ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, April 29, 2019

The meeting of the Economic Development and Finance Standing Committee was held on Monday, April 29, 2019, at 6:27 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner Burroughs, Chairman; Commissioners McKiernan, Townsend, Walters; and Jeff Bryant, BPU Board Member. Commissioner Murguia absent. The following officials were also in attendance: Gordon Criswell and Melissa Sieben, Assistant County Administrators; Patrick Waters, Senior Attorney; Kathleen VonAchen, Chief Financial Officer; Chris Slaughter, Land Bank Manager; Angie Lawson, Deputy Chief Counsel; Alan Howze, Knowledge Director; Reginald Lindsey, Budget Manager; Wendy Green, Assistant Counsel; Katherine Carttar, Director of Economic Development; Andrea Parra, Deputy County Treasurer; Tib Laughlin, Director of General Services; and Jay Doleshal, Sergeant-At-Arms.

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

Approval of standing committee minutes from March 4, 2019. **On motion of Commissioner McKiernan, seconded by Commissioner Townsend, the minutes were approved.** Motion carried unanimously.

Committee Agenda:

Item No. 1 – 19716…RESOLUTION: SECOND AMENDMENT TO LEGENDS WEST LAWN DEVELOPMENTAGREEMENT

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.

Katherine Carttar, Director of Economic Development, said this is a resolution adopting a second amendment to the Legends West Lawn Development Agreement. We had come before you back in January to ask for a bit of an extension. Then I believe you're all aware of the horrendous weather we had this fine winter, which put a pretty big damper on construction moving forward. The Legends folks have requested an extension to June 30th.

Rendering

I would like to quickly show you kind of where this is, what the final process will look like, but did want to assure you that things are moving along.

As you can see, this is just taken today. There is lots of construction going. They're moving fast and furiously and hope to, certainly, exceed the June 30th date that we're requesting the extension for. Also, Mark, Sherwin, here, is from the Legends and is here to answer any questions you have about the progress as well as what the final product will look like.

Chairman Burroughs said I will state that Commissioner Walters and myself went out and visited the site and had a meeting. I do see that additional construction has occurred since our meeting just 7 to 10 days ago. **Mark Sherwin, Legacy Development**, said yes. **Chairman Burroughs** said the weather has been a tremendous factor. I see the pool that you're putting in. **Ms. Carttar** said you can tell that was today. **Mr. Sherwin** said we have some weather that's coming in this week that's going to put a damper on some things, but we're working through it. I'm meeting with our contractor. We've got on-site supervision. I try to be at the project as many as two to three times during the week. Even with the horrendous weather, we still got our work cut out for us and I want to make sure that we stay on track and meet our commitment.

Chairman Burroughs asked do you believe the timeframe is concise enough for you to meet the deadline. **Mr. Sherwin** said yes. **Chairman Burroughs** asked despite the monsoon. **Mr. Sherwin** said yes, despite the monsoon. Of course, we all can't predict mother nature, but as long as we don't continue to have weeks of rain like we're going to have this week, I don't see a problem. We're pushing ahead and trying to push to get more crews out there as well. **Chairman Burroughs** said thank you for your due diligence and seeing the project done on time.

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

Item No. 2 – 19719…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.

Katherine Carttar, Director of Economic Development, said I'm going to ask Brett Miles from North Point to come up and we're going to give you a little presentation of a project that we're really excited about at Turner Diagonal, and just kind of give you some updates of where we are and some specifics about this project and development agreement that we hope to have approved.

Brent Miles, NorthPoint Development, said we've been excited about this project for some time. It's been a roller coaster. We were denied multiple times federal funds. A lot of hard work and determination and probably some luck, I guess and we've pulled it off. Tonight, as I've been joking with Katherine, we're almost to the starting line.

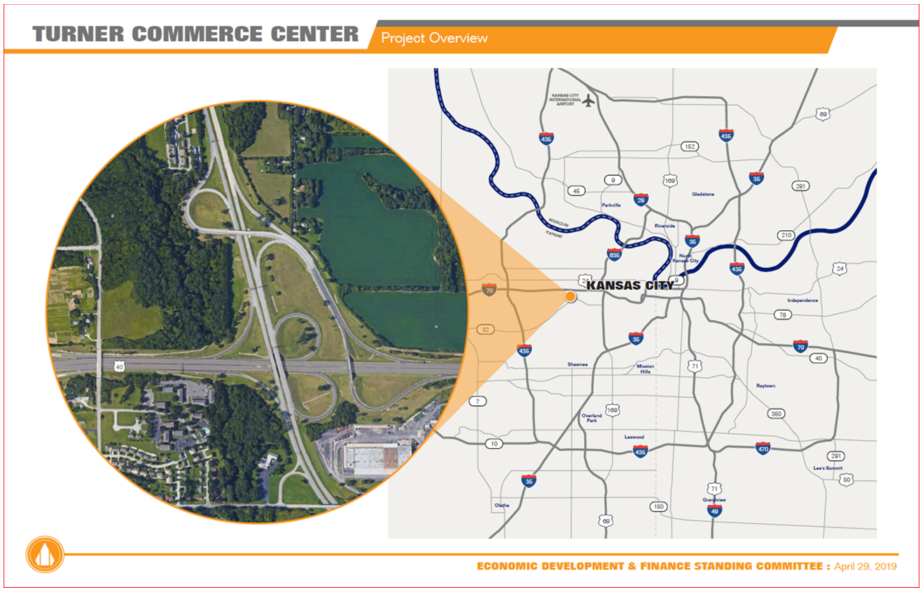
For many of you know us. We've obviously did the redevelopment of the former GM plant in Fairfax. We did the redevelopment of the public levy, in the Fairfax District. Commissioner Townsend, I think, you and I toured that one multiple times.

We were set for a logistics park in this area and that ultimately became a land sale to Amazon, as many of you may remember. We had bought the land for Amazon from Country Club Bank out of foreclosure. It was a failed residential development. Those of you have heard me say it multiple times, it took me a lot of work to get it. I didn't want to sell it, but when Amazon came along with 4,000 jobs, as you know, I have a near and dear place in my heart for this community.

We sold the land that became Amazon and immediately began by purchasing land to the north of that, North of I-70. We didn't have an interchange and so we did a little bit backwards; bought land without infrastructure and then fought really hard to get the federal grant and great match with the Unified Government and KDOT.

A little bit about us. Many of you know me but since our inception, we were started about eight years ago, which is when I left here from Wyandotte County. We've grown up a little bit. We're the second largest industrial landlord in the United States. We have 62M sq. ft. that we own in 15 states. We have about 164 industrial clients across the country. I wake up and I don't even believe it myself. We're the largest landlord to General Motors across the United States, largest landlord to Chewy.com, Adidas, Patagonia, Caterpillar, you can see the list of clients there.

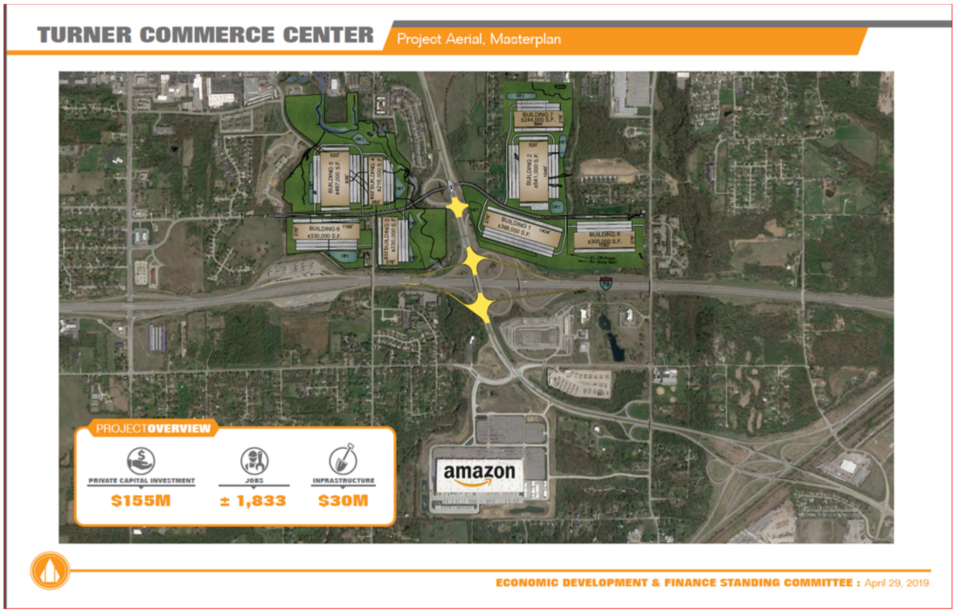
We go build a building and lease it and do a good job and be honest and then go do it again. I think the reason that I put this up here specifically is having a national developer with this park, we would be reaching out to our whole list of 164 customers from across the US and say, if you're thinking about Kansas City, here's a new park that you may not know is coming on line. I think that this park, from the logistics and labor standpoint, could really hit the niche for a lot of these companies that are looking for new homes and second homes and third homes. We're excited about the project.



Many of you know, again, I just use the simple terms. The spaghetti bowl is what I call the exciting Turner infrastructure that's there now.

With the new federal grant, that becomes a clean diversion diamond interchange. All of that existing infrastructure and spaghetti will go away. That was, obviously, historically related to the toll system. Many of you who grew up here know the history of that and when it moved. It kept moving west.

We're pleased that this is going to be coming out and we've got new infrastructure going in.



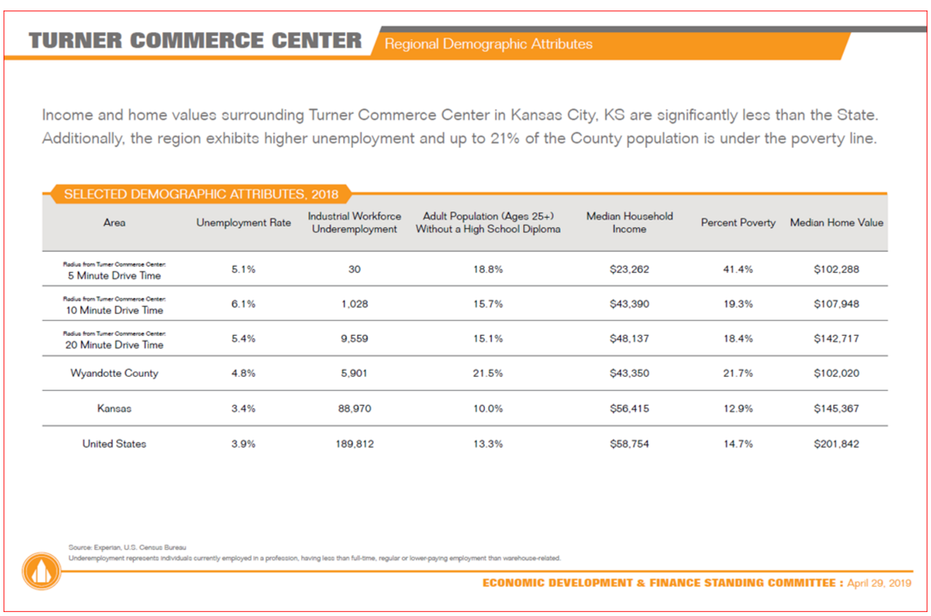
Obviously, you can see the Amazon aerial there, but there is our plan. It's about $150M investment from us, that doesn't count what the tenants put inside the building, so much greater than $155M. We're conservative, we think, with our estimates on permanent jobs at 1,800 permanent jobs. That would obviously include more than that with construction jobs. Then the infrastructure, you're right around $30M to $32M with the federal grant, the KDOT match, and then Katherine will talk about the UG portion and how we're repaying that over time to meet the local match here as well.

The park is about 2M sq. ft. We estimate that'll take somewhere between five and seven years to build out. Again, having an intimate knowledge of this community, I can only think of a few projects, maybe others can correct me, I'd say, east of probably 78th St., this large KU Med, GM, obviously Amazon sitting right here. This would be in probably the top four or five. There would probably be those who debate me, but this is in a highly distress censes tract that I consider as urban. You'll see that here in some slides that I have. This is a significant capital investment and job creator for this area.

Those of you who have driven by Kaw Point, you know what these building look like. These are what I call institutional grade Class A, concrete tilt buildings. These are pictures taken from Riverside Horizons, which is a similar size park that we have on the Missouri side.

These are out at LPKC Logistics Park. These are much, much bigger buildings than what we propose here at Turner.

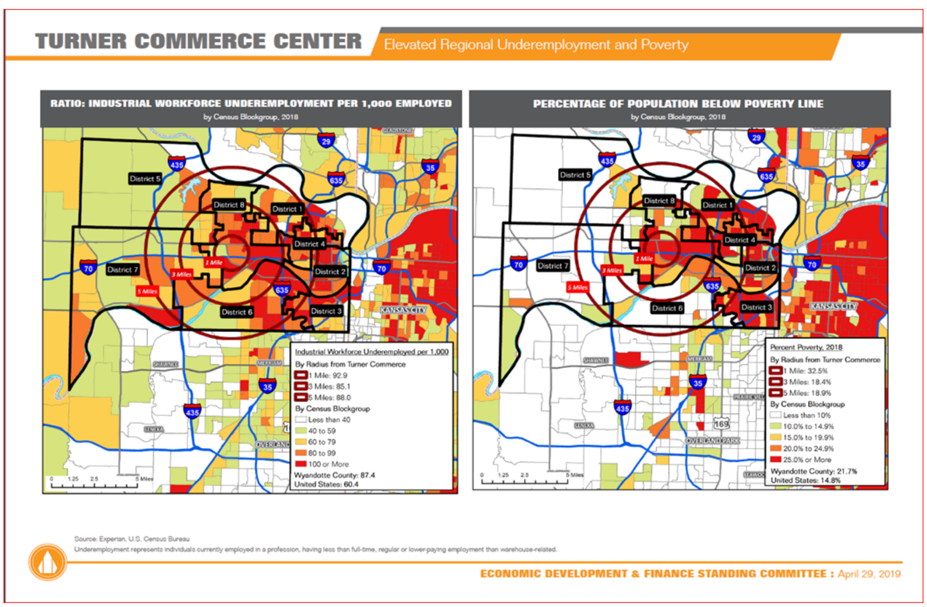
Obviously, you have a policy that rewards. There's bonus provisions in your policy. Obviously, we're hitting the capital investment of above $50M. We've blown past that. This is in a highly distress census tract. We've agreed to the maximum bonus for the local minority women, which we've had a great track record in Wyandotte County with all our projects from the apartments at Village West, down into our redevelopment projects in Fairfax, and then we're meeting the environmental designs, sustainability, development criteria, as well.



Area	Unemployment Rate	Industrial Workforce Underemployment	Adult Population (Ages 25+) Without a High School Diploma	Median Household Income	Percent Poverty	Median Home Value
Radius from Turner Commerce Center: 5 Minute Drive Time	5.1%	30	18.8%	$23,262	41.4%	$102,288
Radius from Turner Commerce Center: 10 Minute Drive Time	6.1%	1,028	15.7%	$43,390	19.3%	$107,948
Radius from Turner Commerce Center: 20 Minute Drive Time	5.4%	9,559	15.1%	$48,137	18.4%	$142,717
Wyandotte County	4.8%	5,901	21.5%	$43,350	21.7%	$102,020
Kansas	3.4%	88,970	10.0%	$56,415	12.9%	$145,367
United States	3.9%	189,812	13.3%	$58,754	14.7%	$201,842

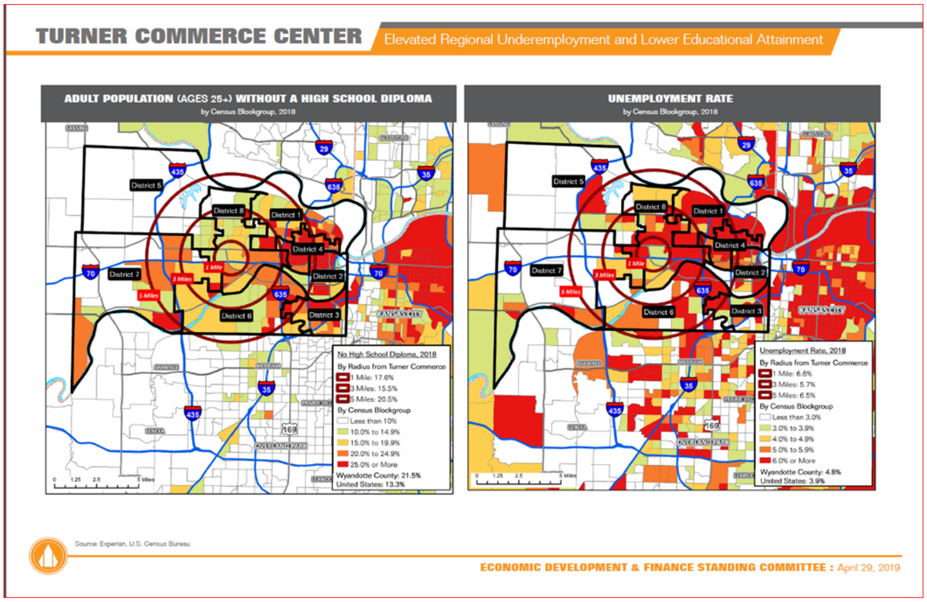
This is important to me. We think Turner has—everybody says in our world, it doesn't have a good labor score and a good labor score means availability. I think you've probably heard some updates from Greg Kindle and his group about Amazon's, local hire, total number of jobs, total number of applicants to jobs. I thought this was an interesting stat for us which was that 5, 10, and, 20-minute drive. Just the census tracts around us and the industrial workforce, unemployment, underemployment.

I think Amazon's sitting right around 750 local employees, is what Greg had mentioned to me. So, if you think about that 10-minute drive and what we can potentially do with our project, obviously, our project is going to affect those with manufacturing will pay higher, but let's say even on the low scale, you're talking about wages probably in that $14 to $18 an hour job. Again, personally, knowing the community, there's a lot of folks who are working two part-time jobs working fast food, underemployed, maybe trying to be students as well. That's a real niche for a lot of these jobs here which is if you can go from $8 to $18 an hour, what impact does that have on your home, on your education, on your house.

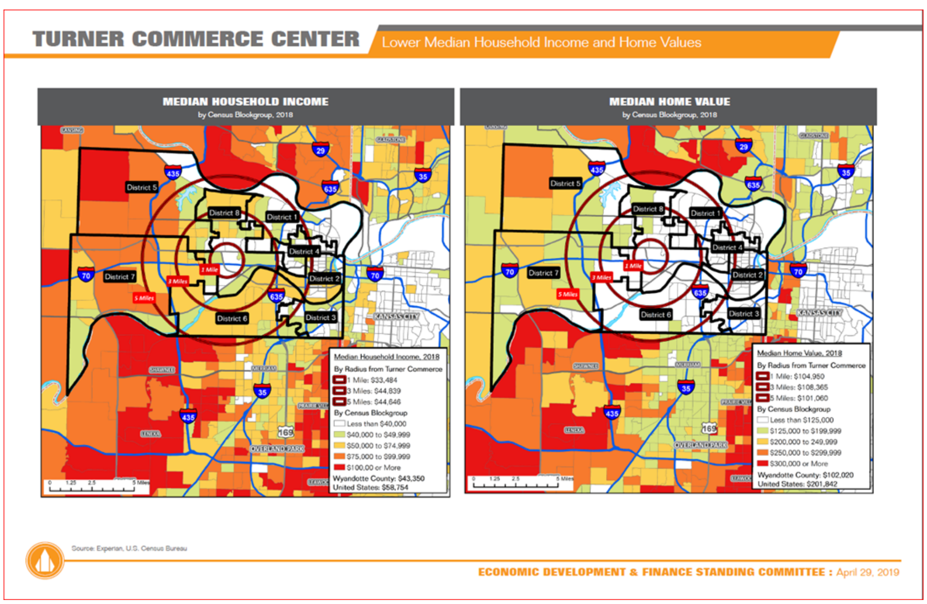


I'll share these, I don't want to waste more of your time with this, but I think it was interesting. We sit in a really unique place of where we're at with the two at-large districts. Obviously, we know the boundaries of those. If you look at that 5, 10, 15 and 20-minute ring, how it really affects almost all districts in terms of who are folks from Wyandotte County who are going to be working in these facilities.

We're sitting really at the epic center of great transportation. Obviously, you and the transit authority, or whatever you want to call it, done made great strides for the bus transit system which will, obviously, we'll be able to take advantage of here with this site.

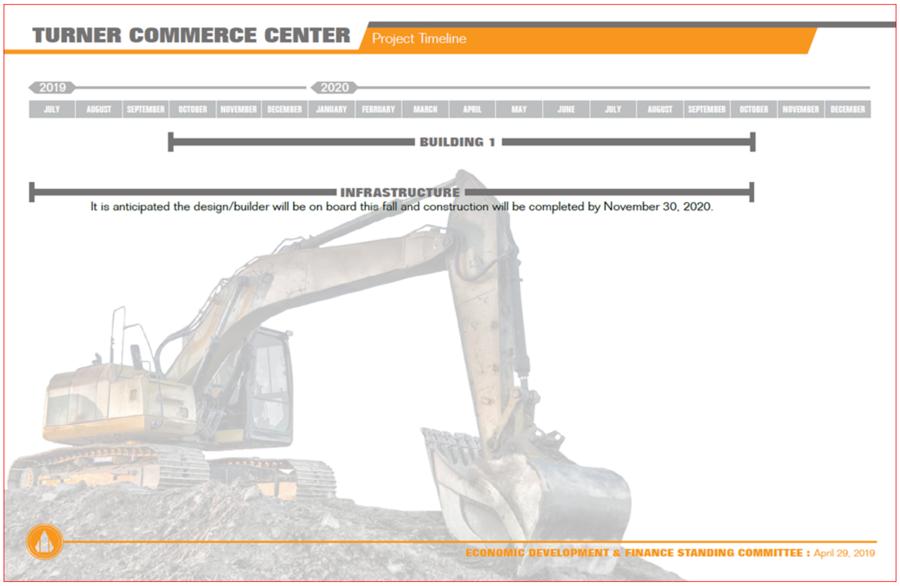


I think one other thing is how it plays into the community college. We'll have a lot of people sitting here that will need training and trying to complete their degree with these jobs.



Again, we can share these and go in depth. I'd be happy to meet with each one of you, but we've drawn a lot of labor and data statistics on each one of your districts and kind of, what we think, our impact will be in terms of jobs and what that means, obviously. We're a big believer in one of the best social programs is a job and pride and what that means.

Then, maybe talk a little bit about the infrastructure. While we're here tonight, and Katherine can talk about this a little bit in her deal points is, we're waiting on that commitment from the UG so that we can get the federal funding in place.

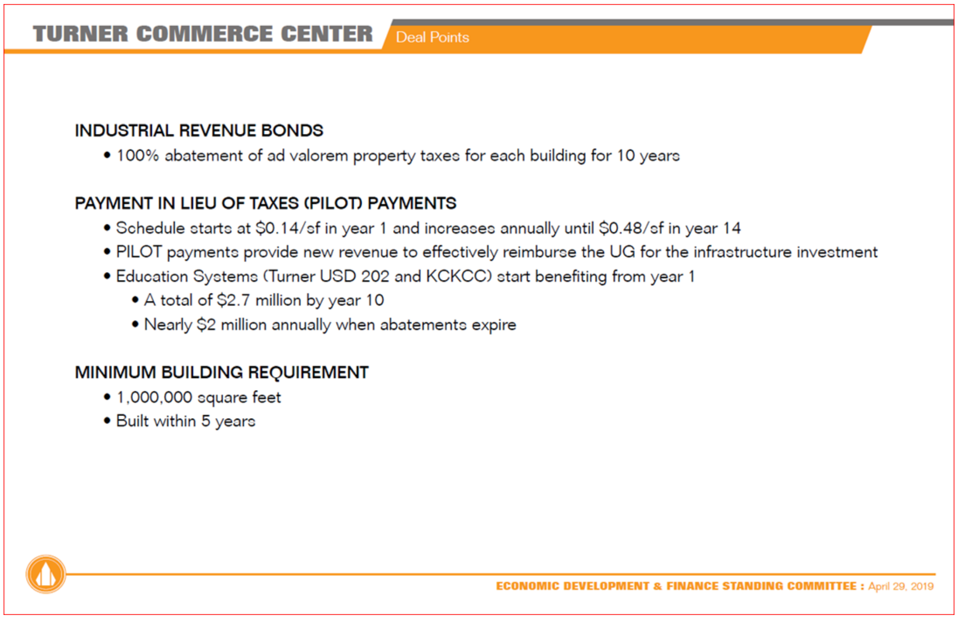


When I say that I had lost hope, I'd been to DC five or six times literally, lobbying, lobbying and lobbying for this interchange. I just did not think it was going to happen. I won't share anymore political views, but I just didn't think it was going to happen.

To get the award, honestly, in my career, was one of my top five days of my whole career when I got the call that said, we've got the award. It was really surprising to me. I did not know what we we're going to do.

Timeline wise is that we'll be working directly with the UG and KDOT so that we'll time the opening of the first building with the opening of the interchange so that when that thing is open, our building will be ready. We'll start marketing and prospecting first thing this summer and into the winter so that we're already trying to fill companies for building one. Hopefully, we've got enough traction that maybe we're doing more than one or one or two buildings right off the start for when that interchange opens.

Ms. Carttar said I get the fun, dry part. That's all the pretty slides. I just hit the deal points.



What we are doing tonight is requesting resolution to adopt and authorize the approval of the development agreement for the Turner Logistic Center. Just to go over kind of what that means in terms of how we are making this deal happen. We're looking at industrial revenue bonds. That would be 100% abatement of the ad valorem property tax for each building for 10 years. However, I want to be clear what that means. We will also have a payment in lieu of taxes. While it is 100% abatement, NorthPoint will be paying a per sq. ft. tax, basically. It's not technically a tax because it's a payment in lieu of tax. The schedule starts at $0.14 per sq. ft. in year one and increases annually until year 14 when they're at $0.48 per sq. ft. This is not an insignificant amount.

What we really like about how this deal works is there's a lot of motivation for NorthPoint to get these buildings going quickly. Which then, also, is beneficial to us because then the faster they're built, the faster they're on the tax rolls. I think this is one of those agreements that, I think, really is mutually beneficial. What we are looking at when we came up with that schedule is with the infrastructure, the Unified Government is kind of fronting $7.5M for that. $13.8M will come from the federal government. NorthPoint is putting in $1.5M, KDOT $7.5M and the Unified Government $7.5M.

This is an infrastructure project that probably should have been done 40 years ago when the toll booths were moved by the Turnpike Authority. We're excited that this is something that's a long time coming. By having it paired with this project, we're kind of able to automatically have a revenue generator so that over the coming years, we can actually kind of pay ourselves back.

Not only are we getting good jobs, a lot of investment, we also get a new interchange paid for.

Also, with the payment in lieu of taxes, those get split between all the taxing jurisdictions as a normal property tax would. Another really positive thing about this is from the first year, Turner School District, as well as KCK Community College, will be benefiting from this project. I calculated in, by year 10, if we stay on the schedule that's proposed, the education systems will receive $2.7M. Then once all of the buildings are off from year one, they'll start receiving money. Then, once all the abatements have expired, then they'll actually be getting nearly $2M annually which is a significant amount of money.

Commissioner McKiernan said I just want to make sure that I understand. In terms of the construction of the new interchange. **Ms. Carttar** said yes. **Commissioner McKiernan** said you said we're going to put in $7.5M into that construction, but the PILOT will effectively go to make our bond payment on that $7.5M. Is that how I understand it? **Ms. Carttar** said yes.

Ms. Carttar said then finally, we have worked into the deal a minimum building requirement. We feel very confident that NorthPoint has always kind of exceeded expectations and certainly met them at the very least. This is just something that we like to put in to make ourselves feel better, just in case there some catastrophic something, I don't even want to say it. We're looking at a minimum building requirement of a million sq. ft. built within five years.

Commissioner Walters asked how is the $0.14 per year PILOT calculated. **Ms. Carttar** said we basically looked at what we wanted to get out of this; the $7.5M and then, between Brent and I, worked on a number of different iterations of—in your packet, you can see the year-by-year of how the PILOT changes. That was determined as a good starting point as a place where Brent felt like he could get some early tenants in there. Then, also it increases pretty rapidly so that we make sure within a couple of years, we're getting some real payback. **Commissioner Walters** said it sounds like our goal was just to payback the cost of the interchange instruction. **Ms. Carttar** said through the PILOTs. Then, of course, at the end, it's about 15 years if it kind of works out, then, obviously, we'll get property tax.

Commissioner Walters asked how does $.14 per sq. ft. compare to other PILOTs for similar projects in other cities around this area. **Ms. Sherwin** asked would you like for me to answer that. **Ms. Carttar** said yes. **Commissioner Walters** said I'll defer. **Mr. Sherwin** said what we look at is we compare these two projects in size to Northland Park. Projects we have: Northland Park, Three Trails, and what we call Southview. Northland Park and Three Trails are in Kansas City, Missouri, Belton is in Southview. Our PILOT in Belton is $0.05, it's a 1% annual escalator, a much higher escalator. Northland Park and Three Trails are $0.08 year one, and they're fixed at $0.08 per ten years. Then they move to about the $0.48, $0.50 for year ten. At Northland Park, you're 13 at Three Trails. In Kansas you are limited to your fixed PILOT per building for 10 years. You're not limited to that on the Missouri side.

Commissioner Walters said those are a couple that are less. Are there any that are higher? **Mr. Sherwin** asked on fixed PILOT, Edgerton would be higher. I call it an apple to oranges comparison. We pay $0.62 PILOT in Edgerton, but that is a bond issuance fee that's calculated. The city uses that to pay off their portion. We refunded the money for the infrastructure there, which was last to guess, thirty something million, forty something million dollars, that is paid to the city and then repaid to repay the infrastructure for the bonds. Probably not a good comparison that's why I didn't use it.

Commissioner Walters said this at first blush, I'm a little disappointed as I think as maybe Commissioner McKiernan is. Yes, I love the project. It's going to be great for our community. It's disappointing that it will have so little impact to our overall tax structure or revenue structure. It'll just pay for replacing a bridge that we had to tear down and some improvements to the interchange that KDOT should have made, as you said, 40 years ago, when they took out all the toll booths. It's certainly good for the community to get development.

Ms. Carttar asked can I just follow up really quick. Just to be clear, those are kind of during the PILOT payments. Once we are out of that, ten years per building. Once we're done with that, then just the Unified Government's portion of that once this is all on the tax roll will be over a $1.5M annually. **Commissioner McKiernan** said I'll reiterate what Commissioner Walters just said. I have fussed quite a bit lately about projects where we get nothing out of it and yet, we are expected to provide infrastructure around the project; Public Safety surfaces around and to the project. It doesn't give us any capital to work with and improving other parts of our community. We take it just for the amenity value. In this case, the amenity is great, because we are going to get a lot of jobs.

As Commissioner Walters said, I'll say, you know what okay. At least we are going to get paid back. We're not going to be on the hook for the infrastructure improvements, specifically the diverging dime of the interchange. At least we're not going to be on the hook for that and I guess I'll take that. I do like the fact that we're looking at less than 20 years for this to graduate and for us to start getting the full tax revenue from this. At some point, we need something in addition to the jobs. We need something in addition to the amenities. We need some capital that we can use for the overall improvement of infrastructure and neighborhoods across the entirety of the Unified Government. I appreciate what you're doing because this is going to have a benefit from day one. It's not quite the economic financial benefit that I would ideally like to have but ultimately, I do think this is a good project.

Jeff Bryant, BPU Board Member, said first, I would imagine that we will at least only see sales tax revenue from the businesses that go in. **Mr. Miles** said you would see a limited amount of sales tax, probably the BPU PILOTs would be--that's something that probably should be calculated. We can bring that to full commission. There is a benefit there. Again, I hear you and I hear you, Commissioner.

This may insight a riot with you, but it is my opinion, so I at least want to say it. You did have an obligation for Riverview. You did have an obligation for Riverview and we went to KDOT and got out of that obligation. There was $7.5M that you were going to budget in the capital expenditure that you didn't have to budget. We did trade, I think we traded Amazon and no obligation out of you for a payment out of us. I know that's a big picture and I have a slanted view, but that is my opinion still. I can understand your perspective but I think Riverview—something had to be done as the Jersey barriers were about ready to fall off that thing. It's been a stretched-out timeline, but that is still the evolution of this project, in my opinion.

BPU Board Member Bryant said since you brought up the PILOT, the numbers up here are they separate and apart from any potential reduction of PILOT rate that the Commission would apply? **Mr. Miles** said yes. **BPU Board Member Bryant** said my hope would be that the PBU rate, the PILOT rate that is applied to the BPU bills, would come down over time. I know that they've been sitting higher and was actually promised to a lot of the rate payers in Wyandotte County for a few years. My hope would be that there will be a point that they will come down. When we had our rate increases, you guys saw the benefit of that increased revenue from that.

I know at the end of the day it's a total number of dollars that are brought in by all the different taxing sources in Wyandotte County. I think it's important that we really watch the PILOT rate. It can and it has a major impact on upon decisions of businesses to move into Wyandotte County. I'm hoping that those numbers are separate and apart so if the rate comes down, those numbers stay the same. **Ms. Carttar** said right. **Mr. Miles** said it gets really confusing that you use PILOT in the tax thing and BPU PILOTs is the same term but they are separate, yes. **BPU Board Member Bryant** said the PILOT fee. **Mr. Miles** said that's exactly right. **BPU Board Member Bryant** said if you'd like to look at it. Although it is a fee, many in the county don't look at it like that. **Mr. Miles** said yes.

BPU Board Member Bryant said my other question would be about the infrastructure and the infrastructure needs that will come from the BPU. To do a project like this, I know that on the northeast side of the interchange, there is no infrastructure in there for water and power that had been ran. There's going to be significant costs that are going to be board by the BPU for this project to get them to the land that NorthPoint is going to be working on.

Has the BPU staff already been involved in the early stages of this project and are aware of the costs that are going to hit us? I do not remember any of this ever being brought up in front of the Board as far as costs that we're going to be seeing and incurring. It's definitely not in our 2019 budget. **Mr. Miles** said yes, usually, with a project of this size. Continental is our engineer. They interact with BPU a lot. I know that they have been interacting with BPU over the interchange and this project.

Typically, because of the size of the users that we see here, we usually see a revenue justification. We pay, for example Village West, we pay for conduit. There isn't typically a cost born by you. Typically, a project this size generates enough power that we work out a cost justification agreement with the staff, typically. **BPU Board Member Bryant** said I'm looking more at the water side because I know we're going to have to run some major mains to feed. **Mr. Miles** said I don't know about water. I don't know that detail, but I can follow up with you on that. **BPU Board Member Bryant** said yes, I would be interested to know just how much the BPU is aware, the staff is aware. **Mr. Miles** said if not, we'll make sure Continental, Phil and Phil Junior, work with Pat and Jen and the other folks too.

Chairman Burroughs said just for the committee's clarification, there is a $1.5M private contribution that will be coming forward into this project too made by NorthPoint. That is a cash infusion toward that total amount. 6.5, I'm looking at page eight. It's says intentionally deleted. Do we know what section that was that was intentionally deleted? **Mr. Miles** said let me see. **Chairman Burroughs** said that's something you can get back to me. I just want to know what part of the contract was deleted for this specific contract. If it's going to be deleted moving on for the entire development.

Then, I do want to bring attention to the construction workforce. Brent, you made comment about ancillary opportunities for our local community. I sincerely appreciate and respect that because it's about the return on investments of our county's tax dollars to ensure that we take care of the job opportunities for our residents first. We really do hope that many of those would be filled by the local labor organizations and our skilled workforce. I know it can't be mandated, but I would hope there would be strong consideration to the underemployed skilled workforce that we have in our community that can contribute greatly to the ongoing construction and renovation of the property proposed. **Mr. Miles** said understood.

Like I said, we've had four or five development agreements with you and have exceeded the L/M/W. Even though it's not a requirement, we have exceeded my promises to Commissioner Kane. **Chairman Burroughs** said I appreciate that. As Commissioner of this community, I do want to see that return on investment for our families to be able to bump up that average median cost of a home in Wyandotte County; that they'll want to invest. Hopefully, the workers, while they're here doing construction work, may find how nice and welcoming Wyandotte County is and choose to become a resident of our community through that opportunity.

Commissioner Townsend said just a point of clarification. On the street, how many buildings will there be? One continuous building? **Mr. Miles** said no, there will be multiple buildings. Maybe we can go back to the master plan. Again, this will evolve as we work through Rob in final planning and BPU infrastructure planning. I will generally note that we are in acquisition mode for more houses in this area. I won't be giving any specifics but some of these buildings could grow. Generally, what you see there is, what do you got, an eight-building plan.

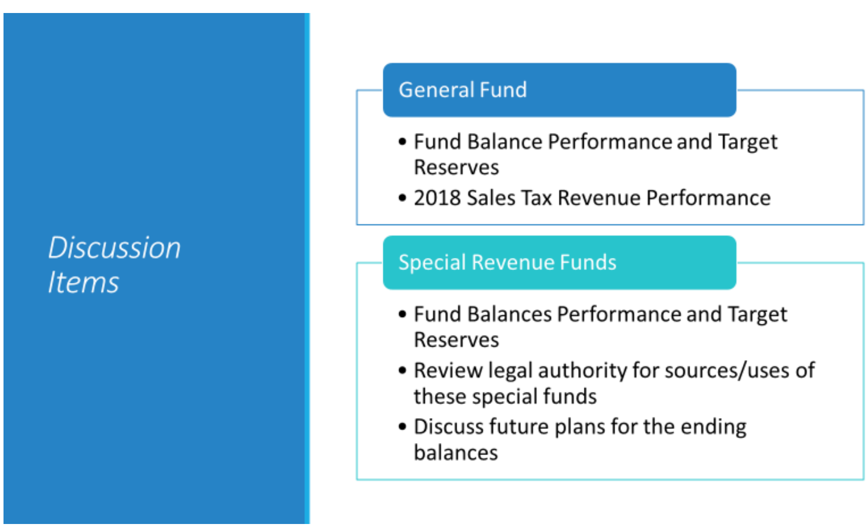
As you can see, labeled building one, two and I think we switch over here building three. This stick of butter is obviously an individual building. **Commissioner Townsend** said okay. **Mr. Miles** said it'll take us some time. Kaw Point, to put it in perspective, you and I drove through Kaw Point and you thought that was a really large building. This one, one of our smaller buildings here is bigger than Kaw Point. That's Kaw Point just, almost dead on, right there in size. **Commissioner Townsend** said good, thank you.

Lori Reeves, 516 N. 75th Ter., said we've noticed that there's been a lot of surveying on that area. I live in the Crestmoore Downs there, by the parking area, off of I-70. I'm wondering how far is that going to come in. Is that going to include our homes? I live at 75th Ter., so basically, we live in Crestmoore Downs, behind Quick Trip, back over by the hotel. I'm kind of a ways from that. **Ms. Carttar** said that won't be included in this project. **Ms. Reeves** said it won't. Are there plans for something else that's in the area, is that why they're surveying and there are all the stakes in our area? **Ms. Carttar** said not that I'm aware of, but I can certainly check on that for you.

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

Item No. 3 – 19721…REPORT: 2018 RESERVES AND FUND BALANCE

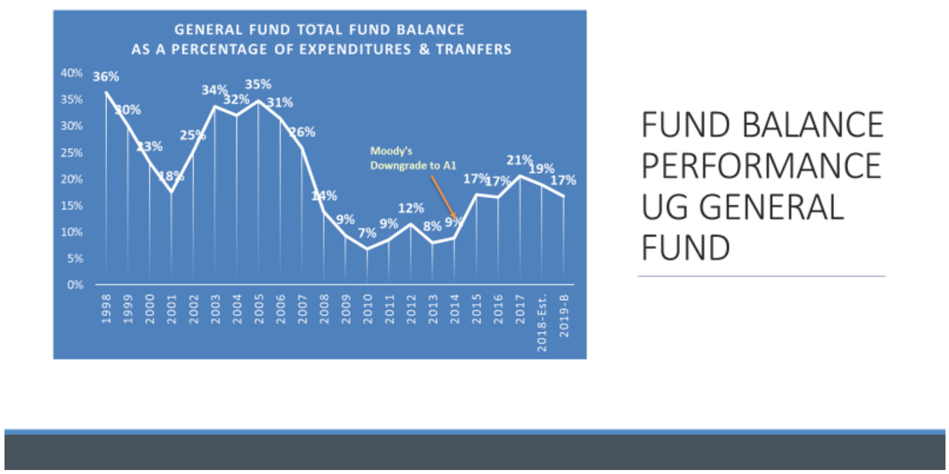
Synopsis: Review of final 2018 fund balances for all funds, submitted by Kathleen VonAchen, Chief Financial Officer.



Kathleen VonAchen, Chief Financial Officer, said as I discussed at the last EDF meeting, today we're going to be presenting the 2018-year end fund balances, for the General Fund and for the

Special Revenue Funds. We'll start this off. What we're going to discuss, first, we're going to break this up by General Fund and Special Revenue Funds. On the general funds side, we're going to just have a discussion of the performance of the fund balance and our target reserves. We're also going to add in a little discussion of the sales tax revenue performance during 2018.

For the Special Revenue Funds, not only are we talking about the fund balance, performance and the targets, but we're going to review briefly the legal authority for the uses and sources of those special funds and any kind of future plans for the ending balance.

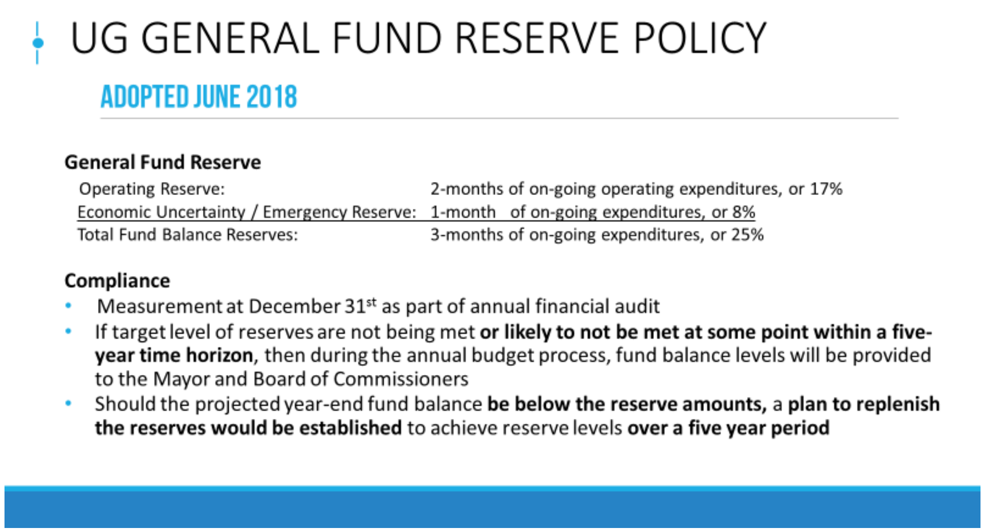


Rather than showing you a financial statement what we decided to do was present you a historic view of the General Funds total fund balance as a percentage of expenditures and transfers. This is how we review the performance of our fund balance. As you know, and we'll talk about this later, the target, as adopted by all of you and our fund balance reserve policy, was to have two months of operating expenditures on hand in case of emergencies or to provide us the liquidity throughout the year to pay our bills.

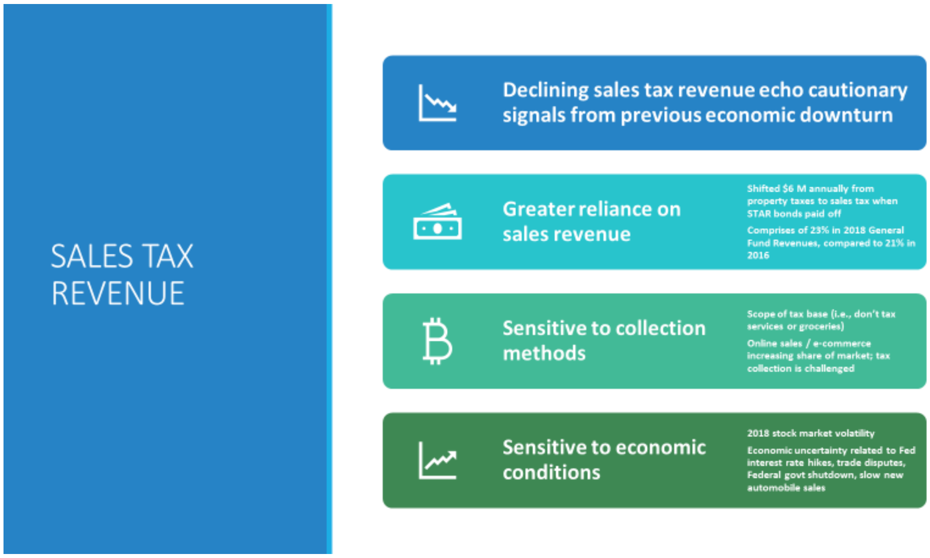
Two months' worth of expenditures roughly equates to 17%. Our estimate for 2018 is that we'll be reaching that. We are estimating to have 19% in fund balance, 19% of their expenditures reserved in our fund balance. Now when I say estimate, it's because the final audit won't be presented for your acceptance until June. For the most part, it's pretty final.

Right now, we're at 19%. We did drop down from 21% the year before. The reason for that is that revenues and transfers in, less expenditures and transfers out, came up to a net negative of $1M. There were $210M in General Fund Revenues and $211M in General Fund Expenditures. This, of course, is on a modified accrual basis. What does that mean? Cash basis is very much based on the money coming in and the money going out within the respected 12 months. When we look at modified accrual, we're taking into account, for example, sales tax. The state collects the sales tax on behalf of local governments. The activity of the sale, the retail activity point of sale, for example, are occurring in December. We don't actually receive it until February. This is one example where on a modified accrual basis, we would accrue the cash we received in February to the prior year. Of course, the same goes on the top of the year.

There are many other kinds of examples on this spending side too. It's a way to, in accounting, to properly record the activity in the year in which it occurred. That's the difference there.



This is just a reminder of the General Fund Reserve Policy. As I mentioned, we had as a target the 17%. We also have in the policy the option of achieving over the future a potential additional month for emergencies, economic uncertainties and such. One of the key components that I wanted to point out is also, at some time during the year when it may become apparent that we're not going to be meeting our target, the Budget staff will come forward, as part of the budget process, and let you all know and come up with a plan. If we do dip into the fund balance because there is some economic condition that requires that or based on your approval, there is, in the policy, provisions for replenishing the fund balance back to the operating reserve chart of two months over a five year period based on a long-range plan.



I wanted to talk about sales tax. You know, at the last monthly meeting of our committee, we presented to you the Q4, the fourth quarter budget versus the actual report. As you know, that's all based on a cash basis and the budget that you develop and review during the course of the entire year. It's all based on a cash basis. What we noticed is that, just in the General Fund, sales taxes collected and a variety of other funds, but right now, we're just—during the conversation we had about a month ago, we were reviewing the budget for the sales tax estimate. We reported that $3M did not come in that we expected or was below the estimate. That was for all three of the General Funds, the city, the county and Parks and Recs doesn't have any sales tax.

Those kinds of declines were kind of surprising to all of us, especially given the strong performance that occurred in the first six months of 2018. This decline in sales tax kind of echoed a cautionary tale of what we viewed during the recession from 10 years ago. When we walk through this, we're going to talk a little bit more about that, and I hope to relieve some of your concerns.

There is one thing that I did want to mention. Right now, we have a greater reliance. Our operations are relying more on sales tax revenue because when we paid off the STAR bonds, as you know, a lot of talk about this $12M in STAR bond revenue. Well, again, let me remind you $3M or almost $4M of it was actually dedicated for dedicated sales tax and for EMS. Actually, the STAR bond amount coming into the General Fund was $9M. Over 2017, 2018 and 2019, two mills each of those years were reduced. The rough equivalent of that is $6M.

We got $9M more in property and in sales tax, and then we reduced our property tax by roughly $6M. The net is a $3M addition to the revenue base, just to give you an idea. Our reliance on sales tax is increasing. We have a very diversified revenue structure. As I mentioned before, $210M in revenue. The shift that I'm talking about only changed the reliance on sales tax in 2016, 21% to 2018, 23%. If you look at 2017, and given the strong sales tax performance in 2017, 2017 was around 26%. Just some information for you.

The other point is that sales taxes are very sensitive to collection methods, not in Kansas, but in a lot of states. It kind of depends on the scope of the tax base. In Kansas, we don't tax services or groceries. The other thing is that online sales, we believe, has maybe contributed to a shifting of the amount of revenues we've collected on in sales tax**.** E-Commerce has an increasing share of the market of retail, and collection of that sales tax has been challenged.

The very last thing I wanted to mention is that sales tax is very sensitive to economic conditions. When we first looked at why we didn't get that $3M that we expected. I asked my staff to review what we call the entity files. That's a file of all the vendors, how much they pay every month for the past year, trying to figure out which vendors perhaps went bankrupt, which ones left, what major vendors impacted the reduction. We really couldn't find anything in particular. We decided, well maybe it was because of the growth in online sales. Maybe, perhaps, it's macro-economic conditions. That is what we're concluding in the end. I'm going to show you a couple of slides that kind of support that conclusion.

Generally speaking, you can read it in all the news media. Last year, the stock market was very volatile and there was a lot of the economic uncertainty. The feds were increasing interest rates which does, in a sense, inhibit business growth. There were trade disputes, the federal government shutdown, and slow automobile sales. Quite a bit going on in the last six months of last year.

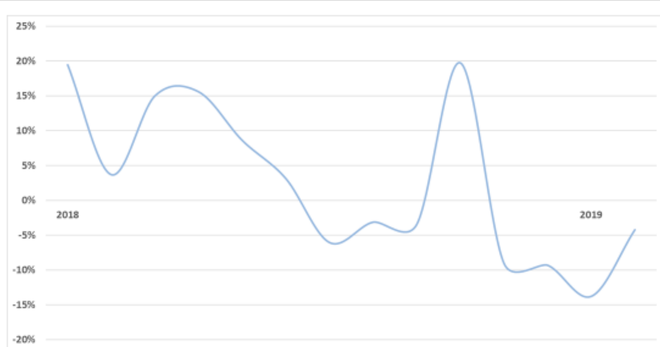
US CENSUS BUREAU RETAIL SALES REPORT

Year-over-Year % Monthly Change in 2018

We've looked at the US Census Bureaus' Retail Sales Report. This is something all the folks that work in the stock market look at every month. What we're looking at actually is the percentage difference between the prior years' month for that month and this month and this year's month. They call that year-over-year percentage monthly change. For example, if I collected $100 in 2017 in January and then in January 2018, I collected $110, then that would be a 10% increase. That's how this works. This is the slope of the graph in all of 2018. It starts out, and you can see how it lumps, there's a big sloping up here at the beginning and then it drops down. There's a hump in October then it starts to pick up the beginning of 2019.

WYANDOTTE COUNTY/ CITY OF KANSAS CITY, KS

Sales Tax Revenue Year-over-Year % Monthly Change in 2018



This is how Wyandotte County looks. What we have, same figures. Now these are based on all total distributions from the state to us. We have roughly $50M over the year; $50M including all

UG wide. All the sales tax, including dedicated sales tax and such, but excluding the STAR bonds.

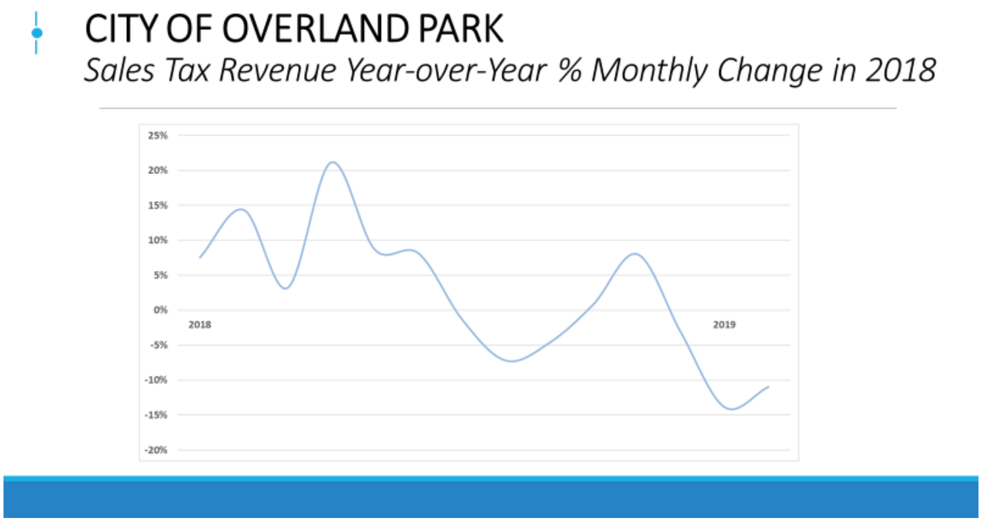
Commissioner Walters asked what is (inaudible). **Ms. VonAchen** said in January, there was a 19% increase. In February, a 3.5, 3.7 % increase. **Commissioner Walters** said you wouldn't happen to know what it was for the whole year, average for the year. **Ms. VonAchen** said well, the point of this exercise is that, there was growth at the beginning of the year and then declined at the end. The averaging doesn't explain the total picture.

BPU Board Member Bryant said without the actual number of dollars that are purchased during each of those representative months, I mean, a 20% increase on a million-dollar month is different than a 5% decrease on a $10M a month. Without having the actual dollars per month, it's hard to really relate that into a pattern.

Ms. VonAchen said this represents $50M worth of retail revenue collections throughout the entire year. It compares it with the prior year for that roughly same amount. **BPU Board Member** Bryant said well I understand, but what I'm saying is like where that large spike is, where it's 20% above, closer to 2019 on the other end. Is that the Black Friday shopping of November? How many dollars is that 20% above the dollars that were spent the year before? **Ms. VonAchen** said alright, well I have all that information.

March and April increased 15% and that's roughly the same increase that occurred. I'm going to show you another city in a moment. Then we have the decline that starts. May was at 9%, June was at 3%, July was 6%, and then there was an anomaly in October and that's because the October 2017 number was uncharacteristically low. We also have a lump in the census bureau in October as well, a jump up as well. Then it drops down again, we're at negative 9% in December, a negative 9% in January. January is negative 14% and then February is negative 4.

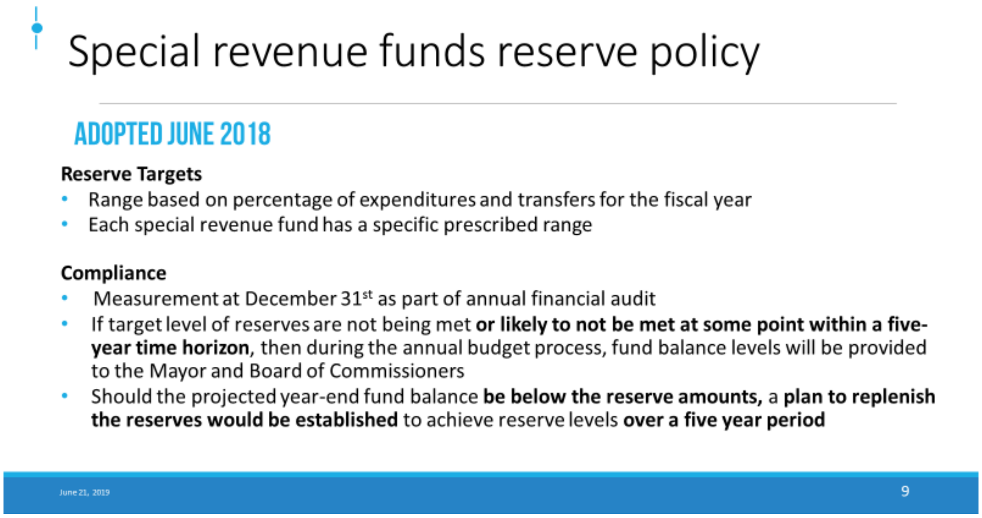
Let me explain. The figures that I'm showing you are based on the month in which the retail sale occurred. All of us here in Finance we don't see that until two months afterwards. These declines that occurred in May, June and July we didn't see until July, August, September. While we were forming the budget, we were looking at the prior years. **BPU Board Member Bryant** said, Kathleen, without reference dollars, this graph really doesn't tell me anything except that people shop more in March of 2018 than they did in March 2017, spent more dollars. It doesn't tell me reference wise how many more dollars or how many fewer dollars in any given months. We can look at the total year-over-year spend and just tell our percentage from that. **Ms. VonAchen** said I'm happy to provide it to you. I don't have it with me on this graph.



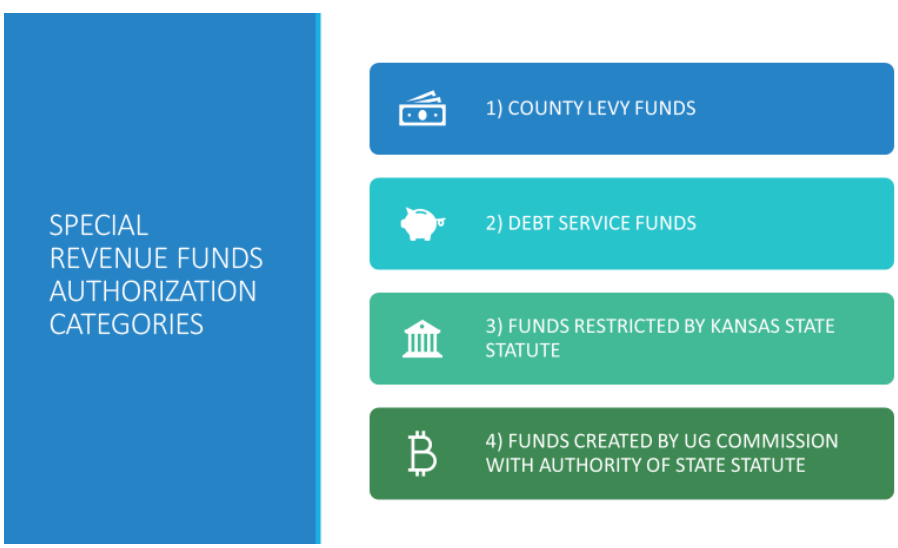
Now here's Overland Park. Same slope see Wyandotte County, Overland Park. This is my point is that this is a kind of a national, regional thing. It's not any individual vendor. It's not necessarily something that occurred just in Wyandotte County. Just to give you an idea. That's all my point is. By the way, I've been reading and doing some research. We've talked with some economist and the thought is that although there isn't—we're not going to see a rebound of the growth that we saw at the first six months of 2018.

We are going to see some growth; it will be more modest in 2019. Although these negative declines look pretty dyer, as I mentioned, it was a very volatile time. The stock market was woofing up and down. The feds were increasing the rates, the federal government shutdown, and so forth. Those are things that are not predicted in the future for 2019. Of course, we don't get information. The latest we have is February and right now we're in April. As we get information, we update our estimates and we do the best we can with the information we have.

Right now, I'm anticipating that we'll probably be, baring any kind of further analysis, probably going to be adding a 2% growth rate off of the 2018 actuals. **BPU Board Member Bryant** said to me, I think the biggest concern in the sales tax revenue would be what is the state and federal government doing to standardize the collection of sales taxes from municipalities in reference to this. I think online shopping is going to become more and more the norm and brick and mortars are becoming less and less. We've seen that with the ones that have gone bankrupt and are closing. It just seems like as far as brick and mortars are going, it's becoming more of a lean toward the mom and pop shop mentality. That's not where the heavy retail dollars are going to be found. **Ms. VonAchen** said that is very concerning, and all of the governments are looking at that closely.



The next section here, we're going to talk about the Special Revenue Funds. We have a reserve policy for them as well. It's not really based on the months of operations, but rather a range for each of the specific funds. For the most part, it has the same provisions in terms of replenishing the fund once you dip into it and then also, you know, monitoring throughout the year.



Last year during one of our workshops during the budget process, we kind of walked through the authorization of all these Special Revenue Funds. As a means of communicating or discussing what are the obligations that we have to adhere to, that are imposed to us by the state or other bodies for these Special Revenue Funds. The reason that they are special revenues is because the revenue you collect is dedicated for specific purposes within certain caveats. There are four categories. We're not going to go into this super detail because we've already gone through this six months ago, or maybe eight or nine months ago. There is the County Levy Funds, the Debt Service Funds, the funds restricted by Kansas State Statute, and then funds created by the UG Commission with the authority of State Statute.

2018 Expenditure and Transfers & Fund Balances for Special Revenue Funds
Special Revenue Funds' Resources Dedicated for Legally Authorized Uses (refer to CAFR for details of dedicated/ restricted uses)
Source: 2018 Draft Non-Major Governmental Funds' Financial Statements

	FY 2018 Expenditures & Transfers-out	FY 2018 Ending Total Fund Balance	Fund Balance as a % of Expenditures & Transfers-out	Target Reserve Range (as a % of Expenditures & Transfers-out)	Fund Balances in Excess of Highest Reserve Target Range
Developmental Disability	$ 451,033	$ 377,282	84%	10% to 15%	$ 309,627
Elections	$ 1,295,572	$ 447,585	35%	10% to 15%	$ 253,249
Health Department	$ 3,114,257	$ 538,427	17%	10% to 15%	$ 71,288
Mental Health	$ 540,000	$ 105,969	20%	10% to 15%	$ 24,969
Special Programs for Elderly (Aging)	$ 1,931,285	$ 52,120	3%	10% to 15%	$ (237,573)
Totals	**$ 7,332,147**	**$ 1,521,383**	**21%**		**$ 421,561**

COUNTY LEVY FUNDS

2018 Fund Balances generally exceed fund balance targets, except for the Aging Fund that fell below the highest target. These funds are accumulating resources for potential caseload increases and expected increasing costs in the near-future.

The first ones are the County Levy Funds and we have five of them: Developmental Disability Elections, the Health Department, Mental Health, and the Aging Fund or the special Programs for the Elderly. What we've provided here is, as promised, a listing of the total amount of dollars spent, including transfers out, for each of those funds. The ending estimated ending fund balance for 2018, what percent of that is. The percentage of the fund balance into the transfers and expenditures.

Then over here is the target that's in the policy. This is the amount that in which it exceeds the highest. What I did was, I took 15% of expenditures and then I subtracted out the amount that is in the fund balance. This is how much more in excess of the target these funds are. Each of these have a property tax levy, that's why they're property tax levy funds, that support these functions. This is the information you are looking for.

I did want to point out that if we were perhaps to make some adjustments to the revenue level, in order to diminish this excess amount in some of the respective funds, what we'd recommend is, we would change the mill rate within these or shift mill rates amongst these funds in 2020 because you can't do it in 2019. The mill rate has already been certified and set. We're not recommending anything necessarily; we're just suggesting that would be the means of doing that.

You can see that the Aging Fund is barely keeping up. It's at 3%. Of course, Reggie has a little information. He may be able to answer more specific questions about why some of these balances are being accumulated. Generally speaking, it's because they anticipate potential increases in caseload or increase cost in the future. Of course, the best way to determine as part of the budget process to determine if there is excess that we need to recommend maybe some shifting in mill rates, would be actually to look at the '19 ending fund balance. That's what we do as part of the budget process.

BPU Board Member Bryant said would the recommendation or proposed recommendation of staff be that the mill levy in general, for the County Levy Funds stay totally the same but it's just a shifting of buckets. **Ms. VonAchen** said we don't really have a recommendation right now because we're in the middle of developing the budget process. **Chairman Burroughs** said if I may answer that. That would be Finance Committee's position, as well as the full Commission, to come forward with determining if those mills need to the adjusted into what categories specifically. As far as commingling the funds and keeping the total mill levy, the total mill levy maybe the same, but they may be different for each fund. When you see funds that are overfunded by a tremendous percentage, either you spend them for the projects that they are mandated to be spent on, the option you have is to lower the mill rate that the monies that are collected to go into that fund. You can't commingle the funds. We couldn't, basically, move developmental disabilities down to the seniors for the elderly. What we could do is bump up the mill levy for the elderly and lower the one for either the Health Department or Elections or something along those lines. Kathleen, if I understand correctly, we have $421,561 in excess of our statutorily mandated monies set aside in our reserves. **Ms. VonAchen** said with these five funds. **Chairman Burroughs** said with these five funds, okay, thank you. **Ms. VonAchen** said that's correct.

The next one we're going to, by the way, you know we have some information here on each of the funds and the statutory authority.

COUNTY LEVY FUNDS – LEGAL AUTHORITY

- *K.S.A. 19-101a et seq.* granted home rule powers to counties in 1974, and, like cities, counties may use home rule powers as a basis for a property tax levy as described in *K.S.A.19-117*. Authority of county commissioners to issue levies under *K.S.A. 70-1802*.
- **Developmental Disabilities Fund** – *K.S.A. 19-4004, 19-4007 and 19-4011* to provide services such as: job placement services for disabled and developmentally disabled clients; vocation services to help clients gain wage earning job skills; services to help individuals learn independent living skills; and a preschool designed to prepare disabled children for the school experience.
- **Election Fund** – *K.S.A. 19-3435a, 25-2201a, and 39-417* to provide necessary funding for the payment of the salaries and expenses of the office of the election commissioner and election expenses. K.S.A. 19-3424(c) states The board of county commissioners shall consider the request in the same manner as other departments and agencies of the county and shall approve and adopt a budget for the office of election commissioner within the county budget in an amount determined by the board of county commissioners to be sufficient and adequate for the performance of the duties of the office and the conduct of elections as required by law.
- **Health Department Fund** – *K.S.A. 65-204* for the purpose of providing funds to assist in carrying out health laws, rules and regulations of the county and to provide funds for capital expenditures for county health purposes.
- **Mental Health Fund** – *K.S.A. 19-4004, 19-4007 and 19-4011* purpose of contracting services with nonprofit corporations to provide either mental health services or services for clients with mental health needs.
- **Aging Fund** – *K.S.A. 12-1680* to provide funds for service programs for the elderly for three senior centers, providing two transportation systems, educating and monitoring clients with health needs.

By the way, the actual mill rates for these respective funds, or all the funds frankly, is provided in the front part of the budget documents. You can look. It's in the summary of the financial section.

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City Bond & Interest Fund	$ 28,151,405	$ 15,098,564	54%	5% to 10%	$ 12,283,424
TIF-related Debt Service funds	$ 3,636,426	$ (5,078,207)	-140%	NA	$ (5,441,850)
County Bond & Interest Fund	$ 3,016,297	$ 4,734,574	157%	5% to 10%	$ 4,432,944
Totals	**$ 34,804,128**	**$ 14,754,931**	**42%**		**$ 11,274,518**

DEBT SERVICE FUNDS

2018 Fund Balances exceed fund balance targets for the City & County Bond & Interest funds, although the combined 15 different TIF debt service funds did not meet the 10% target ($2M in revenues are collected compared to $3.6M expensed.). In the first 2 months of the fiscal year, over $6.5 million is spent in debt interest payments and a higher reserve is needed to meet the liquidity needs. Significant transfers have been made from the County General fund to County B&I to shift the savings in contract beds to reduce the level of debt for the Juvenile Center.

Now, what we're going to talk about are the Debt Service Funds. I'm going to pass this on to my Deputy Finance, or Chief Financial Officer, Debbie Jonscher.

Debbie Jonscher, Deputy Chief Financial Officer, said the next set of funds we're going to talk about are the Debt Service Funds. Currently, there are two Debt Service, we have a City Bond and Interest Fund and a County Bond and Interest Fund. As you can see up there, there are three lines up there. We've separated out the TIF portion of the City Bond and Interest Fund. Any TIF projects that have debt related to them, we track those separately in a sub fund that rollup to the City Bond and Interest Fund.

These funds are—collect both property tax revenues as well as the City Bond and Interest has Enterprise Fund transfers for debt that's issued for the Enterprise Funds. The County Bond and Interest has Public Building Commission lease revenue included in there. These have the same information that Kathleen had shown with the previous funds. It shows the expenditures and then the ending fund balance here, as well as the percentages.

I did want to note over here, we're showing that the balance in the City Bond and Interest Fund in excess of the reserve target is about $12.2M; However, the TIF related projects, as you can see, are in a negative $5.4M balance. When they roll up together, the total is actually the net of the two, which is around $7M.

I did want to note on the TIFs that the revenue that comes in for the TIF revenue is about $2M. You can see the expenditures for 2018 are at 3.6. There's a difference of about $1.6M there. The Midtown TIF, which we just refinanced a little over a week ago, I think about two weeks ago, was a TIF project being tracked. It had debt service requirements but there was no TIF revenue being generated on the project. The debt service payments for that were about $1.4M, that's almost the entire difference there. The other $200,000 is probably a little bit split between the other projects.

Commissioner McKiernan said I'm sorry. We didn't need to stop them, but this is interesting. It’s an interesting snapshot at a point in time. I was just going to say that before I would consider making any shifts to mill rates or anything like that, I'd want to see overtime what's the longitude in the picture; what's the year-over-year. Is it consistently high? Is it consistently low? Is it high one year above the next? This is very interesting. I think it would suggest that we have quite a bit of money in excess of what our reserve policy is, but kind of tempered by what's the year-over-year picture look like.

Ms. Jonscher said I did want to note that on these City Bond and Interest Fund, we do bring in about $20M in tax revenues, and about $9M in transfers. There's another $3M probably in other revenues, motor vehicle tax revenues.

On the County Bond and Interest Fund, you'll note that expenditures, fund balance here is about $4.7M. Expenditures were a little over $3M. With our target there, we are sitting in a fund balance in excess of our target of about $4.4M. I will note for that fund that the debt for the Juvenile Center, the Public Building Commission debt for that project is hitting this fund. We are transferring money from savings on the County General Fund side to cover a portion of that debt or cover that debt. We are making transfers in 2017. We transferred $1.5M in 2018. We transferred a million with debt service payments, annually, of about $1.7M starting in 2019.

Chairman Burroughs said I do have a question in reference to that. We saved, I think we heard one of your presentation earlier this year, that we had saved some money by not spending it in 2018. My question would be, if we're saving that, the moneys, the $1.5M, is this also some of that savings coming from reissuing bonds at a lower rate? Is that some of the savings you're talking about. **Ms. Jonscher** said no. The savings that was estimated on the inmate housing, the savings that we were generating from not having to farm out as many inmates. We were using that. We dedicated that toward the debt service payment of the new Juvenile Center. **Chairman Burroughs** said thank you for that clarification.

Ms. VonAchen said I did want to point out that, you had asked us for some more detailed information of the transfers that took place at the end of 2018, as well as project balances or the status of projects. We are working on that. We haven't finalized. In fact, Doug is reviewing that so you'll be getting it in a few days.

DEBT SERVICE FUNDS

- *Statute Citations:*
  - *K.S.A. 12-1774* authorizes county commissions to levy a property tax and designate the specific purpose for repayment of general obligation debt.
  - K.S.A 10-113 requires cities to make tax levies sufficient to pay GO Bonds
  - *K.S.A. 10-117(a)* restricts the transfer of resources out of the bond and interest fund until all outstanding bond issues have been extinguished.
- Restricted Use of Revenues:
  - Outstanding bond documents have pledged these revenues for debt repayment.
  - *"Funds shall be used solely for the payment of principal and interest on the Bonds".*
  - *"Whenever all bond issues have been completely retired the governing body of the municipality, which issued such bonds, is hereby authorized to transfer any unexpended balance of money in such bond and interest fund to the general fund of the municipality".*
- County Bond & Interest Fund has extra in reserves due to the transfers from the County General Fund from savings on reduced outside inmate bed contracts ($1.5 million in 2017 and $1.0 million in 2018). Debt service payments for Juvenile Center are approximately $1.7 million annually begin in 2019.

Ms. Jonscher said this is just some of the statutes that govern the Debt Service Funds. I did want to note that statutes do require that the city make tax levies sufficient to support the bonds. It also restricts the transfer of resources out of the Bond and Interest Fund until all outstanding bond issues have been extinguished. The excess money that is currently sitting there can only be used for the payment of principal and interest payments on outstanding debt.

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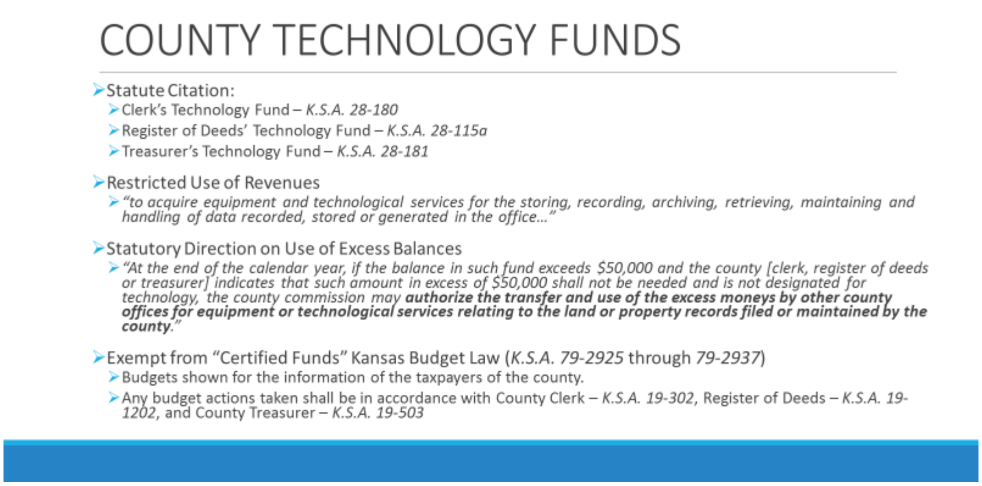
County Clerk Technology	$ 10,242	$ 121,813	1189%	5% to 10%	$ 120,789
County Treasurer Technology	$ 21,266	$ 122,869	578%	5% to 10%	$ 120,742
Court Trustee	$ 462,609	$ 712,957	154%	8% to 12%	$ 657,444
Register of Deeds Technology	$ 114,087	$ 189,007	166%	5% to 10%	$ 177,598
Special Wyandotte 911	$ 601,333	$ 602,268	100%	5% to 10%	$ 542,135
Special Alcohol Program	$ 337,151	$ 905,329	269%	5% to 10%	$ 871,614
Special Parks & Recreation	$ 528,800	$ 150,895	29%	3% to 5%	$ 124,455
Special Street & Highway	$ 7,086,245	$ 2,015,133	28%	3% to 5%	$ 1,660,821
Totals	**$ 9,161,733**	**$ 4,820,271**	**53%**		**$ 4,275,598**

FUNDS RESTRICTED BY KANSAS STATUTES

The next set of the funds that we want to cover are funds restricted by state statute. Here we've got several different funds. We've got several Technology Funds: the Clerk, the County Clerk, the County Treasurer, and the Register of Deeds Technology Funds; as well as the Court Trustee, the Special 911 Fund, Special Alcohol, Park and Rec's Funds, and then the Street and Highway.

Within all of these funds, the same information that we've provided before. We're currently looking at fund balance in excess of the target reserve of about $4.2M. I'm going to go into a little bit of detail on each one of these funds and what they're restricted for.



The County Technology Funds. The revenue that's collected is a fee on filing documents with the Register of Deeds. Each of these funds get a portion of that fee. Those fees are restricted to acquire equipment and technology services for storing, recording, maintaining, handling of data generated in the offices.

I did want to note there is statutory language regarding the direction on the use of excess balances. At the end of a calendar year, if a balance in one of these funds exceeds $50,000 and the Clerk in each of these areas indicates that the amount in excess of $50,000 isn't needed for technology within those offices, the Commission can authorize the transfer to use that money for other county offices, but it must be used for equipment and technology services relating to land or property records filed and maintained by the county.

COURT TRUSTEE FUND

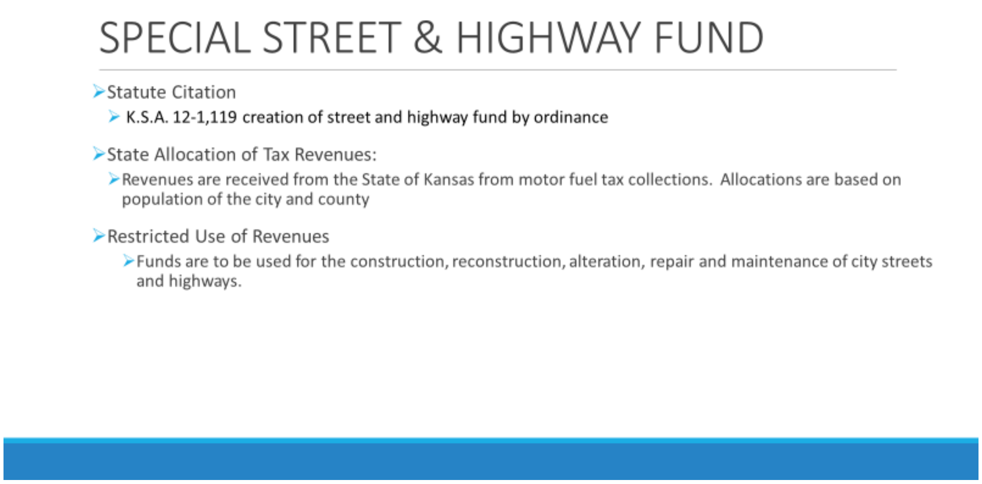
- Statute Citation – *K.S.A. 20-380*
- Fee Revenue:
  - 1) Not to exceed 5% of (child) support payments, as determined by the chief judge
  - 2) Based on hourly cost of office operations for provision of service with written agreement of the payee, or
  - 3) From restitution, not to exceed authorized by the attorney general pursuant to *K.S.A. 75-719*
- Restricted Use of Revenues:
  - Fund operations to provide suitable quarters for the office of court trustee, furnish stationery and supplies, and such furniture and equipment as shall, in the discretion of the chief judge, be necessary for the use of the court trustee in accordance with *K.S.A. 20-375 et seq* to enforce the duties of child support administration.
  - All payments made by the secretary for children and families pursuant to *K.S.A. 23-3113,* and amendments thereto, or any grants or other monies received which are intended to further child support enforcement goals or restitution goals shall be deposited in the court trustee operations fund.

The Court Trustee Fund receives fees related to child support payment and restitution payments. These are restricted for fund operations to fund the office of the Court Trustee and in the discretion of the chief judge, necessary for the use of the Court Trustee to enforce duties in the child support administration.

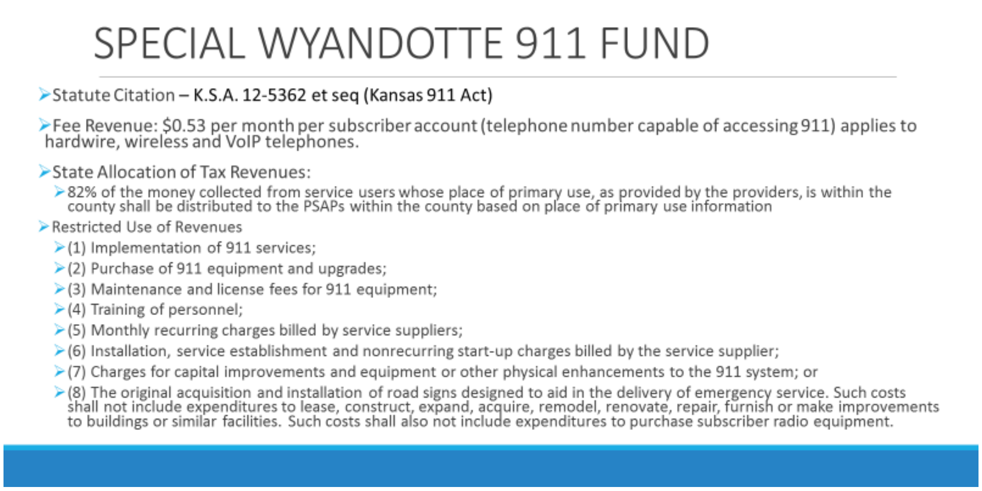
SPECIAL ALCOHOL FUND & SPECIAL PARKS & RECREATION FUND

- Statute Citation – *K.S.A. 79-41a04*
- Fee Revenue:
  - 10% of gross receipts derived from the sale of alcoholic liquor by any club, caterer, drinking establishment, public venue or temporary permit holder, and the acquisition costs of any alcoholic liquor served as samples by clubs and drinking establishments.
- State Allocation of Tax Revenues to City/County:
  - *"70% of the amount which is collected pursuant to this act"*
  - 1/3rd to City General Fund, 1/3rd to Special Alcohol and Drug Program Fund and 1/3rd to Special Parks and Recreation Fund
- Restricted Use of Revenues
  - **Special Alcohol Fund** – *"shall be expended only for the purchase, establishment, maintenance or expansion of services or programs whose principal purpose is alcoholism and drug abuse prevention and education, alcohol and drug detoxification, intervention in alcohol and drug abuse or treatment of persons who are alcoholics or drug abusers or are in danger of becoming alcoholics or drug abusers."*
  - **Special Parks & Recreation Fund** – *"may be expended only for the purchase, establishment, maintenance or expansion of park and recreational services, programs and facilities."*

The Special Alcohol and the Special Parks and Rec Funds. These receive the alcohol tax. This is 10% of gross receipts derived from the sale of alcohol. It is split. A third of it goes to the City General Fund, a third of it goes to the Special Alcohol Fund, and then a third goes to the Special Parks and Rec Fund. The funds within the Special Alcohol are to be expended for the purpose of alcoholism and drug abuse prevention and education and for Parks and Rec, the purchase establishment, and maintenance of parks and recreational facilities.



The Street and Highway Fund gets all their revenue from the motor fuel tax collections. The allocations for the city and county are based on population. Those funds are also restricted to be used for construction and maintenance of city streets and highways, Special 911 Fund.



This one receives a fee from all fund subscriber accounts. We got here listed the state allocation for the revenues and then all the different restrictions on the uses of those revenues.

Ms. VonAchen asked do you have any question on the balances on these? **Commissioner McKiernan** said I don't really have any questions other than I think one of the reasons that this originally came up was a concern that we might be collecting money in excess of what it takes to pay that fund's annual bills and maintain an adequate reserve. These data would seem to suggest we are collecting money that is well in excess of what it takes to pay that funds annual bills and maintain an adequate reserve. Unless I'm missing, and again, I want to temper that with, what are the fluctuations from year to year on this? These data certainly suggest to me that we are going to need to do some reconsidering of the funds we collect and store for paying these particular bills.

Ms. VonAchen said I think there maybe, just to point out the $1.6M excess for the Special Street and Highway, those are for various on-going projects. Some of those funds may actually have already been budgeted for but various projects that were in mid-completion. **Chairman Burroughs** said I think what comes out from the budget subcommittee, the questions that were brought forward in reference to the $4.2M of excess reserves that we have in those accounts.

I just want to look at the Chief Clerk Technology account as an example here for discussion. Definitely, we're over the amount, the percentage of reserves. If there's a technology need in that agency or that department, those monies should be spent to do that. If we're holding back spending those dollars to sweep them at the end of the in excess of 50,000, that is a really nontransparent way business is being conducted. I'm not saying that's the case. In a previous slide, we saw the excess of $50,000. If we were in a budget crisis, I could see someone coming forward to the County Clerk and stating you're not going to need that money this year are you. I am sweeping those dollars. At the same time, the Clerk may need the Technology Funds to update his system to make sure that we are a city of the first class providing first-class amenities and proper services for our community. The money is there and that's what it should be appropriated for.

I think that was some of the questions in reference to the $4.2M of reserves that we see over here and all of the out of balance reserves that we see in the balance column. If I'm wrong, I'd hope one of the other commissioners would correct me, but I believe that was some of the discussion we had in our budget subcommittee.

Ms. VonAchen said I do know that the City Clerk would very much like, or the County, the UG Clerk actually, would very much like to pursue a comprehensive document management program. The cost of that sort of program, it exceeds the $120,000. **Reginald Lindsey, Budget Manager**, said what they're doing is storing the money up. The $120,000, they're storing the money up so they can purchase the document management system that Kathleen is referring to.

Chairman Burroughs said if that's the case, it does look like we have a revenue stream to build those balances. Why don't we enter into a contract that provides an update in that technology and pay a nice lump sum up front and then pay a payment, a yearly payment for a year or two. If we need that technology to make our business more streamlined or more professional to provide the services that our community needs—I mean, we have, I understand technology is expensive, but at the same time, we see an excess of $4.2M sitting over here.

What my concerns are, I have seen sweeps occur. I'm not saying here at the Unified Government. I have seen sweeps occur when times get hard. It's easy to identify those funds that have excess balances in them. Even though they are meant to do other things, our concern as Commissioners would be, if that technology is definitely in need of update, then we need a timeline as to when it will be completed and a cost analysis. That might put us at ease as to why we're seeing 1189% percentage in reserves when we're only supposed to be at 5% to 10%.

Alan Howze, Knowledge Director, said you're accurate. I'll just use the Clerk Technology Fund as an example, because I think it's illustrative of the challenge which is that the document management system is an order of magnitude larger than what is available. What we've been looking at, and we are actively looking at, that as an air enterprise wide solution. This would be one of several—General Fund dollars that would then be combined together in order to provide both the initial project funding needed for it as well as, as you alluded to, the stream of funding unit behind that in order to pay the soft remaining. I very much take your point about we're putting targets at risk for future sweeps should the situation change. At the same time, we're trying to put together a project in that specific area where we can provide comprehensive document management solution. That will be well in excess of the available fund dollars in this particular account.

Commissioner McKiernan said so what you're saying is, these numbers are meaningless to me. Meaningless because every time we bring up a particular number there's a, yes but that goes along with it. Yes, but we're saving up money for some cool stuff. I don't know, it's just hard for me to understand these numbers we say that we have targeted 5% to 10%, and we've have got 1189%, yes but, we're saving up for some cool stuff. That's not immediately obvious. Anyone like me who's not dealing on this on a daily basis, but yet is charged with making sure that these monies are a wise use of the resources that we get, has a really hard time doing it. Oh, well, that's okay. I'm done.

Chairman Burroughs said I think you sense the concern that the Finance Committee has had in reference to these numbers when we were going through the budget process. I really hope that next budget cycle we look at these funds. As we requested maybe in the past, one of the requests was hypothetically, the County Clerk technology person come in and advise us to what he's looking at. What the expense will be to replace that system and what we can do to find the revenues available so we can be partners in this process. This leads to, I would call a speculation at best. We want to be able to trust the numbers. When I see a $4.2M balance over here in reserve funds, I see sidewalks not being addressed, I see playgrounds not being addressed, I see parks going underfunded. I know those dollars don't speak to that, all of them, but that's what I see. If that's not what we are seeing, then we need that clarification for the public to understand why those dollars are setting idle in those accounts.

Mr. Howze said that perhaps we can come back to it. I think part of the challenge, seeing this as well, is we're mixing just as we did last time, I think we're mixing capital outbreaks. When we talk about a target reserve range, that's in an operating budget kind of frame of mind. You've got a reserve and you want to keep that in case, but what we're seeing in these technology fund balances in the particular, is they act more capital projects where they accumulate over time and then they get spent. At one point in time after 5 or 7 years of accumulation, we're kind of mixing both types in a way that I think is introducing**.** **Ms. VonAchen** said actually these particular Special Revenue Funds are set up to pay for both operating and capital, that's why it's that way. **Melissa Sieben, Assistant County Administrator**, said unfortunately they don't bring in enough money annually to pay on all of them, at least the County Clerk's Fund to pay for anything but technology upgrades. It's not being used for personnel.

Commissioner McKiernan asked aren't they setting a target reserve for an operating fund, not for a capital accumulation fund. **Ms. VonAchen** said when we were going through the reserve policy, what we did because we had so much to do, we updated 10 policies. One of the things we talked about was just changing making sure all the funds are in place and changing, updating the names of the funds, which we're not. Then, in the future, examining whether we should have a discussion about changing some of these percentages. The percentages are the same as they have been in the past. It's been entirely up to you how much the percentage, the range should be.

Chairman Burroughs said Kathleen, I want to thank you because the Finance Committee came to you and said we want to see numbers before we saw percentages. You put the dollar amounts in there. I really appreciated how; it was a little confusing at first when I was trying to decipher how you came to the end column. After you explained it, then it made sense of what I'm looking at. You've taken expenses out and is this what's over once you put the maximum percentage amount in there. I appreciate that.

I believe there's no nefarious reason about these numbers. It's very concerning to some of us when we see $4.2M sitting idle and we know that we have technology needs, we know we have other needs, and to see that money sitting there when we know it probably either has to come out as General Fund or something if its not enough, we need to know that. We want to partner with the Administrator to address our needs, but first and foremost, we want to do it in a transparent manner. **Ms. VonAchen** said this is the beginning, introductory presentation. It's the beginning of the discussion is how I see it. As we continue through the budget process or in the coming month, we can come back and provide better information about any kind of perspective plans for some of these balances. It's just the beginning.

Chairman Burroughs said I appreciate that. It may be as Finance Committee, we don't need to breakdown into a subcommittee and two or three of us meet with individuals of these departments to find out just what it is their needs may be. Then we could be their voice to determine how we want to go about setting the budget when it comes time for the next budget meeting. **Ms. VonAchen** said I'm sure that they would welcome that, absolutely.

2018 Expenditure and Transfers & Fund Balances for Special Revenue Funds					
Special Revenue Funds' Resources Dedicated for Legally Authorized Uses (refer to CAFR for details of dedicated/ restricted uses)					
Source: 2018 Draft Non-Major Governmental Funds' Financial Statements					
	FY 2018 Expenditures & Transfers-out	FY 2018 Ending Total Fund Balance	Fund Balance as a % of Expenditures & Transfers-out	Target Reserve Range (as a % of Expenditures & Transfers-out)	Fund Balances in Excess of Highest Reserve Target Range
Jail Commissary	$ 4,726	$ 239,718	5072%	8% to 12%	$ 239,151
Special Dedicated Sales Tax	$ 11,317,724	$ 4,050,334	36%	5% to 10%	$ 2,918,562
Special Assets Fund	$ 2,856,385	$ 2,282,700	80%	5% to 10%	$ 1,997,062
Tourism & Convention	$ 1,414,776	$ 5,561,812	393%	3% to 5%	$ 5,491,073
Environmental Trust	$ 1,015,764	$ 1,373,260	135%	10% to 15%	$ 1,220,895
Totals	**$ 16,609,375**	**$ 13,507,824**	**81%**		**$ 11,866,743**

CREATED BY UG COMMISSION WITH AUTHORITY OF STATE STATUTE

Ms. Jonscher said I just got one last section of funds. These are funds that were created by the UG Commission with the authority of state statutes. We've got the GO Commissary, the Special Dedicated Sales Tax, the Special Asset Fund, Tourism and Convention, and Environmental Trust. I'll just go through these real quick.

JAIL COMMISSARY FUND

- Statute Citation – *K.S.A. 75-3728 (e) and (f)*
- Fee Revenue: Moneys of canteen funds and work therapy funds
- Restricted Use of Revenues
  - Record the sales of health care, hygiene, clothing, food and snack products to inmates at the Adult Detention Center. In addition to the expenses of purchasing items for resale, the profits, if any, are to be used to directly benefit the inmates.

The jail commissary comes from money—the revenue is from the sale of products for the inmates. The funds are to be used directly to benefit the inmates.

DEDICATED SALES TAX FUND

- On April 13, 2010 Kansas City, Kansas voters approved a 10-year 3/8 cent sales tax.
- Fee Revenue:
  - 3/8 cent sales tax started on July 1, 2010 and is scheduled to terminate on June 30, 2020, unless voters approve a continuance of the tax for an additional 10 years.
  - The tax generates over $10 million annually.
- Restricted Use of Revenues
  - Funds are dedicated for the purposes of financing Public Safety operations and Neighborhood Infrastructure improvements, including the construction, repair and maintenance of roads, curbs and sidewalks.
  - $2.1 million of the 2017 fund balance is committed to be spent in 2018.

Dedicated sales taxes, the 3/8 cent sales tax that started in July of 2010. In 2018 it was renewed by a public vote for another 10 years. This fund generates about $10M annually and it goes towards public safety operations and neighborhood infrastructure projects.

SPECIAL ASSET FUND

- Resolution No. 8-6-15
- Fee Revenue: record revenues associated with the sale of significant government assets, including land and buildings
- Restricted Use of Revenues: Committed to the specific purposes
  - Debt payments related to the asset sale
  - Operating and/or capital expenditures associated with a UG-owned asset
  - Future land and building acquisition costs
  - Capital equipment purchases and infrastructure-related expenditures associated with a UG-owned asset

The Special Asset Fund was created to record revenues associated with the sale of government assets. The two assets that we currently have used this fund for were the sale of the theater and the sale of the downtown hotel. The funds are held within this fund and then we're using those for economic development projects.

TOURISM AND CONVENTION FUND

- Charter Ordinance– **03-08**
- Fee Revenue: 8% of hotel and motel transactions.
- Restricted Use of Revenues
  - Promotion of conventions and tourism within the Kansas City, Kansas

Tourism and Convention is the transient Guest Tax. It's 8% of hotel and motel transactions and it's used for the promotion of convention and tourism within Kansas City, KS.

ENVIRONMENTAL TRUST FUND

- Ordinance No. 65837
- Fee Revenue:
  - *"authorizing the creation of the City of Kansas City, Kansas solid waste environmental liability fund for the purpose of setting aside moneys in trust to finance any environmental liability arising from the collection and disposal of residential and municipal solid waste".*
- Restricted Use of Revenues
  - Payment of any environmental cost or liability associated with solid waste collection and disposal
  - All moneys deposited in the fund shall be held in trust until expended for such purpose or until the fund shall terminate. Upon termination of the Fund moneys held may be applied to any lawful governmental purpose of the City.
  - Termination of the Fund: the Fund shall terminate ten years after the expiration of the term of the City solid waste contract.

The Environmental Trust Fund, the revenues from there come from a portion of the trash collections. These help to mitigate costs related to environmental liabilities.

Commissioner Walters said I have an observation. I think I have a little bit of the frustration that Brian has because it sounds like based on what you're telling us is that we can make some adjustments to the mill levy to reduce those reserves based on, the size of those current reserves. I guess there might be a couple of caveats to that. One, it sounds like you based all those reserve recommendations on 2018 expenditures. It might be the expenditures in that particular year might have been abnormal or something. Maybe it's a five-year average or something like that.

The second caveats might be that we need to build up reserves for a future expenditure. At that point, I think it would be good to ask for approval to do that rather than just to stockpile money and have never talked to any commissioner about it at, and just assume that at some point at a future date, a Commission will authorize that expenditure. It seems like the cart is a little bit ahead of the horse when we start stockpiling money without an approved plan for how to spend it. That's just a couple of observations.

Ms. VonAchen said one of the policies you adopted was a long-range financial policy. That's actually what you're talking about. We definitely want to expand the long-range financial policies to beyond the General Funds so other operating funds and perhaps we can do for each of all of these funds.

Chairman Burroughs said, Kathleen and staff, I do want to thank you for the work you put into this presentation. I know there had been some requests that are a little bit different probably what you're used to presenting. I think what we have established here this evening my putting it into a monetary amount seeing the totals, we see almost $20M in reserve funds sitting idle. Rather they're earmarked or not, we don't know. We see the policy on each one rather it be UG policy or state statute, but that criteria should be communicated to the Commission so that we can partner with you to help get this budget more streamlined and that the resources are going to the projects and to the departments and the agencies as mandated by the mill levy and/or by policy. We want to partner with you in doing that, but we can't if we don't have a thorough understanding. It makes it a little more difficult. I sincerely appreciate the effort and work you put forward putting that monetary value in there. I think it really helps seeing the financial picture versus just the percentages I remember seeing when I first came in.

Commissioner Townsend said I just have one question and I think this is a timing issue. Listening to what my other commissioners have said, we're looking at 2018 numbers. We've already, last year, gone through the budget cycle for the year we're currently in. The only impact we could really have is on 2020, what's coming up. Is it possible to have these kinds of numbers shown but what happened in 2019? I guess year-to-date because to me, that would make the most sense if we're talking about making some changes so that certain funds can be lowered or the target reserves we're talking about; freeing up actual money so you can do sidewalks and curbs and all the other things that our constituents want to see. Is it possible to do that? I know you've got a whole year here, but I don't know that that really helps me understand where we can go based on what's happening right now.

Ms. VonAchen said so what you're asking, from what I understand, is that you might like to see so through April for example, April 2019, year-to-date. **Commissioner Townsend** said of the current year. This is something that, to me, would make, we got the whole year, but if we're even considering making some changes that would impact the next budget we have yet to do, I think that might give us a better idea of what's happening. **Ms. VonAchen** said that would make sense if the revenues come in consistently throughout the year, but some don't. For example, the property tax comes in, half of it comes in January and the other half basically in June. Different revenues come in at different times.

We do, it's Reggie's office puts together the budgets to actual report that shows you how the status or the performance of the budget of the funds at each quarter. That's where you get that information. I'm not remembering if the report has fund balances for these funds. We probably have to change the report, that last page of the report we would have to change it a little bit. **Commissioner Townsend** said I'm familiar what the report that you're talking about. It just seems to me if you had something that's current and is relevant as that, coupled with these figures as the chairman has mentioned, that we could have a more immediate impact based on more current knowledge of what's happening to those funds as we go into whatever the next budget cycle is.

Reginald Lindsey, Budget Director, said also in the budget, document, all those funds you see the fund balance is up until the next budget cycle so we have like the fund balances up until 2019 in there in the budget documents and the financial summary section.

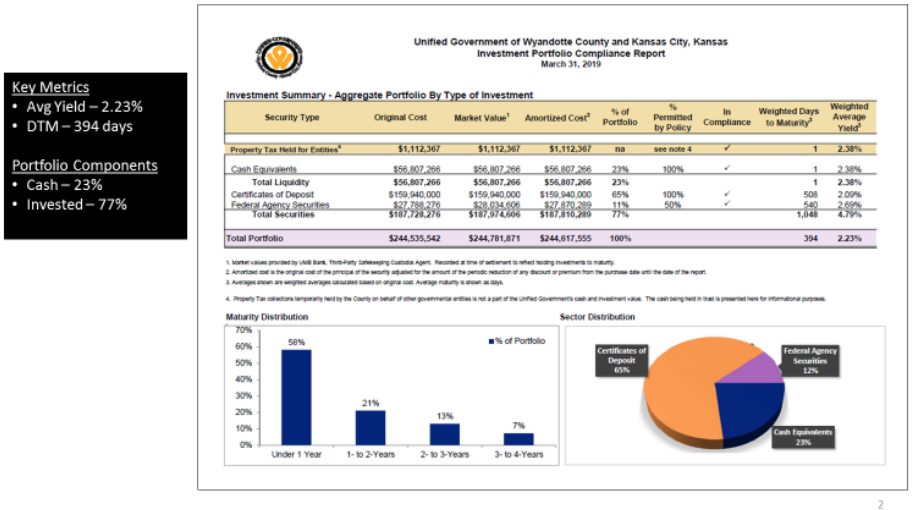
BPU Board Member Bryant said I think another thing that might be helpful would be in those areas that do have excess reserves in it, knowing is there a plan for specific projects and what are the threshold of dollars needed for that plan mean, when you see one that's 470% and its $1M already over in reserve. Maybe there is a specific project that they are waiting to get to and they're going to come and ask permission. It would be good for the Commission to know this is the project that we're shooting for and those are the dollars we expect it to be and that's why. Then it takes out a little bit of that mystery. **Ms. VonAchen** said tonight, we had a lot of agenda items and we didn't want to be here until 11 or 12. **BPU Board Member Bryant** said well, I agree. **Ms. VonAchen** said we're happy to do that as part of the budget process. Our next meeting is June and we can provide that. **BPU Board Member Bryant** said I mean, just going into budget knowing so that funds don't get or mill levies don't get shuffled that would affect a project they're hoping to have at a future date.

Chairman Burroughs said, Kathleen, I will state this. I will commit, as chair, to meet with you during the summer months prior to the June meeting to sit down and work through some of this so that we can look at the kind of information that maybe some of us will need to expedite your presentations and to ensure that we're all talking in the same language when we see these budgets and the questions can be answered as we work through them. I commit to partnering with you and staff sitting down walking through those fund balances and finding out what targets are sitting out there that need to hit a certain financial threshold so that we can move past that adjustment on the percentage of balance. If we have to, we'll make it a number of meetings, but I'll make myself available. **Ms. VonAchen** said excellent. That's very kind of you.

Action: Information only.

Item No. 4 – 19692… 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.

Rick Mikesic, Director of Revenue/County Treasurer, said we appreciate your time, we will respect your time. We will be as brief but and informative as possible. Do not feel that you can't ask any questions of us. Feel free to ask any questions you might have. I am going to have Andrea Parra start the presentation. Andrea is the Deputy Treasurer. She is also Cash Manager so she is going to give us the start.



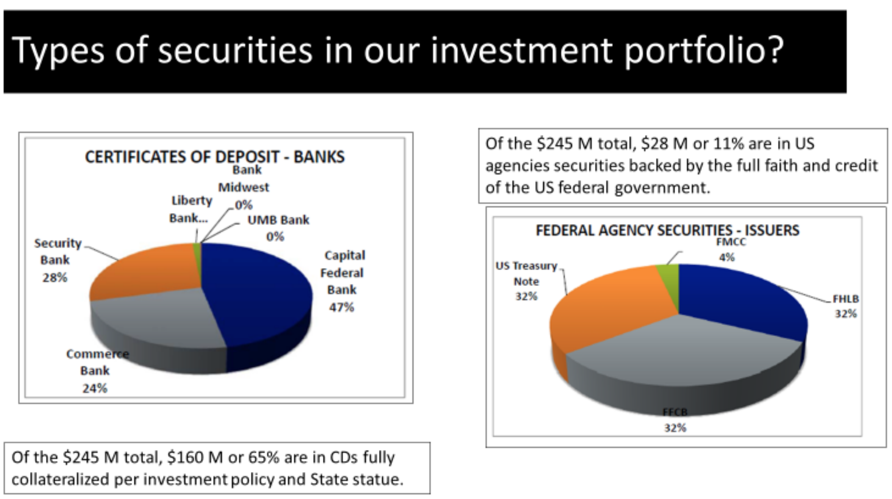
Unified Government of Wyandotte County and Kansas City, Kansas
Investment Portfolio Compliance Report
March 31, 2019

Investment Summary - Aggregate Portfolio By Type of Investment

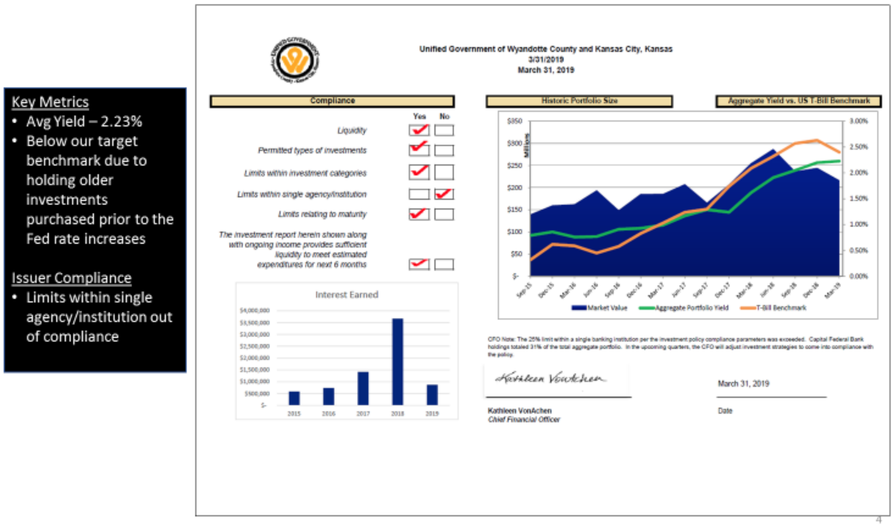
Security Type	Original Cost	Market Value[1]	Amortized Cost[2]	% of Portfolio	% Permitted by Policy	In Compliance	Weighted Days to Maturity[3]	Weighted Average Yield[3]
Property Tax Held for Entities[4]	$1,112,367	$1,112,367	$1,112,367	na	see note 4	✓	1	2.38%
Cash Equivalents	$56,807,266	$56,807,266	$56,807,266	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.

Andrea Parra, Deputy Treasurer, said like he said, I will make this brief. There's not much to it. A lot of it is presented every quarter. Just a few key items I want to go off of. Quick summary, our average yield for quarter one was 2.23%. Then, as you see, the days to maturity is 394 days. Of the total portfolio, we're at about 23% cash, the remaining 77% is investments.



The next slide is going to be our types of securities. Of the $245M portfolio, we have about $160M, is just about 65% in CDs, fully collateralized. Then of this same $245M portfolio, about $28M or 11% is in US agencies, also secured by faith and credit of the US federal government.



The next slide I have is a slide regarding compliance. As noted before, our yield is 2.3%. We are below the target benchmark due to some of the holdings we still have that are prior to the fed rate increases. We have become in noncompliance with one institution since lowering the rate to 25%. In calculation for the quarter two, we would bring that limit back down below 25% and be back in compliance for June's quarter.

What transactions occurred in Q1?

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)**

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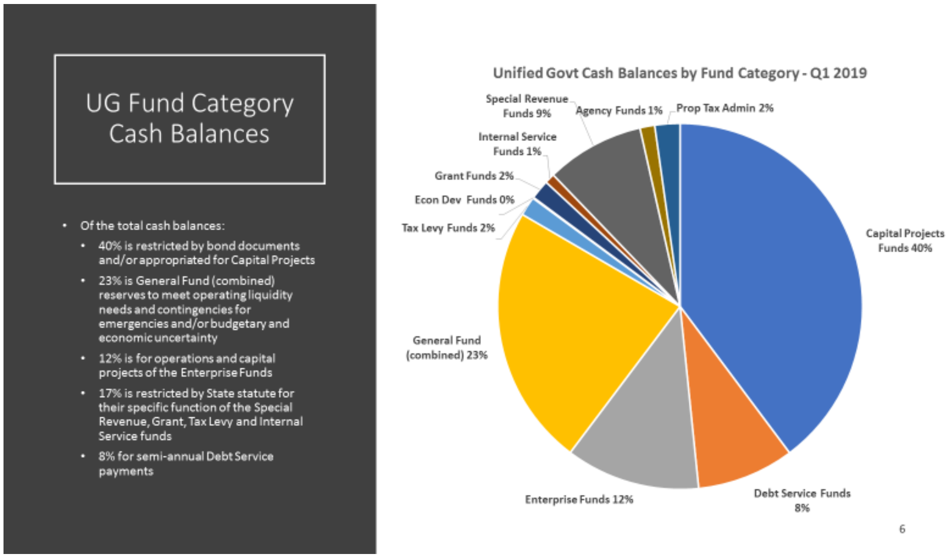
The last slide is just going to be the transactions that occurred in quarter one. As you see, we did make three purchases totaling $25M, all certificates of deposits, and then two CDs matured, equaling $5M.



Mr. Mikesic said what the prior slides are showing is the cash holdings of the Unified Government as a whole and where we have invested those dollars. What this slide is presenting is the breakdown on where that cash is sitting inside the variety of funds that we have in the Unified Government. You will notice 40% is sitting in the Capital Project Fund. That's where cash is. Kathleen was talking about fund balances here; we're actually talking about the cash, which is different but can be related at times.

The General Fund combined is 23%. The City General has about 13½ % of that, and the County has about 9½ % of that 23%. From there, you see the breakdown of the varieties of funds that we have. That gives you a general idea of where the cash balances are sitting in the various funds.

Mr. Mikesic said that is pretty close to about all we had to present as far as the slides. We have a few more comments to come. I did want to mention that we have been discussing this presentation. This is a presentation that's required by our investment policy. We are required to come and provide this information, but we also have some flexibility on what we provide in this information. We've been discussing about changes that we might consider. We would welcome any comments that you might have so that we can consider that as we build toward making some changes to the report to try to ensure its as informative as possible.

Jeff Bryant, BPU Board Member, said for myself, I'm metrics driven. I see the numbers. I know that the only thing that I've seen that has been out of compliance is the one investment group that holds a large portion, I know, that it should have some maturities coming up that will bring it into alliance. A lot of it is just a quick dashboard that tells me this is what our target is and this is where we are in relationship to our targets.

Chairman Burroughs said I really do appreciate the effort you put forth on return on investment. I really do. I know those have been very trying economic time for CDs and bonds, and the pay has been almost 0% interest over the last handful of years. I know it's been quite a challenge to everyone dealing with budgetary issues. I sincerely appreciate and respect the work that you all have done to ensure we get the best return on our investment.

Ms. Parra said actually to kind of butt up to that, this is the last formal slide that we presented. Rick, myself, and Kathleen just completed what I'm just calling the local bank tour. We reviewed what would have been the 16 eligible financial institutions that have branches here in the county. We met with 13 of them to kind of just prep them for what they were going to see from me in the next few months. Letting them know that we're getting through getting them essentially recertified to become eligible bidders.

Additionally, giving them the local emphasis offer of a one-year investment $235,000. Just kind of let them know who we are, our names, putting names to those that we have not met, faces for people that I've worked with in the last few months, but really let them know that we're here to do our due diligence to make sure that we give this opportunity for any bank in the county to come in and start working with me. That was finished in March. I sent out those letters on the 5th of April. They're all due back to me by the 3rd of May. That's going to be if they read our policy, agree to the terms, and if they want to bid or not. The key factor there is that we wanted to just give this to you as information. In next quarter you're going to see some additional diversified financial institutions coming into play with that.

I've already gotten five banks bidding on that local emphasis that have never bid with us before. Not to say that meeting with them changed anything, but I think its just showing them that we have roots and we're here to really work with them and vice versa.

Mr. Mikesic said for some institutions, our CD investments are not really into their business model. We may never get a bid from them or some of them might just be on the edge. We just realized last year, after watching the process, that we didn't get much response or enough response and that's why we came up with the idea, let's go meet them and let them know what we're doing. They can choose whether to be apart of it or not, obviously, but at least we've done what we could to make sure they knew who we were and what we needed from them. We're cautiously optimistic that the next time we go out for bid, we might see some additional banks participating.

Ms. VonAchen said I wanted to just comment that since I've started here three years ago it's been a very big priority of mine to diversify the banks in which we work with. Basically, we were only seeing sides of all the bids from three or four banks. Frankly, former Commissioner Walker also expressed his concern about that too.

I applaud all the work that Rick and Andrea have done to achieve that end. **Chairman Burroughs** said it also goes back to the return to the General Fund when you refinance your bonds and find a better rate. It's always cost savings and cost avoidance. It's much appreciated. It provides really those hard-earned dollars back into the community. It's the taxpayers' money and we just want to be good stewards. I applaud each and every one of you for the work that you do. **Mr. Mikesic** said thank you.

Ms. VonAchen said I might point out that the graph on the bar chart, on page two of four, shows the amount of revenue collected in interest earnings in '18 was over $3.5M, which is substantially more than the amount collected in 2017, just shy of $1.5M. Of course, that's because the federal funds rate increase. Those are dollars that have really helped, assist our financial decision mainly in the three General Funds, the Sewer Fund, and the Capital Projects Fund.

Commissioner Townsend said just one question. In your meetings with the banks, and, again, I applaud you also for going out there so these individual institutions could put a name with the face. Is it up to the banks as to how much they want to participate in the program or how is that decided the amount of participation? **Mr. Mikesic** said they are, for lack of a better term, enrolling currently for the next year to be eligible to participate. When we send bids out, we will send them to all those that are eligible to bid. They can choose to take the entire amount. They can choose to offer to take a portion of the amount, or they can choose to take none of the amount and not even submit a bid. That is completely up to their discretion.

Commissioner Townsend said I'm queuing in on one of my banks. Over the years, it seems that the amount of participation, I'll put it that way, seems to be pretty constant. So that would be by their choice. **Mr. Mikesic** said of course. Just because they submit a bid doesn't mean they will get the contract or the placement as well. If their bid isn't the best bid, they may not get the placement. Which did occur, the institution that was over the limit, when was that, in the fall?

One of our institutions that is over our ratio of 30%, they did submit a good bid but we did not take them because we already had so much money placed with them. There's a couple of different factors involved on whether the bid will be placed with a given bank or not. They fully make the choice about what they choose to bid on.

Action: Information only.

Item No. 5 – 19720…POLICY: BUDGET REVISION POLICY
Synopsis: Review of approved Budget Policy, submitted by Reginald Lindsey, Budget Manager.

Reginald Lindsey, Budget Manager, said when we last met on April 1st, I presented the budget revisions to you all and then some questions came up as far as the budget policies that we have. There were a few items on my Budget Revision Report that did not come back when they were supposed to. Then there were also some questions about the discretionary policy. What we did was provide you the minutes from December 2, 2013. We just kind of wanted to open up and see if you all wanted to discuss those minutes or if you wanted to kind of go through the policy and see exactly what you wanted to do.

Chairman Burroughs said I'll leave that up to the other members of the committee. If I remember correctly, the biggest point of discussion was the aggregate presentation that was made at the end of the quarter, or at the end of the year budget cycle that presented all of the discretionary expenditures above $50,000 that were granted by the administrator; and to see those at the end of the year with no explanation. I think that was some of the concern and committee, correct me if I'm wrong on that, but I believe that was the discussion. Was it the $50,000? This was some of the questions. **Mr. Lindsey** said there were some items that did come back that were approved by County Administrator and the Mayor. They were considered emergencies and they needed to come back in the next EDF Committee, but they did not come back until April. I know there were some questions about that. Then there were also some questions about what was considered discretionary also, from what I remember, and there could have been some other things.

Chairman Burroughs said I appreciate the budget policy to being presented. I look at back and it's dated 2013. **Mr. Lindsey** said it came to the committee on December 2, 2013, and then it went to the full Commission on December 19, 2013. **Chairman Burroughs** said I would just state to the Committee if this is something of concern, that we take an opportunity to review these and come forward with any suggestions or changes, and then we'll visit with staff and the other commissioners bring forward a work product.

Commissioner McKiernan said I've gone back and I've read the minutes of our 2013 meeting. I think one of the questions that always comes up is, was this truly an emergency for health and safety because that's the caveat on which the County Administrator and the Mayor can approve more the $50,000. I'm sure for each of those expenditures of more that 50, they can justify that it was an emergency for health and safety. What I would just ask is the policy does say it'll be reported back to us at our next meeting and we do just that so that we don't let a long period of time elapse before it comes back. We are then hit with multiple months worth. That would be my only request is that we actually do try to bring it back the next meeting. **Mr. Lindsey** said we'll make sure we do that. **Ms. VonAchen** said yes, we promise to do that.

Chairman Burroughs said I would assume that there would be an explanation as to why those funds were such an emergency. I think there was some speculation as to how those funds were being spent. We just want to ensure that if the policy is in place and it hasn't been reviewed in six years, maybe we need to increase the amount of money that can be spent or maybe we'll look at additional criteria for reporting purposes. Just again, once again about transparencies.

Action: Information only.

Adjourn

Chairman Burroughs adjourned the meeting at 8:23 p.m.

mbb