LITECH. We're at this year coming out of LITECH so there's been no reinvestment, major reinvestment for 15 years. That property would probably be a C because it needs; it's a 40 year old property. It needs to be; and that's probably the lowest level.

I've got one that's a little–maybe you're a little familiar with it—we're trying to do the Cross-Lines. We're not an owner there at this point in time, but we do manage it. It's a 30 year old property in a 60 year old building. We're also coming back and trying to do a major rehab on that. Those are the two.

Commissioner Murguia asked, are you part owner in Cross-Lines? **Mr. Hughes** answered no. Cross-Lines is a non-profit single entity. **Commissioner Murguia** said I'm sorry. What? **Mr. Hughes** said Cross-lines is a single entity, non-profit owner, and that single entity non-profit owner by HUD requirements, even when it becomes a limited partnership, a non-profit has to be the managing general partner. So, it would either be that entity or another non-profit that would continue.

Commissioner Murguia asked, so who's in charge of that not for profit? **Mr. Hughes** said Pat Jordon, a young lady, is the president of the non-profit but it's a non-profit board that's in charge of the non-profit. **Commissioner Murguia** asked, are those people local? **Mr. Hughes** said several are local. Do you mean do they live in Wyandotte County? Several of the board members live in Wyandotte County.

Commissioner Murguia asked, and does that not-for-profit own multiple properties or just the Cross-Lines? **Mr. Hughes** said single entity. **Commissioner Murguia** asked, so you really don't have any control over that Cross-Lines property? **Mr. Hughes** said we're the manager, yes. **Commissioner Murguia** asked, you manage the property, but you don't have any control over the destiny of that property? You don't have any financial investment in that? **Mr. Hughes** said if you mean do we maintain what happens to it, we don't make that decision, that's the non-profits' call, the owner's call. **Commissioner Murguia** said right. So you're just the property manager? **Mr. Hughes** said at this point, yes ma'am. **Commissioner Murguia** asked, so you don't have any financial investment in Cross-Lines? **Mr. Hughes** said other than what I invest in my own my offices are in Cross-Lines also. So we invest in our own offices.

Commissioner Murguia asked are these units that are 100% geared toward low income, are they also 100% geared toward people and families with disabilities? Your project now, sorry, this one on the board. **Mr. Carroll** said this project is geared toward 100% or towards folks with disabilities. **Commissioner Murguia** asked, so the person that occupies that unit has to have a disability? **Mr. Carroll** said the units are reserved for folks with disabilities. If for some reason 90 days that unit does not lease, a normal regular family can move in; but if somebody comes along with a disability. They're first in line to occupy that unit as soon as the lease is up. So the state wants to make sure the property fills and doesn't have vacant units. We believe that we're going to have plenty of (inaudible). We've got several service providers we've talked to that have plenty of people on the waiting list to be able to fill.

Commissioner Murguia asked what's the closest low-income LITECH, Section 42, Section 8, HAP contract project to this? **Mr. Carroll** said there's nothing like this in the state. **Commissioner Murguia** said, no, no. I'm just talking economics. No, I'm talking about low income property. What is the closest low--income property to this current property that you're proposing? So that could be Housing Authority property, other Section 8 or Section 42 properties in the area. **Mr. Carroll** said there are Section 42 single family homes that are owned and operated by, I believe, the Housing Authority in three or four different developments throughout Wyandotte County. They're similar to it. They have some units that are reserved for folks with disabilities, but they aren't geared toward somebody with a disability. In fact, they're multiple floors in the units, so it's difficult for a family with disabilities. So yes, I would say that probably single-family home, Section 42 projects that are owned by the Housing Authority are probably the closest to it because ultimately they contemplate selling the units to the occupants. There's nothing really precisely like it.

The project that was approved last year, Donnie's project, is similar to it. It will be a single-family home, Section 42 rental project. Home ownership is a big deal for the State Housing Agency to try to get people in and ultimately get them into a home ownership situation.

Commissioner Murguia said I'll just make my standard comments that I make all the time. Not that it matters. I'm only one vote so don't be discouraged here. I really appreciate you trying to make affordable housing available to people with disabilities. My concern is it's not restricted to that, that other families without disabilities can at some point eventually get into these properties. This is my other concern. We have a tax base that for lack of better words is disintegrating in Wyandotte County. It is very concerning and it seems like our only solution to the problem at this point has been to be able to build low-income housing to move more low income people in which seems to be a high concentration of low income people all living in the same areas. This country learned in the 60's and 70's and 80's that, that doesn't work for redevelopment. You need mixed income neighborhoods. You need neighborhoods with people of means, people of moderate means, and people of lower economic status. That's what makes a neighborhood and a community functional. I do appreciate what you're trying to do. I have some concerns.

Mr. Hughes, I am thrilled to know you do not own Cross-Lines. I understand, as a manager, that you can only do so much with a piece of property. I was just in there today. I will tell you, I am very concerned about the condition of that property. Old is a nice way of putting its terrible. It's beyond old and I am concerned about the people that are living there and that our federal government would pay any sort of subsidy to let anybody live there. You are just the middleman and I understand that. You're more than welcome to carry that message to the not-for-profit that owns the property.

Please don't get me wrong. I'll make this very clear again because I know that other Commissioners haven't heard this. I understand there is a need with the boomer generation getting old for senior housing. You'd get a different reception from me over senior housing. **Mr. Hughes** said we anticipate seniors…**Commissioner Murguia** said I heard you say that and

I have no issue with that. It's restricted to people 55 and older. There's a little more way to monitor that. I'm fine with that. I do have serious concerns if the property, even in 90 days, is going to be available to other multifamily. I think it's concerning our government and for-profit entities like you need to figure out a way to make fair-market housing part of your redevelopment effort. I'm assuming all the other potential properties that you'd like to develop on this site would encompass low-income housing tax credits. **Mr. Hughes** said not necessarily. **Commissioner Murguia** said I would hope not and that would be genius if you could pull that off. I just don't know anybody doing that and so I have serious concerns when it comes to LITECH other than senior housing. They look beautiful.

I'm concerned about long-term maintenance. I do, I will give you positive feedback. I love the fact that the people that you're going to move in here, you are going to incent them to stay there forever because at 15 years you can reduce the price and sell them off. I love that. That's a great pitch for me. That's not something that's going to have to be managed indefinitely. I know developers and investors tend to lose interest in these kinds of properties over time, especially right after they are built because the development fees I know in these kinds of deals are ginormous. **Mr. Carroll** said every dollar will be guaranteed on this by us jointly and several for 15 years. There's no walking away; taking the development fee and walking away.

The other thing too is I want to make sure I clarify. Ninety days there's a vacant unit, we're given the ability to put a family without a disability in that, but at the end of their lease, they're out. The units are off for 15 years forever. Our priority is for folks with disabilities. The only reason somebody would go in is just to fill the unit so that we don't end up with the economic problem with the project. We want to make sure the viability works the whole time and that's a state rule. You want to make sure that the viability works. The object is not to build a bunch of housing and then stuff a bunch of normal families in there. That's not it. The object is to try to do what we need to do to keep the project so that it works properly.

Commissioner Murguia said believe me, I get it and truly no offense. Does either of you gentlemen live in Wyandotte County? **Mr. Carroll** said no I don't. We live in North Carolina. **Commissioner Murguia** said no offense, but that's the problem. We have a number of people that come to Wyandotte County and want to do LITECH deals who don't even live in our state.

We've had huge problems with Central Park Towers who is now owned by a firm in North Carolina. They've made all sorts of promises. It's better than what it was, but it still has huge issues and huge problems. I just have a very negative opinion; nothing personal. **Mr. Carroll** said that's okay. That's why we partnered with a local group here. They just got a track record. It's not like I've owned this property for years. My goal is to redevelop it and create some economic activity here for Wyandotte County.

Commissioner Murguia said I would really, me personally just speaking from one commissioner, from one voter, I would be, and again I'm only one vote. Who knows what will happen. I would be more interested since you own all 100 acres of seeing more of a mixed income development. If you were to bring back this LITECH deal surrounded by fair-market senior units or fair-market, single-family housing that would be different for me. Then it would show the intent to really develop a mixed-income stable neighborhood and community. I just see an over concentrated—every time we turn around we get excited but other than Village West, I'm not seeing anything come forward that's really been fair market in the way of living developments. **Mr. Hughes** said the problem that we have from a developer head, and I totally agree with you, we are trying to do Peregrin Falcon with that same concept in mind. We've got to bring market-rate housing back into the city. As you well may know of, I've invested in Peregrin Falcon and we've been there forever. It took us ten years to even get somebody to even agree to do that and now we're still trying to get some market-rate families to look at that part of the city.

The problem with market-rate housing right now, and specifically on the rental side, is that we've got to get market-rate rents to be able to pay for market-rate costs. The cost is going to be the same regardless and right now the only way we're offsetting those rents, I'm sorry, offsetting that cost because we can't get what, we have to get rents that would be able to offset the cost. In other words, at 65th & Tauromee, we probably need to be getting $1,200 to $1,300 a month rents. **Commissioner Murguia** said right. **Mr. Hughes** said we can't get it. The market is not there for that. The only other way to deal with the cost is to bring in equity. Market-rate housing pretty much is driven by debt. **Commissioner Murguia** said right. I understand. **Mr. Hughes** said tax driven housing is driven by equity. So that's the only way you can get something in the ground. Hopefully, it creates at least the illusion of more development going on so that we can get market rate to follow that. **Commissioner Murguia** said I understand that at Peregrin Falcon and I am personally working on some solutions that I'd like to bring forward to commission to help with that, but this property is at 65th Street, right? **Mr. Hughes** said that's correct. **Commissioner Murguia** said so it's a different market and I don't see fair market housing in that area as difficult. **Mr. Hughes** said it's a degree, but I can tell you that Jeff has done market studies so we can talk about the market studies.

Mr. Carroll said the housing along Tauromee, just south of this, those are $90,000 to $100,000 homes and it's going to cost us $175,000 a unit to build the units. There's a gap there that has to be covered one way or the other. On the rents in the area, we're able to achieve maybe $750 rents out there but we need $1,200 to $1,300 rents in order to pay for new construction. There maybe some ways of achieving it. I'm certainly looking at—I've got enough acreage back there. There's absolutely no way I'm going to do 350 tax credit units back there. There's going to be a mixture of incomes. There's going to have to be to make it work. **Commissioner Murguia** said yes, because I'll throw myself on the sword over that deal; 350 units of low income. **Mr. Carroll** said nobody is proposing that. Right now what's on the books, I've got site plans approved to do a mobile home park back there. I don't want to do that. I want to change that and do townhomes back there and senior housing. It's one step at a time. I've got to get this first phase in, get the utilities in, get the infrastructure in and then it will allow me to work on the next phase.

Chairman McKiernan said if I could just clarify one thing. I think earlier when Commissioner Murguia asked for close, what is the closest; I think she was talking geographic proximity. **Commissioner Murguia** said yes**. Chairman McKiernan** said I'm sure you understood geography. That kind of harkens back to the whole concept of what's the relative mix of values/ rents, whatever it might be in any given area? **Mr. Carroll** said there's a senior tax credit property right off of State, right next to the Salvation Army Center that is maybe a stones throw away from this property.

Commissioner McKiernan said Mr. Bach just reminded me of something that I had totally forgotten about. This committee about two years ago had decided that in cases like this where there is scoring done by our staff and the committee had reviewed the scoring system and had made several changes to the scoring system, that anyone, any project that met the minimum score would come to this committee really just as a familiarization process, as a courtesy, but that project is already authorized to go forward to the full commission. At this point in time that reminds me of something that we've been talking about on this and other committees. One of the questions that we have to consider is, do we want to go back and change what this committee implemented a couple of years ago? That is not open to us not tonight but at a future meeting if we want to look at because right now the only way that his project, as I recollect, would not move forward is if there is an inaccuracy of scoring or there's something wrong with the scoring that was done by our staff that would put us below that minimum level.

Commissioner Murguia said I don't want to get too off track here because it just is a great example of, I mean I really think they're bringing forward what they feel the market can take in that particular area. This is nothing against them. I would just say though that from our bigger strategic goals as a commission, if we really want to attract economic development in that particular area, which coincidently I just drove that area today with one of the biggest developers in Kansas City and our focus was to look at potential sites for big box retailers. I have to tell you that there is a criterion that retailers look at when they come to an area. One of the things they look at in an area is median income. If you keep recruiting low income people to come live in your community, your median income is going to be low and it doesn't matter the number of people you have if your disposable income isn't very great. Retail is not going to follow. I think you all get that. I will leave it at that.

My concern is that if we really want to have housing and quality amenities and develop a comprehensive sort of neighborhood where people can live and work and shop and do all those things that they need to do without having to get into a car and travel far away or to another county, we need to take that into consideration when we vote on housing based on income.

Again, I think low income housing is necessary and we do need a certain percentage of it. We darn sure need, what people need to know, we darn sure need new quality low income housing. We have plenty of junky low-income housing and I'm glad to see you shake your head. We have plenty of that. What we need is some new quality housing but there's got to be a plan from our end and this shouldn't fall on developers, to eliminate some of that older housing stock when we're bringing in some of this new. I mean if these gentlemen are coming forward and they're saying, we're going to buy Central Park Towers, we're going to tear it down and we're going to build a new facility with the same number of units, I would vote for that. Adding it, I just don't think it's a good idea. I just don't think it's good for the overall economic development of Wyandotte County. It's just my opinion. We don't get to vote anyway. I probably shouldn't have said all that.

Ken Moore, Deputy Chief Counsel, said well it doesn't say one of the reasons, George, you may want to help me with this, but the reason that we have this point system like we do is because we were previously sued by a developer who was denied a letter of support for low income tax credits. The lawsuit basically said it was discriminatory. Then that was before we had this point system. So part of their argument in the lawsuit is that we were being objective when we were denying their exact request. This point system was developed with the commissions' input. It's our point system and the premises if you meet the point system then that gives the objectivity of our process. That was one of the conditions of us settling that lawsuit.

Commissioner Murguia said we've talked about that before. I'm not just going to let that pass. We've talked about that before and that's an issue of good policy setting. It's not really Wyandotte County's obligation to house every poor person in the state or every state around it. I would just say that if we had better policy that protected us from that, then we wouldn't have that issue. The past circumstance where we sued for discriminatory reasons was because we had a very inadequate policy. That's why. It didn't have anything to do with not wanting to move in every poor person in the state of Kansas.

Commissioner Townsend said Doug centered on what Commissioner Murguia has said, which is always an education for me in this area in particular and thanks for those comments. I had some others but let me start with one I just thought about and you may have already talked about this. Why this target market and in this area? The target market being the mobility challenged segment of our population which I think is worthy of consideration. **Mr. Carroll** said there is no project like this that I'm aware of in Kansas, let alone in Kansas City.

If you look at the structures that folks with mobility issues are getting into, they're multiple stories, there are issues with curb zone right, there are all sorts of barriers and stuff that of course many of the projects are older projects that are rehab and certainly don't work, cabinets don't work. It seemed to us that it would be a great opportunity since we're starting from scratch to build something that's universally designed and works for a family with a wide variety of mobility impairments. It could be somebody with a walker, somebody in a wheelchair, a child with mobility issue or a wounded warrior that's come back. We looked at that. It was an opportunity that nobody had actually tried to fill that gap and it worked well initially with our zoning. We rezoned the site this year. We went from R1 to R2 to accommodate duplexes. We looked at the site and said you know, if we did the mobility and we did the mobility impaired housing, we sold the unit either a single-family home now a duplex to a resident, it would be of great service. It would be a great benefit to a family that otherwise may not have access to the HOPS ultimately.

Mr. Hughes said another reason is that the state incentivizes and puts it as one of their targets to serve special needs population, so this is very responsive to the stated goals and objectives of the state in their work tax credits. **Mr. Carroll** said not just the state but the Unified Government provides an incentive in the scoring for single-family homes, ultimate homeownership of the units. That was an important part. As we look at the scoring for this application process, one of the things that we considered was, do we want the resident ultimately to own their unit? We saw that the scoring of points associated with it, it seemed to make a lot of sense to do that so we went ahead and made that commitment for that to happen.

Commissioner Townsend asked, have you done a like project in your home state and how did that work out? **Mr. Carroll** said I have not done a project like this before. This is fully accessible housing. All projects have to have accessible units in 5 to 10%. Doing a fully accessible project, 100% of the units, have not done it. That's why we've kept the unit count small as well so that we'd be able to accommodate that. It's a limited market. **Commissioner Townsend** said okay so these are the units as depicted even though I was looking to see the roof looks high. The living space is all on one level? **Mr. Carroll** said it's all on one level. It's a ranch style.

Commissioner Townsend asked, what would happen if an occupant cannot qualify to purchase their living space after 15 years? **Mr. Carroll** said they could continue to lease it as long as they're able. **Commissioner Townsend,** said okay. So they would not be kicked to the curb? **Mr. Carroll** said oh, no. Basically when they move in, they're going to be given an option to purchase the unit. If they want to exercise the option, that's fine. If they want to continue to lease, that's fine also. **Mr. Hughes** said actually depending on market conditions at the time, it might be advantageous to purchase because the monthly housing cost could go down. **Commissioner Townsend** said I know that there may be circumstances that I can't articulate right now but could happen if a person for whatever reason just cannot afford it. **Mr. Carroll** said interest rates could go through the ceiling. They could make it prohibitive for somebody to actually purchase their unit in 15 years. They may want to just sit on their option verses continuing to lease the unit. Interest rates come back down and then they exercise their option at that time. Nobody would be forced to vacate the unit. You are given an option; the person is, if they chose to do that.

Commissioner Townsend said given your target market with disabled veterans, aging population, anyway, I'm hopeful there won't be a problem getting your target market in these units. If there is, you said after 90 days if your target market family is not available for a unit, then the general populous could lease? **Mr. Carroll** said we could lease to the general population. They would know that at the end of their lease, they would be terminated. They would have to vacate for the first person who qualifies, the target market, for them to move in. We don't anticipate that that will happen but if it did happen and we had a general population person in there, they know they would have to move out at the termination of their lease in the event there is someone waiting on that unit. So, they are the first ones out.

Mr. Hughes said part of our corporation with the Northeast Economic Development Corporation is they are working with other non-profit agencies and other agencies who serve this special needs population throughout the Wyandotte County area. As part of what we do, they will begin maintaining lists of eligible or potential interested people that are a part of the community they serve that would also be interested in having housing in this particular location. Our anticipation and we've seen it in other types of situations like this, is that there would begin to be a waiting list generated or an interest list generated from multiple different sources of people throughout the county. Then as these units come on line and begin to have preleasing, then there's the process of application and so forth. We anticipate that that would be an ongoing thing as well as these new units become available. We will draw from this pool and population of other service organizations.

Commissioner Townsend asked, what is the term for that lease**?** **Mr. Carroll** said all the leases are one year leases. That's the minimum lease term. To say someone is qualified and they pay their rent on time and take care of their unit, they can stay there as long as they want. **Commissioner Townsend** said unless there is someone in the target market who becomes available. **Mr. Carroll** said that's correct. **Mr. Hughes** said one of the requirements just as an FYI, what LITECH requires management to do is if a unit yields to just 90 days, but if a unit stays vacant, it becomes a violation on the IRS code and it's not being housed to the target population. Target is the income population. Investors would be subject to perhaps recapture. That's part of what we have to guarantee that that doesn't happen. There is a driving compliance requirement that we keep those units rented preferably to the target market but they have to be rented to the income market per IRS code. **Mr. Carroll** said the 90-day mechanism isn't something we came up with. It's something that's used universally in all the states that the IRS has worked with the State Housing Finance Agency to say we want to make sure these projects stay full. If there's a vacant unit, you put somebody in there but they're out just as soon as somebody comes along that meets the target market. The state has the mechanism. They've established that to make sure that these projects remain full and viable.

Commissioner Townsend said the last question I had was that the project or the request for tax credits was denied by the federal agency, right? **Mr. Hughes** said state, plus the state approved it? **Commissioner Townsend** said I thought the state approved it. **Mr. Carroll** said the federal tax credits that are allocated by the State Housing Finance Agency. Each state gets their allocation and they've got to decide which projects get it. Our project did not get an award last year from Kansas Housing. There were federal tax credits that were. We did not get our award because our per unit construction costs were so high.

Mr. Hughes said one of the things Jeff needs to point out is that some of this construction cost is off site development debts necessary to make this happen. The sewer line that he's talking about, all of this is factored into the development costs right now. With that having already been there, then the development costs could be more if it was a single-family so we're picking up a lot off site development costs in building these units so that's creating some non-cost structure that we look for.

Commissioner Townsend said I guess the thing that was amazing to me when I first looked at that is, it looked like the initial application cost was $3.2M. Now we are looking at $4.3M, but your per unit costs has decreased. **Mr. Carroll** answered that's correct. There are a couple of things that have now—we're the same street, but now we've got 24 units along that street instead of 12 because we've got higher density so that took our cipher off the cost and spread it over more units. The off sites are now absorbed by 24 units instead of 12. That reduced that element as well.

Our units are smaller. We had three and four-bedroom units last year; 1,400 and 1,500 square feet, now we have 1,100 and 1,300 square foot two and three bedrooms units. Since it's a duplex, they share one wall. There are a variety of things that have allowed us to take the cost from $275,000 a unit approximately down to about $175,000. We're working right now to try to get it even lower. The lower we get that number, the higher probability that we're going to be able to get approved from the State Housing Finance Agency.

Commissioner Townsend said, I guess that was my point. It just seemed a bit odd that even though your total costs has gone up, you believe the likelihood that you'll be approved for the tax credits has increased? **Mr. Carroll** said yes. The reason they denied us last year is because the per unit construction costs was high. If it weren't for that, we probably would have gotten approved. We scored real high, meeting all the criteria that the state wanted to see. At $275,000 a unit, it was scraping it. It was just too rich for them. They wanted the number lower. The changes that we've made going to duplexes, going to two and three-bedroom units instead of three and four, squeezing things down, those actually all came from the State Housing Finance Agency. We're using the same materials, construction, everything else; the same architectural standards and everything else, same amenities on site. We were just able to squeeze it down and make it a smaller product that still meets the needs of that target market.

Commissioner Murguia asked, are you your own construction company? **Mr. Carroll** said no. We're going to have a general contractor. We're meeting with one tomorrow. We've got two or three of them. We use a local contractor and we've committed to 25% local. We think, we're figuring it out right now, we think we're going to end up coming in significantly higher than that on our local construction content for this project. We're hoping to get it up around 40%. **Commissioner Murguia** asked, you're meeting three construction companies tomorrow you said? **Mr. Carroll** said we're meeting with one tomorrow. We don't know who the general contractor is going to be. It's premature. We don't have construction plans yet, but we're beginning to talk to the general contractors. **Mr**. **Hughes** said we're beginning to talk to subs as well.

Mr. Carroll said our objective is to get these unit costs as competitive as we can while maintaining the quality and what we've committed to our investment. It is important to us that we have a high quality product that's attractive, last a long time, that is durable, that's energy efficient. All of these objectives are important to us personally and individually. That's the way we want to do business.

Mr. Hughes said my objective is to maximize minority and women owned businesses. **Mr. Carroll** said we use local for everything. I'm not coming in from North Carolina bringing anything other than my talent and my expertise and putting my money out to make this thing happen. That's all we're doing. I'm not bringing in construction crews or anything like that. Don't have any intent of doing that.

Commissioner Murguia asked, is MEG buying your tax credits? Is Midwest Housing Equity involved in the deal? **Mr. Carroll** said we're talking to Erica Dobreff with the Kansas City Equity Fund. At Midwest, we had initial conversation about a year ago. But yes, we're talking with a couple of the different equity funds that are local; local lenders as well.

Mr. Hughes asked, are you using total electric? **Mr. Carroll** said it will be total electric. It will be heat pump. **Mr. Hughes** said, so you are taking advantage of those credits too from BPU? **Mr. Carroll** said yes, there are credits on that as well.

Chairman McKiernan said I appreciate all of the discussion. At this point, per our policy, this will move forward to the full commission on the meeting of the 19th. What I am going to ask, with permission of the rest of the committee, is given the fact that the composition of—and this has nothing to do with your project now—given the fact that the composition of this committee has changed radically since the last time this policy was reviewed and the scoring system was reviewed, and given the fact that we now have Commissioner Murguia's perspective on economic development, I would like to ask Mr. Bach to put back on the agenda for one of our upcoming meetings, January or February; that we just go back and relook at this policy, relook at the scoring system and make sure that it remains consistent with what we would like to have from the policy and the scoring system. With your permission, I'll ask him to put that on the agenda.

Commissioner Walters said well I think that would be good, but I think the bigger question—it's great to have a scoring system but the bigger question—what's our strategy countywide for attracting economic development as it relates to housing? How much low income housing? How much fair market housing, that kind of thing? I would be more interested in having a discussion about that. **Chairman McKiernan** said with everyone's permission, I'll ask for that to also be put on the agenda under our strategic goals item which is at the end of every agenda and open that discussion and begin looking at some data.

Commissioner Murguia said I would be interested in one fact and I can get it on my own but considering we're a committee you might want to know also. Over the last five years, all the single family or apartment or multifamily projects that we've done, what percentage of them over the last five years were low-income housing in any shape or form? I'm assuming the Housing Authority has to pull a construction permit to build. I want to know if there's LITECH money, Section 42, if HUD has a HAP contract on them, or if they've got any kind of subsidy whatsoever, what percentage of the new housing that we've built over the last five years is subsidized in the way of income restrictions. **Mr**. Hughes said okay, we can help put that together.

Chairman McKiernan said another thing we'd ask for from the Neighborhood and Community Development was a trajectory, some data on the number of new housing starts, types of new housing starts just in general overall so that we have some history of what we've been doing in terms of new residential and new commercial building projects.

Commissioner Murguia said I'm not sure I'm asking this right. This is what I'm concerned about. I don't know how a construction permit is pulled. If we have a 50 unit apartment complex, does it count as one unit or will there be an indicator that there were 50 units built to hold 50 families? I want it calculated in dwelling units. Did we build 5,000 dwelling units last year whether it be 500 were apartments and 20 were single-family. I don't really care. I just want to know out of that 5,000, what percentage were income restricted? **Mr**. **Hughes** said, we can break that down. **Chairman McKiernan** said I'm asking for the first piece of that and she's asking for the second piece. **Commissioner Murguia** said that'll be great, either way. **Chairman McKiernan** said gentlemen we thank you. This will move forward to the full commission for the meeting of December 19th.

Action: No motion required. Item will go before full commission December 19.

Item No. 2 - 130400…RESOLUTION: SALE OF MUNICIPAL TEMPORARY NOTES AND GOBS

Synopsis: A resolution authorizing the offering for sale of the following municipal temporary notes and general obligation improvement bonds:

Temporary Notes		General Obligation Improvement Bonds	
Series 2014-I (tax-exempt)	$69,008,520.67	Series 2014-A (tax-exempt)	$10,860,743.29
Series 2014-II (taxable)	$ 5,555,057.33	Series 2014-B (taxable)	$ 2,810,110.23
Series 2014-III (tax-exempt co.)	$ 4,900,000.00	Series 2014-C (tax-exempt co.)	$ 10,028,150.38

Chairman McKiernan said the next item on our agenda is a resolution authorizing the offering for sale of municipal temporary notes and general obligation improvement bonds.

Debbie Jonscher, Assistant Finance Director, said the resolution before you tonight authorizes the sale of general obligation notes and bonds as part of our annual financing. We have three series of temp notes and also three series of general obligation bonds. There is a listing in your packet of all the projects that are included with each of the issues. There's a tax-exempt issue on both the notes and bonds, a taxable issue, and then there's a tax exempt county issue. The county project is the emergency communications radio project. That's the only project in that issue. All projects that are included have been previously approved by the commission. The amounts that are listed right now are how we think this is going to break out. This could change when we get to the final sell. If we determine that we want to move a project that we're currently renewing as a temp note over and go ahead and bond it if we determine that that project will be finished or substantially completed, we could shift that and that would be reflected in the final resolution that will be presented after the sale. This resolution gives us the authority to proceed with that sale in January or February of next year.

Action: Commissioner Murguia made a motion, seconded by Commissioner Townsend, to approve and forward to full commission. Roll call was taken and there were five "Ayes," Eidson, Walters, Murguia, Townsend, McKiernan.

ITEM NO. 3 – 130366….ADOPTION: SECOND SERIES OF FINANCIAL POLICIES

Synopsis: Request adoption of the second series of financial policies relating to Budget, Long-term Financial Plan, Debt, and CMIP, submitted by Lew Levin, Chief Financial Officer. On November 4, 2013, these proposed policies were presented and discussed by the Economic Development and Finance Standing Committee.

Lew Levin, **Chief Financial Officer,** said we have one policy that's been a carryover that relates to the budget policy and three additional policies. You might remember at our last meeting we had extensive discussion on the budget policy and the ability to do budget revisions in the different categories of budget revisions.

In the RFA, there was a proposed draft and I'm going to pass that out now for review. I think what was requested at the last meeting was, there was input from the commission and I was asked to go back and look, try to incorporate the comments from the commission. We've also had discussion with Administration and the Mayor. What you have before you are four categories of budget control. The hierarchy will say what is the control where the commission is involved in the review. The threshold we've established in this draft is that for discretionary expenditures that exceed $50,000 and do not impact day-to-day operations or present immediate health and safety concerns, there would be commission review. That would include legal settlements, new capital projects, property acquisition or other initiatives not previously reviewed by the governing body. The key item in that would be that $50,000 threshold. There's not the immediate need; it's a discretionary expenditure and we tried to list what those discretionary expenditures may include.

The second area of budget control, again, relates to expenditures that exceed $50,000 but those expenditures do meet certain criteria including health and safety concerns, other emergencies or they're necessary for ongoing operations. What we've added to that is the Administrator has the ability to proceed with that budget revision but would need approval from either the Mayor, or in the absence of the Mayor, the Mayor Pro Tem. Those revisions would then be reported at the next scheduled meeting of the Economic Development and Finance Standing Committee.

The third area is similar to the second but it falls within the amounts of $10,000 to $50,000. In this area, the Administrator would have the ability to go ahead and authorize the budget revision. The final area is the routine day-to-day expenditures less than $10,000. They would continue to be managed by the department in the Budget Office. We can discuss these. I have a couple of changes to the other policies, but why don't we focus on this one first.

Chairman McKiernan said I think this was the one piece at our last committee meeting; this was the one piece that we still wanted more clarity in the policy. **Commissioner Walters** said, just a question. Is this kind of a policy that something that our external auditor would review as part of their annual audit to advise us about compliance? **Mr. Levin** said advise us of compliance. Was that the question? **Commissioner Walters** said advise the commission that the policy was followed or whatever. **Mr. Levin** said the external auditor does in part of our annual financial statements; they look at what is our budget by fund and what are our actual expenditures by fund. I guess we would have to ask them to look at specific budget revisions and maybe do a sample budget revision and were budget revisions done consistent with this policy? That would be a specific request to the auditor.

Commissioner Townsend said the draft contains four categories are proposed changes, correct? **Mr. Levin** said it's clarifying. What we currently do is #4 is currently in process and #3, any budget revision that is in excess of $10,000 may be approved by Administration and then brought forward to this committee. What's really new to our current policies would be one and two. I'll say an extra level of control.

What's at the top of the page, if there's any amendment to the budget at the fund level—an example of a fund would be the general fund of the city for example. If the general fund of the city has a budget of $150M, our control is we cannot spend more than a $150M without doing a formal amendment to the budget. We're talking about revisions within the fund level or in the example I just cited that $150M. **Commissioner Townsend** asked, but on this draft, three and four currently are a part of our policy? **Mr. Levin** said correct. **Commissioner Townsend** asked, so one and two are the only clarifications? **Mr. Levin** said what three is it's actually $10,000 and above. **Commissioner Murguia** asked, in our current policy? **Mr. Levin** said we actually don't have a formally adopted policy; it's our current procedures. **Commissioner Townsend** asked, so 362, put a ceiling on that so we're $10,000 to $50,000? **Mr. Levin** said, correct. I think what we heard from commissioners at the last meeting was we still wanted the ability for Administration to move forward with matters of health and safety or an emergency or something that's basic to keep the day-to-day operations of the government going; to have more commission review for larger discretionary expenditures and that was the purpose of these proposed changes to the initial draft.

Commissioner Murguia said as I said last time, everybody laughs when I speak about this issue. I hate to nickel and dime a policy or micromanage our Administration from doing their job. I really don't feel like that's our job. I'm really disappointed we had to expand on this policy. I guess looking at it, I think its fine. I'm good with it. I just have one question which might seem tedious to you. So the County Administrator has the authority to approve budget revisions that exceed $50,000 that only involve health and safety issues, but they could spend less than $50,000, right? Could they spend $50,000 increments over several months to avoid complying with this policy? **Chairman McKiernan** said no. I'll answer that for him. As this policy is written that in #2 would be reported at the next month committee meeting.

Commissioner Murguia said I was hoping that's what it was saying because they would have to, but they wouldn't have to report it if it was under $50,000. **Chairman McKiernan** said yes they would. **Commissioner Murguia** said, so regardless? **Chairman McKiernan** said between $10,000 and $50,000, it's reported to this group at our next regularly scheduled meeting. **Commissioner Murguia** said great. I just want to make sure that we all we're understanding.

Chairman McKiernan said number #3, I'm sorry. You're right. If it's over $50,000 for health and safety, it's reported at our next meeting. Would you suggest that we get a reporting on number #3, a bi-meeting reporting rather than a bi-quarter reporting? **Commissioner Murguia** said I just remembered that you didn't often go spend over $50,000. It didn't happen often. I know you did a lot under $50,000 which makes sense but you didn't have a lot. In your professional opinion, Doug, do you think reporting an expenditure over $50,000 is a hassle? Are there a number of $50,000 public health and safety issues?

Doug Bach, Deputy County Administrator, said I think bringing the over $50,000 back to the next meeting on a monthly basis is...**Commissioner Murguia** asked, regardless of the concern, don't you think whether it's health and safety or not? **Mr. Bach** said yes, they happen but they're few and far between. **Commissioner Murguia** asked, so it's not a huge inconvenience for you? **Mr. Levin** said that's the intent of #2 that an expenditure that exceeded $50,000 would be reported to this committee at the next meeting. **Commissioner Murguia** asked, but only involving health and safety concerns? **Mr. Bach** said well number one covers the others. **Mr. Bach** said #1 comes before us before the money is spent. **Commissioner Murguia** said, oh that's right. You're right so you can't spend it over $50,000 without permission.

Did we define health and safety issue? I'm just saying, not to be difficult. This is not my nature, I'm not into details but apparently we need to be. Have we defined health and safety? **Mr**. **Bach** said there's an official definition to it. It says health and safety concerns or other emergencies sustain ongoing operations. Those would come in matters of, as I used the example before, if we have a fire truck hit in an accident, is that taking something out of service so we don't have one in the station? In the case we had, this was a ladder truck and we don't have backup ladder trucks. That's clearly a health and safety issue. If you come into something where…**Commissioner Murguia** interjected and said, a building starts to fall down. **Mr**. **Bach** said yes, that's another good example.

We have some rather big boiler units or various units like that that are old in the buildings. If they shutdown, summertime, wintertime, pretty much anytime because we're going to have to move on those to get them fixed. They could easily go over $50,000. I think the last one we purchased was around $80,000 or $90,000. Those would be the classifications I look at for things that fall under those categories. **Commissioner Murguia** said just so long as we're all on the same page about what health and safety issue is. I'm good with that. You would think we would all be on the same page. **Mr. Bach** said yes, or the operations. I guess the other one would be like if I lost a snowplow. You could question health and safety, but you're bringing that back in to keep the operations going.

Chairman McKiernan said since we singled this policy out and separated it from the first three last time, I would entertain a motion regarding this policy separate from the other three that are coming forward at this time.

Action: Commissioner Walters made a motion, seconded by Commissioner Murguia, to approve the policy. Roll call was taken and there were five "Ayes," Eidson, Walters, Murguia, Townsend, McKiernan.

Chairman McKiernan said we've approved the budget policy with the revisions as per the draft here and now we'll move on to the other three that were represented last month. **Commissioner Townsend** asked, with what we've done just move onto the board, the full commission? **Chairman McKiernan** said that's an excellent point. I think that it might be good for us even though that was unanimous and would go on Consent Agenda, that might be good for us to pull this from the Consent Agenda so that it can be presented to the rest of the commissioners, just so they're aware that this rather important change has been made at the standing committee level. **Commissioner Townsend** said that doubly answered my question because it would have gone on. To pull it from the Consent Agenda…

Chairman McKiernan said what I'll do is, I will remember when this item comes on Consent. I will ask the Mayor to remove it from Consent so that Lew can present the revisions that we approved in our committee to the rest of the commission. **Commissioner Townsend** asked, does it have to go on Consent Agenda now since we're thinking about that in advance and you don't have to remember? **Commissioner Murguia** said I thought that same thing because I would never remember. **Chairman McKiernan** said so Jody said the rules say it automatically goes to Consent Agenda and we just need to pull it off. I will make sure. Now we have the other three that were brought forward last month.

Mr. Levin said I will highlight just a couple of changes first on the long-term financial plan policy. That was a one page document in your packet. I did receive input to modify the initial draft to clearly state that a five-year forecast will be included in the budget submittal and will be made available for input during commission's strategic planning sessions. I just wanted to point that out specifically. **Chairman McKiernan** said I appreciate that. That was my question to Lew when I first read the draft was, it said we would create this five-year long-range forecast but not necessarily when it would be delivered. I want to just make sure we specify that it would be delivered in time to be considered as part of strategic planning for the next budget. Well done and thank you.

Mr. **Levin** asked, are we going to entertain all three of these together? **Chairman McKiernan** said unless there is a specific reason as there was last month to separate one, we can consider the three as a unit. **Mr. Levin** said I just have a couple of changes we made on the debt policy statement. We specifically had what our annual debt service payments were. We changed that to a percentage. The percentages were targeting debt service payments excluding enterprise fund payments are targeted at 10 to 12% of our total budget authority of tax levied funds. I think I worked with Debbie on that calculation and our approximate budget for tax levied funds is this year around $225M I believe. Our debt service payments are approximately $20M to $220M that are tax supported. That's where we derived that 10 to 12%. That would allow us if our budget increases, we would have the ability, it's a targeted number. That gives us a portion of our total budget that's really dedicated towards debt.

Then we specifically said the target for general obligation for new debt is established during the budget process. Historically, that level of support is ranged between $10M and $20M. So during the CMIP process several years previous, that target had been set closer to $20M. The last several years, Doug has really taken a lead in working with the CMIP committee that we've set that target closer to the $10M to $12M range. We're just stating what that level of support has historically been. Those were really the only changes we've made in the policy since the drafts were submitted to you last month.

Chairman McKiernan said we've established some of these targets. Will our performance against our targets be reported to us when we're in the budget planning process or at the end of the year? **Mr. Levin** said I think it really gives us the opportunity now that we have a formal policy that we can say, when we submit the budget how we've done related to the policy. **Chairman McKiernan** said the most recently closed fiscal year and then how we're doing to date in the current year when we consider the amended budget. **Mr. Levin** said I think that the proper places in the department overview pages are the fund overview pages. We have, for example, for the city bond and interest fund, we can now reference specifically these policies that we've put in place.

Action: Commissioner Murguia made a motion, seconded by Commissioner Townsend, to approve the three policies as brought forward. Roll call was taken and there were five "Ayes," Eidson, Walters, Murguia, Townsend, McKiernan.

ITEM NO. 4 – 130406….DISCUSSION: FINAL SERIES OF FINANCIAL POLICIES

Synopsis: Discussion of the final group of financial policies relating to the following, submitted by Lew Levin, Chief Financial Officer.

- Accounting, Auditing, and Financial Reporting
- Risk Management and Internal Controls
- Local Economic Development

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Mr. Richard Mikesic, Accounting Manager, said the first policy being illustrated tonight is accounting auditing and financial reporting. Generally the comment I would leave this with is there's not much new in here that we don't already do. This document takes and formalizes the procedures and what we are already doing. I just wanted to start that with that off the top. It is split into five sections. The first section illustrates this committee itself and the role that the committee plays. The second section talks about accounting and the fact that we're following GAP and the Gatsby standard following through the budgetary process and the fund process covers that area. The third section is auditing and illustrates our relationship with the

Legislative Auditor's office and how we have the external auditor and how working with them we go through the audit process combined with the annual preparation of the CAFR, which is presented to this committee as some of you will recall which is the next section of reporting. The final talks about the independent audit which is done and the role that the independent auditor specifically will play when it goes through the audit process. That's a very, very short summary of what's presented here. **Chairman McKiernan** asked, but the full text of those policies is in our packet so we can review it before our next meeting, isn't it? **Mr. Mikesic,** said yes it is.

Chairman McKiernan said, since there is no action required on this, you've set the stage for our review and we will bring these three for consideration and discussion at our January 6th meeting, I believe, is the date of the meeting. **Mr. Bach** said we have the other two areas.

Reginald Lindsey, Director of Budget, said the second policy is our risk management policy. It covers our financial risks and our insurance risks. What it does, it discusses financial risks as far as different financial controls we have in place and also different liability insurances we have in place. Also, our auto liability insurance and also our building insurance, it covers those. Then it also covers our internal controls which are something Rick and I work together on writing this.

George Brajkovic, Economic Development Director, said the economic development policy piece is three pages of really what's in our tool belt when we're trying to work with and attract and really just meet the goals of our department. Some of these things we do have a policy that we've adopted like on the tax abatement side to deal with IRB and EDX, Section 42 that we talked about tonight. Then there are some things where we follow statutory guidelines like TIF, CID and TDD. Over the course of the year, you've heard us make presentation on just about every single one of these incentives and if you haven't, we'll work really hard next year to bring you one you haven't heard before. **Chairman McKiernan** said we will review all three and come back prepared for our next meeting.

IV. Outcomes

Chairman McKiernan said the final item on our agenda is Outcomes. I think what we've already done is we've already set the stage for our discussion next month. We've already asked staff for some data regarding housing and how it's distributed among the various categories of housing. Then following up on Commissioner Walter's comment, we might want to give some thought to some of our strategy as it relates to, what's our mix, what are our goals, where do we want to go with development of both residential and commercial. **Commissioner Murguia** said and how one affects the other. They go hand in hand. **Chairman McKiernan** said correct. So if we can give some thought to those issues and then come back with at least some ideas for discussion, if not, some suggestions for future policies or ordinances, then we'll be in really good shape.

Action: No action required.

V. Adjourn

Chairman McKiernan adjourned the meeting at 8:00 pm.

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