ECONOMIC DEVELOPMENT AND FINANCE STANDING COMMITTEE MINUTES
Monday, June 3, 2019

The meeting of the Economic Development and Finance Standing Committee was held on Monday, June 3, 2019, at 5:32 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner Burroughs, Chairman; Commissioners McKiernan (via phone), Townsend, Murguia; and Jeff Bryant, BPU Board Member. Commissioner Walters was absent. The following officials were also in attendance: Gordon Criswell and Alan Howze, Assistant County Administrators; Patrick Waters, Senior Attorney; Kathleen VonAchen, Chief Financial Officer; Katherine Carttar, Director of Economic Development; and Jay Doleshal, Sergeant-At-Arms.

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

Chairman Burroughs said we do have a revision to tonight's agenda. You should have received your revision notification and that will be Item No. 3. I hope everyone has received a copy.

Approval of standing committee minutes from April 1, 2019. **On motion of Commissioner BPU Board Member Bryant, seconded by Commissioner Murguia, the minutes were approved.** Motion carried unanimously.

Committee Agenda:

Item No. 1 – 19751…REPORT: IRB REAL PROPERTY TAX PROJECTION

Synopsis: Industrial Revenue Bond (IRB) real property tax projection report, submitted by Kathleen VonAchen, Chief Financial Officer.

Industrial Revenue Bond (IRB's) Definition

- Development incentive tool which allows a new project or redevelopment to utilize the value of newly created property tax to help offset some of their new investment cost.
  - Goal is to improve the economic and employment conditions of the region by creating new jobs.
  - Intended to help attract new companies to our community.
- Tool allows for property tax abatement and/or sales tax exemption on construction material

Kathleen VonAchen, Chief Financial Officer, said tonight we're presenting some information put together by my Research Manager, Mike Grimm, who has been with the UG for many years and has a lot of information that's helpful. We put this together in response to Doug Bach's request. He gave us some specific details of what he wanted to provide. The purpose of which is to show you the benefits and the advantages of our IRB program as a tax incentive for development and how it looks after many years of it. Generally speaking we're going to kind of walk you through a little bit what an Industrial Revenue Bond is, which we often refer to as IRB. By definition, it is a development incentive tool, one of many, which allows a new project or redevelopment to utilize the value of newly created property tax to help offset some of the new investment costs. The Finance Department is somewhat involved in this, but in reality, the IRB program is entirely managed by the Economic Development Department and Katherine is here next to me. Often times when we issue IRB's you'll see Katherine involved in that effort, but for purposes of the data Mike Grimm and I put the data together.

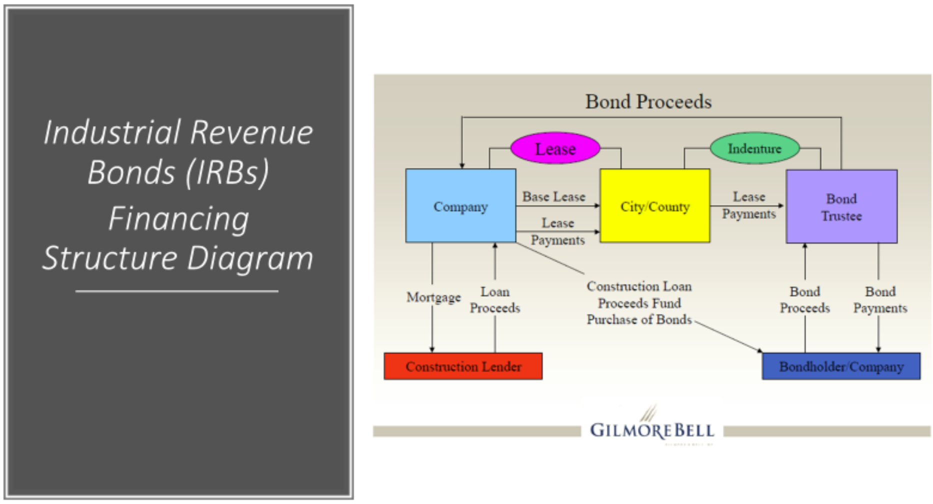
The goal of an IRB is to improve the economic development and economic employment condition of the region by creating new jobs. It's intended to help attract new companies to our community by providing them some diminished level of property tax payment over a certain term, which we'll talk about later on.

Finally, it's a tool to allow property tax abatement and it's also related—it's not only property tax abatement, but it also allows for the exemption of sales tax on building materials. Tonight's presentation we'll only talk about IRB's in the context of the property tax abatement.

Industrial Revenue Bonds (IRBs)
General Provisions

- Limited to 10 years
- Cost/benefit analysis required and must give notice to school districts
- Typically requires $2 million plus in new investment to be cost beneficial
- Unified Government public hearing and Kansas Board of Tax Appeals approval required
- No property tax abatement on retail
- Annual bond payments are met by the UG receiving lease payments from the company
- UG considered the “conduit”, i.e. not legally liable for the debt

Generally, the provisions of an Industrial Revenue Bond is that it is limited to 10 years. A cost benefit analysis is required, and we must give notice to the school districts. We do have an IRB Policy which is in the Economic Development Policy that’s also on the website, on our Fiscal Accountability website and it talks about many of these provisions. Typically, we require that $2M be the minimum investment for a project in order to do an IRB. Both a public hearing and the Kansas Board of Tax Appeals approval is required. There is no property tax abatement provided for retail projects. How it works is the annual bond payments are met by the UG by receiving lease payments from the company. Often times when we talk about IRB’s we talk about them in terms of it being a conduit financing where we’re just passing through the lease payment and the dollars to the debt holders. It is not a legal liability—we’re not liable for the debt in anyway as the Unified Government and we don’t show it on our financial statements though there is a note talking about their existence.



I am not going to go over this complicated chart, but I do remember the last time we issued IRB's there was some questions about how it works. We have provided hard copies of this presentation. If you have any questions on this, of course, you can contact us, but also, we happen to very fortunately have our bond counsel with us here, Gina Riekhof, who is here for the next item and if you do have any questions, she can be happy to answer them.

IRB Projects – Property Tax Abatement Process

Example: 75% Abatement on Project Area currently paying $100,000 in property tax payment annually that creates an additional $400,000 tax payment.

- IRB Payment (25%) = $100,000
- Project has a 75% abatement of NEW taxes ($300,000)
- Current taxes continue = $100,000

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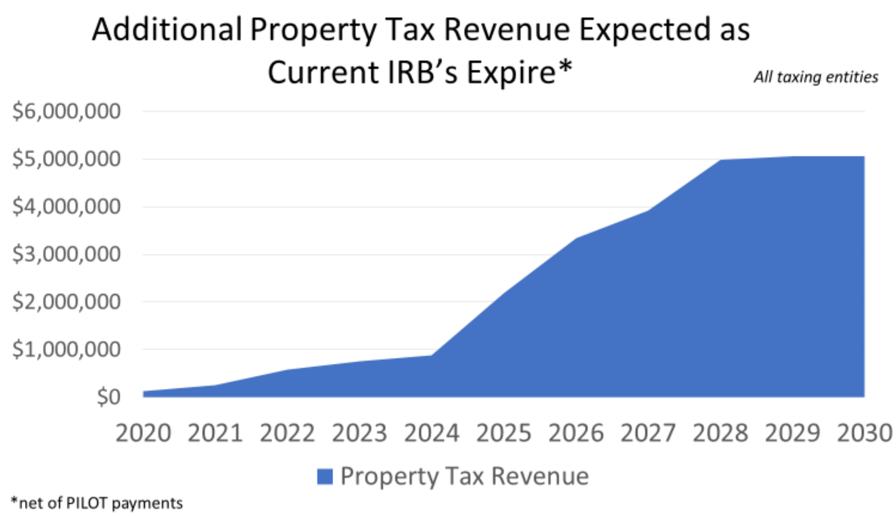
- 10 year annual payment of $200,000 ($100,000 current + $100,000 new)
- After 10 year IRB, Project will pay $500,000 annually (plus annual valuation growth)

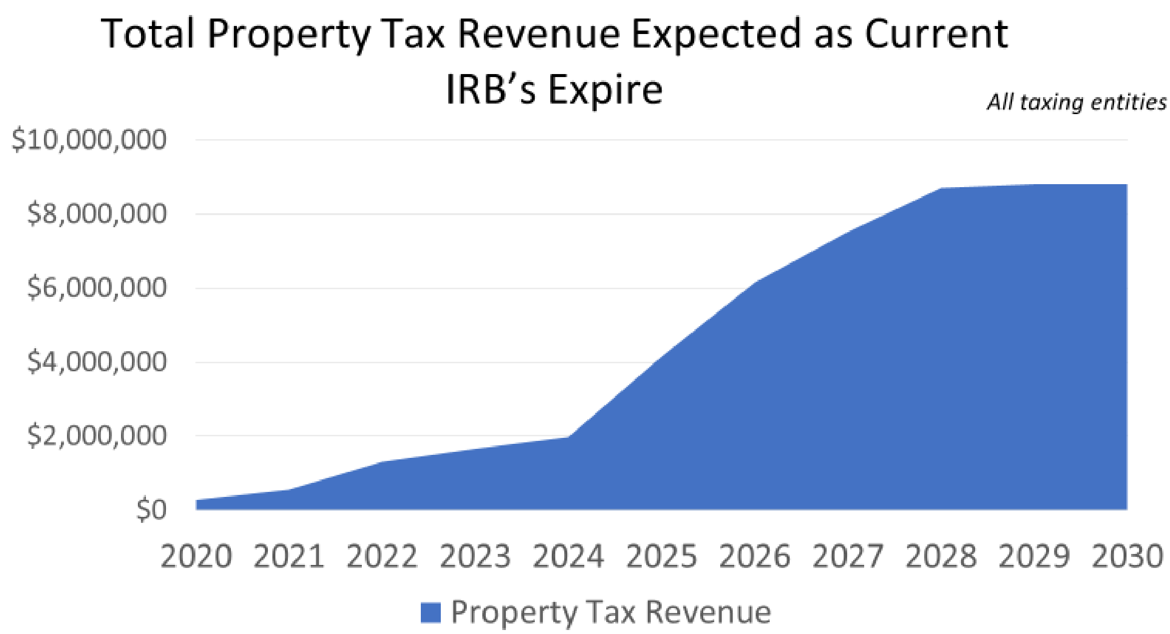
Generally speaking, to give you an example of how the abatement works, here's an example where we've given 75% abatement on a project area. Currently, the project has a base value of $100,000. That's the property tax revenue they pay annually. Any kind of improvement would create an additional $400,000 so this is just an example, right, for a total value of $500,000 at the end of the project once the project is completed.

The IRB payment, the actual payment is 25% or $100,000. The project has a 75% abatement of the new taxes, that's $300,000 and then they continue to pay the existing value or the $100,000.

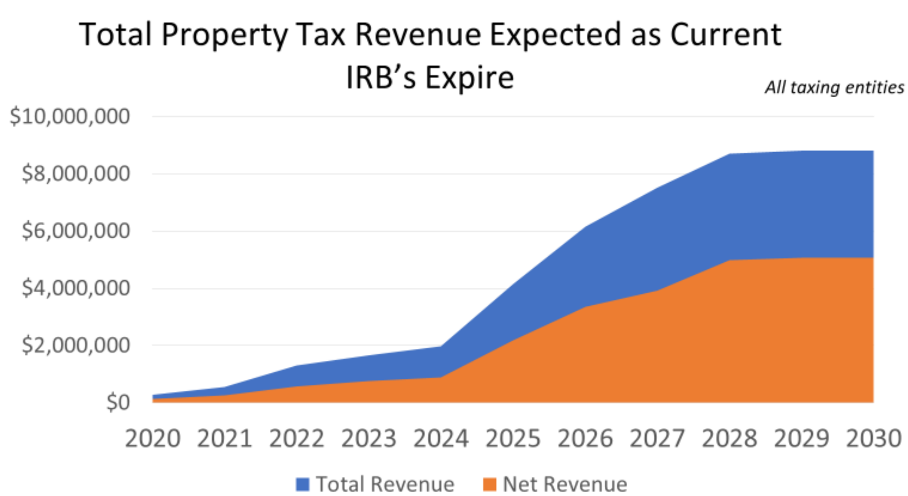
Over the 10-year annual payments will be $200,000 which are $100,000 plus the $100,000 that we currently receive. At the end of the 10-year IRB, the project will then pay the full $500,000 annually plus any kind of AV growth. That's just assumes the assessed value remains at $500,000 or the relative tax amount of $500,000.



Mike Grimm went through and looked up all the existing IRB's we have on the books and based on a number of assumptions we determined that these are the amounts that will be expiring over the future roughly 10 or 11 years. We're going to show you actually three graphs now. This first graph is the net amount between the amount that they are currently paying us, not the base value, but they're paying a certain percentage, let's say 25%. It's the difference between the amount the full 100 and the 25 they're paying us. This is the net amount. **BPU Board Member Bryant** said accumulative amount. **Ms. VonAchen** said yes, it is, accumulative amount. We have a list of roughly 10 or 25, about 25 different companies and you know it's just based on the year in which it ages out. Each IRB is about 10 years and they age out at different years.



This graph is the amount. You see it's now instead of $6M were up to $10M. This is the amount in which—this is how the graph looks for the full abatement, 100% abatement, assuming they aren't paying any now.



This is a combination of the two. Basically, that blue area is the additional amount.

IRB PROJECTS – REAL PROPERTY TAX IMPACT

Larger IRB PILOT Payments and When Come on Tax Roll

Project	Last Scheduled IRB Payment / End Year	Amount of Abated Taxes Added to Tax Roll
Amazon	2027	$879,583
General Motors	2024	$576,307
Associated Wholesale Grocers	2024	$405,208
NPIF2 Kansas Ave (commercial bldg., 51st & Kansas Ave.)	2026	$263,009
Premier Investments (Industrial bldg. in Armourdale)	2025	$247,466

*** Based on last scheduled IRB payment**

Just to give you a little idea, we picked out the largest ones that are expiring or coming up. Amazon is expiring in 2020. The last scheduled IRB payment for Amazon is 2027 and the amount of abated taxes added to the tax roll would be—by the way these graphs, I meant to mention that these are amounts for the entire—all the taxing units, not just the UG. The UG usually collects roughly 46% of the total between the city and the county mills with the remaining 54% going to the school districts and the community college and all those other taxing entities. These are some of the larger ones that are coming off the rolls—or coming back on the rolls in the future. That concludes my presentation. If you have any questions, I'm happy to answer them.

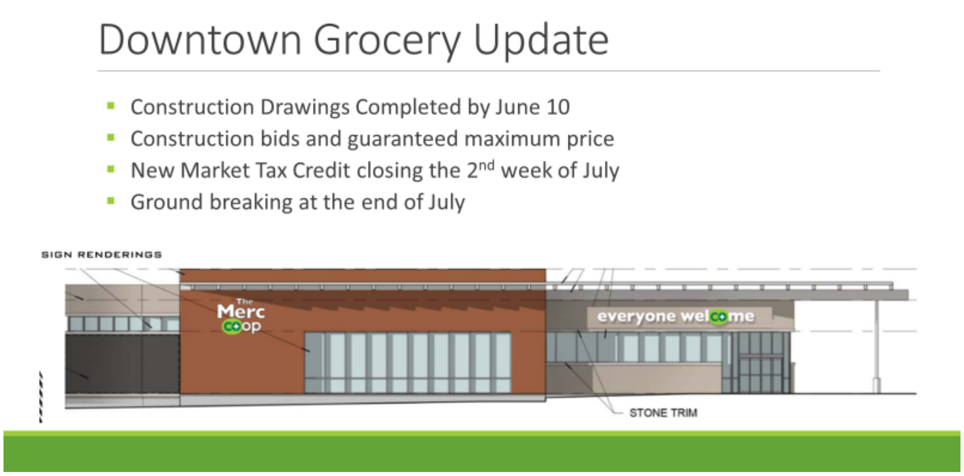
Commissioner Townsend said could you go back to the last slide please where you identified some of the largest projects and show the year that the IRB ends. At what point will the values that you've shown be added to the tax rolls? **Ms. VonAchen** said they would be added in the subsequent that you have here, the 2028 for example. In our assumption with the graphs, we've assumed that they remain at the value in which the abatement is being given at the moment. We're not assuming any kind of additional value at the end of the term. It's a very conservative approach. **Commissioner Townsend** said for General Motors, that value is contingent upon the way and the value of General Motors, right now? **Ms. VonAchen** said yes. **Commissioner Townsend** asked, is that amount or those amounts one years' worth of value to be added. **Ms. VonAchen** said yes, that's the subsequent year in which it will be added. These are dollar amounts that we add to our long-term financial plan. We're planning on those dollars coming in.

My long-term financial plan is actually 25 years. You only see four. You only see the first five or ten years, but we added in all these amounts. **Commissioner Townsend** said thank you.

Action: **Information only.**

Item No. 2 – 19756…ORDINANCE/RESOLUTION/DOWNTOWN: DOWNTOWN GROCERY GENERAL OBLIGATION BONDS

Synopsis: An ordinance and resolution authorizing the issuance of $1,420,000 principal amount of Taxable General Obligation Improvement Bonds, Series 2019-C, for the purpose of providing funds for the Downtown Grocery project, with such bonds to be purchased by the Local Initiatives Support Corporation (LISC), submitted by Katherine Carttar, Director of Economic Development.



Katherine Carttar, Director of Economic Development, said I always promise that you won't see me too much more about the grocery store, but really, I promise after this you won't see me too much more. Just to give you a little update on where we are. Things are moving along miraculously, really, we're quite according to schedule, so we're really excided about that. Looking forward to the construction drawings to be completed next week and then we'll move into construction bids and getting our guaranteed maximum price, which then will set us up for our New Markets Tax Credit closing the second week of July. Then, finally, a groundbreaking at the end of July. We're really excited that everything is moving according to plan.

Action Requested Tonight:

ORDINANCE/RESOLUTION: Downtown Grocery General Obligation Bonds

- Authorizes issuance of $1.42 general obligation bonds to Local Initiatives Support Corporation (LISC) to fund a grant into the New Market Tax Credit structure.

ORDINANCE: KCK 501 Minnesota ALL, Inc. Home Rule Economic Development Grant

- Authorizes the UG to make a grant into the New Market Tax Credit structure in an amount not to exceed $5.5 million; authorizes various documents necessary to facilitate New Market Tax Credits.

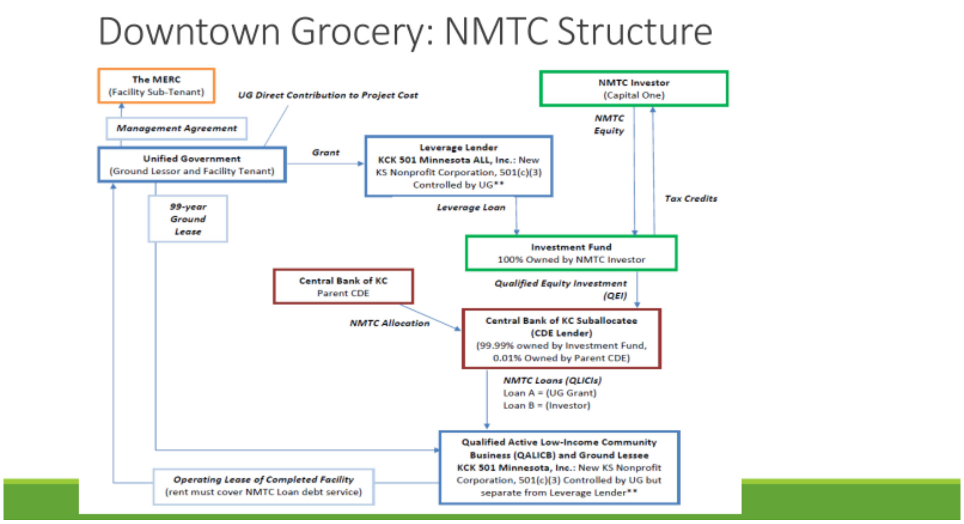
To Present:
Gina Riekhof, Gilmore & Bell
Chris Vukas, Sunflower Development

Tonight, we've got a couple of items that really focus on the process of financing for this project as well as New Market Tax Credits kind of rolled into that. I have Gina Riekhof from Gilmore & Bell and Chris Vukas from Sunflower Development and, of course, Kathleen VonAchen from the UG who will all kind of assist in explaining how this is all working and they're all assisting the UG through particularly the New Market Tax Credit Project. The two items here, one is General Obligation Bonds that has to do with a loan that we are receiving from LISC and another is a grant as part of the New Market Tax Credit structure.

Kathleen VonAchen, Chief Financial Officer, said as you know there's a variety of financing sources coming in to pay for this $6M project. It's often referred to as a capital stack. One of the pieces of the stack is basically what we have often referred to as a loan from LISC. LISC is the Local Initiative Support Corporation and rather then entering into a loan in order for tax reasons, we actually need for them to give LISC more assurance of our commitment to repay back the loan. We've decided to issue GO bonds that are a private placement. Gina may touch on the purpose or the reason they are GO backed, but for the most part it's because they're looking for some assurance from the UG that the loan repayment will be made.

The loan actually is only for a very small amount. It's $1.4M. The interest rate that LISC has agreed to charge us, or that they've agreed to accept, is 3%, which is a very low rate for a loan. We're doing the maturity for just 10-years. Generally speaking, the loan payment which is coming from the Unified Government general resources I think it works out for around $200,000 a year. That's probably on the high side, but it's not very much money. Over the course of the time, we will be making that loan payment and the optional repayment provisions include a prepayment without a penalty, so we can pay it early on or after August 1 of 2022 and the mandatory repayment is on—the UG is required to prepay the bonds without penalty if the New Market Tax Credits are not closing by roughly September 30, that's just an in case. We can issue the bonds or effectively take out the loan with LISC, but then if the financing falls apart, we just turn around and give the money back.

Requirements to comply with certain provisions also that are related to the federal Health Food Financing Initiative, that's an initiative that LISC is involved in, so we agreed to comply with those federal financing requirements.



The next slide is going to be covered by Chris Vukas who is our consultant related to the New Market Tax Credit. Very knowledgeable on this very complicated financing technique. Here's a graph or chart we put together to explain it.

Chris Vukas, Sunflower Development, said all New Market Tax Credit deals have this complicated flowchart and some are more complicated than others. I will walk through this and please feel free to stop me at any stretch and ask whatever questions because it is a complicated flow chart.

If we look at the upper left-hand corner, that is essentially what the Unified Government without New Market Tax Credits was going to do. They were going to enter in a management agreement with the MERC and the MERC was going to manage the facility and they want to own the property in hopes that either a long-term lease or the MERC will come in and purchase the property in the future. That is how it was envisioned from the beginning. The upper-left hand was exactly how it was supposed to work originally. Then you add in the New Market Tax Credits which is going to add a tremendous benefit, over $1.5M upfront to help with the cost of construction, but in order to get those dollars through the structure we'd have to go this convoluted diagram. I should say all New Market Tax Credit deals are like this. This is not unique other than the boxes get moved around, they get added and taken away; but this is how every New Market Tax Credit project essentially works.

We were required to create what's called the affiliated leverage lender. The leverage lender is just the loan, "the loan" that is going to go through the New Market Tax Credit structure in order to leverage or secure the New Market Tax Credits so that is the bond proceeds that we've been talking about and then dollars from the Special Asset Fund. We'll all get, well essentially granted to the "lender" of the transaction. They will turn around and make a very low interest loan, it's required to be a loan per New Market Tax Credit regulations at 1% over a 40-year amortization period into the Investment Fund. The New Market Tax Credit investor will turn around, purchase those tax credits and then they will fund their portion of the overall transaction into that Investment Fund. All those funds get commingled. Let's just use for round numbers, let's say $6M. All those dollars that commingled in the Investment Fund and then the Investment Fund turns around and makes what's called a qualified investment into a community development entity or an awardee that have the New Market Tax Credits.

In this scenario the allocatee is Central Bank of Kansas City and they have committed to providing allocation to this particular project. They will sell the tax credits to the investor, receive the dollars at that CD lender level and then they will turn around and make two loans into the project. One, which mimics the rates and terms of the affiliated leverage lender, so that 40-year term at 1%, that literally is a loan to yourself. You are using the bond proceeds to make this loan to yourself.

In the B Loan, which is the New Market Tax Credit Equity, that's the important piece. That's the soft loan that is assumable and forgivable at the end of that seven-year period. That B Loan is really the investor dollars and, in this case, Capital One is the investor on the project. They will be purchasing the tax credits and they will be involved over the seven-year period as the investor. All those funds get commingled. Closing fees get taken out and then all those funds can be used at permitting to begin construction. There's no certification process like Historic Tax Credits where you have to certify certain costs. It can be used for anything related to the grocery store. It keeps it a little simple even though it looks like a convoluted structure.

We have at the bottom what is the called the QALICB, the Qualified Action Low-Income Community Business, which is again a non-profit organization that has been set up by the UG to lease the building from the Unified Government. They enter into a 99-year lease and they will lease that from the government and then sublease it back to the Unified Government, which then to run a grocery store essentially. You'll see the Operating Lease on the bottom side and then the 99-year ground lease. You're essentially leasing the facility to yourself and then releasing it back to yourself to operate a grocery store. That seems convoluted enough, but it is how the majority of these types of transactions occur.

Chairman Burroughs said it does look a lot more complicated then what it really is. **Mr. Vukas** said right. **Chairman Burroughs** said I appreciate the explanation.

Commissioner Murguia said so we did receive the New Market Tax Credits. **Mr. Vukas** said correct.

Commissioner Townsend said I'm glad you referenced that remark with yes, this is pretty convoluted and prior references to the New Market Tax Credits. So yeah, it's convoluted, so I believe it is. Just for clarity sake, this really doesn't change the structure that was originally anticipated that the UG is really the owner and lessor of the building that is going to be constructed. That the MERC is going to lease it and at some point, you know if it goes well, there's the option for them to possibly buy it, right? **Mr. Vukas** said that is correct. So, yes, that is correct. **Commissioner Townsend** said alright. I just wanted to make sure that I didn't get lost in all of this because the use of these New Market Tax Credits I thought had been contemplated all along. **Mr. Vukas** said right. **Commissioner Townsend** said okay.

Commissioner McKiernan said, Mr. Chairman, I'm a little bit late on this. I apologize. I just wanted to echo from my position here that I am really appreciative of all the work that has gone into securing these New Market Tax Credits and all the work that people have gone through to create the entire financing for this. I think it's a great project. I just want to say I appreciate the work.

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

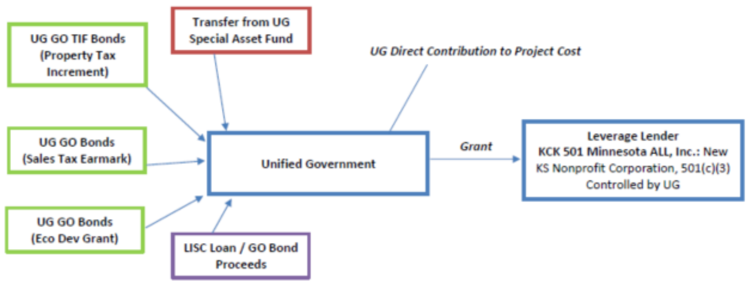
Chairman Burroughs said I'm pleased to see this item moving forward. We've had much discussion. Thank you, Katherine, for your commitment to ensure that this thing is moving forward. I think the community is really looking forward to see the groundbreaking on the new store.

Item No. 3 – 19760…ORDINANCE: KCK 501 MINNESOTA ALL, INC. HOME RULE ECONOMIC DEVELOPMENT GRANT

Synopsis: An ordinance authorizing a home rule economic development grant to 501 Minnesota ALL, Inc., authorizing the issuance of general obligation bonds to fund the grant; authorizing a ground lease and lease agreement with KCK 501 Minnesota, Inc., for the purpose of obtaining New Market Tax Credits in connection with the Downtown Grocery project, submitted by Katherine Carttar, Director of Economic Development.

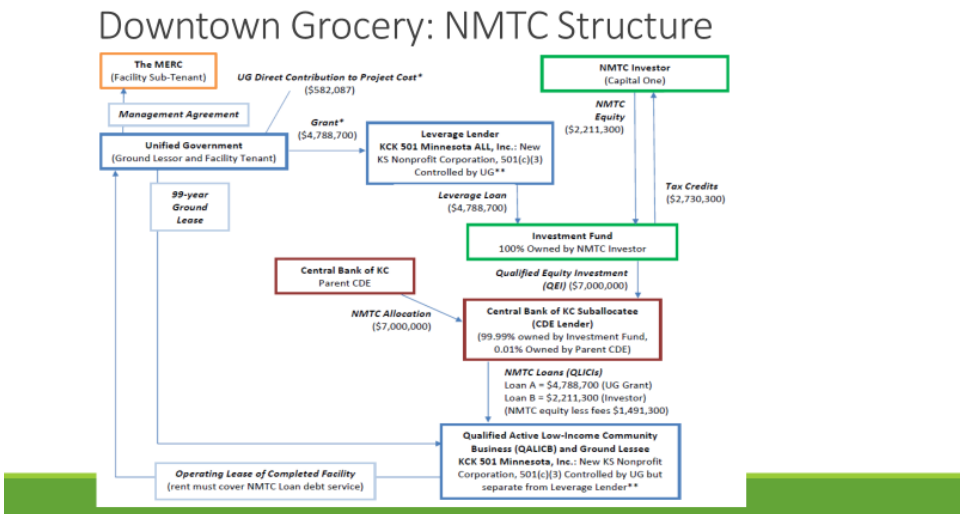
Katherine Carttar, Director of Economic Development, said this is yet another item that—actually, if you pull that same chart up again, it all has to do with the new market structure and we apologize for blue sheeting those attachments. We're wanting to make sure we brought you the most up-to-date and it was bit and there was a bit of a moving target until earlier last week. I'm going to ask Gina from Gilmore & Bell to explain.

Sources of Funding for UG Grant to Leverage Lender/Payment of Project Costs



Sources of Funding for UG Grant to Leverage Lender/Payment of Project Costs

Sources of Funding	Amount
LISC Loan/GO Bonds	$1,420,000
UG GO TIF Bonds (Paid from Incremental Property Tax)	913,021
UG GO Bonds (Grocery Sales Tax Earmark)	819,580
UG GO Bonds	467,399
Transfer from UG Special Asset Fund	1,750,787
Total UG Funding	**$5,370,787**



Gina Riekhof, Gilmore & Bell, said the ordinance and resolution that you just approved for the General Obligation Bonds is the funding through the Capital Stack and that grant that you see from the Unified Government box, the funding for that. This Item No. 3 is actually approving the making of that grant under the UG's Home Rule powers. It also approves the ground lease and the operating lease that you see over there on the far bottom left. It also authorizes a Community Benefits Agreement, which is something that is also required with respect to the new market structure as well. This action is another part of essentially approving all of the agreements that the UG, itself, will have to enter into in order to facilitate the new market structure.

Chairman Burroughs asked, it's imperative that, we, as a Commission, need to see this item pass this evening in unison with Item No. 2 to be able to move forward. **Ms. Reikhof** said that's correct.

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

Chairman Burroughs said I do want to make comment that there's an opportunity for the public to address this issue if anyone from the public would like to come forward. No one appeared

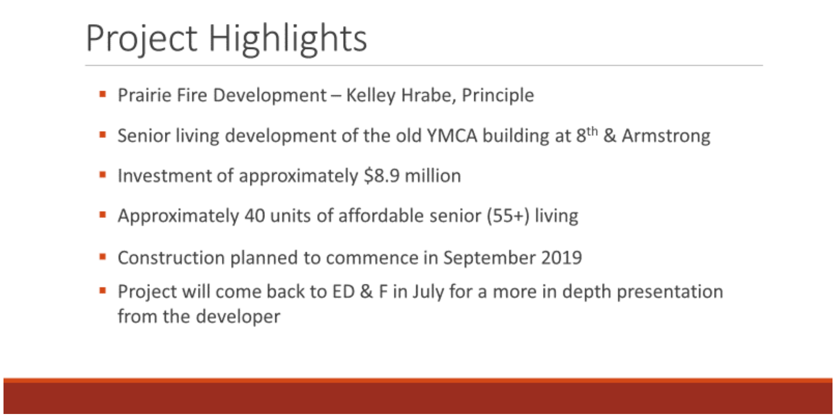
Roll call was taken and there were five "Ayes," Bryant, Murguia, Townsend, McKiernan, Burroughs.

Chairman Burroughs said congratulations, Katherine, on the grocery store and all your hard work.

Item No. 4 – 19752…RESOLUTION: SALE AND LEASE OF 834 ARMSTRONG AVENUE

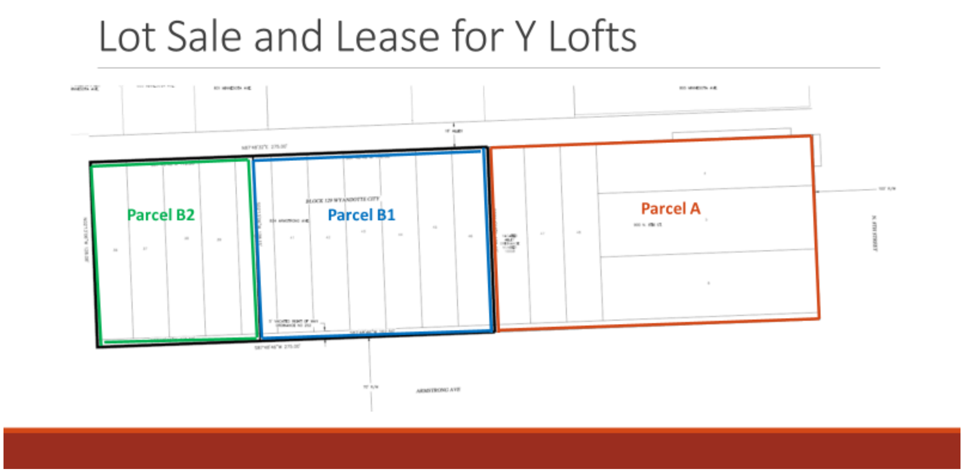
Synopsis: A resolution authorizing the sale and lease of surplus property at 834 Armstrong Avenue (known as the YMCA of Greater Kansas City) to Y Lofts, LP, submitted by Katherine Carttar, Director of Economic Development.

Katherine Carttar, Director of Economic Development, said this is a project that you all will get much more in-depth presentation at next month's ED&F. We wanted to make sure that we had the lot sale and lease as submitted here, kind of go through ahead of time. I will give just a brief overview of the project.



This is a project done by Prairie Fire Development. Jared Nook is here from Prairie Fire if anyone has any questions. What this will entail is a senior living development in the old YMCA building at 8th & Armstrong. The investment is nearly $9M. The building clearly needed a lot of work. We're looking at approximately 40 units of affordable senior that's 55+ living at the end of this which would be towards the end of 2020 when it is completed.

I mentioned, you'll have a much before in-depth presentation on this specific project, but for the moment we wanted to go through a number of different parcels and how the sale and lease of these—there's some interesting things that were in the deed with the Y and items that have referred it back to us and all sorts of those things. I'm going to hand this over to Patrick Waters to explain.



Patrick Waters, Senior Counsel, said so currently the YMCA of Greater Kansas City owns parcel B2 & B1 which is all one lot currently. The proposal is that the—there is a reversionary clause in the deed that when we gave that parcel to the YMCA back in '96 that it would refer back to the Unified Government when they no longer used it for their purposes. The proposal is that the YMCA will deed the parcel back to the Unified Government. The lot will be split into Parcel B2 & B1. Parcel B1 will be sold to the new Y Lofts Group for parking for their residents and owners. There will be a revisionary clause where if they do not develop the project within three years, we would get that back, just an extra incentive that they develop the project.

Parcel B2 would be leased to Y Lofts. They said that they do not technically need all that parking though they could use it for overflow parking at this point.

The proposal is we would lease it to them; however, it will remain open to the public. Basically, the Y Lofts could use that for overflow parking, the public can continue to use that for parking, and then there will be a clause in that lease that the Unified Government can terminate the lease at any time if we see the need to use that parcel for other purposes. That is the current plan for the parking lot.

Chairman Burroughs said I do have a question. It's been brought to my attention that Parcel B2, that there has been a curb removed or damaged on the back side of the property which would allow an exit off of that end. Will that repaired, restored, or do we know if that was part of the structure to keep it whole? **Mr. Waters** said if it was damaged that does need to be repaired. Currently, it is owned by the YMCA, so we could get in touch with them because that's currently under their control, but then the new Y Lofts group would be responsible for maintenance going forward. If that's something that's creating some type of code violation or issue, then that will need to be remedied.

Chairman Burroughs said the other question I have, will the parking lot be available 24/7? Will it be open, or will there be a gate, pass key, anything like that that will limit access to the parking lot? **Mr. Waters** said B2 will be open for the public 24/7. I don't know what their plan is for B1.

Chairman Burroughs said do we know that through the lease to the Prairie Fire—there's no way to lock off the entrance to the parking lot just for their members only? **Mr. Waters** said no, not for B2.

Chairman Burroughs said in the contract the resolution says it will revert back to the Unified Government and then can terminate that lease at any time under—for whatever reason. **Mr. Waters** said so for B1, it would revert back to the Unified Government if they don't develop their project within three years. For B2, we can terminate that at any time, at will, if we see the need to use that parcel for something else.

Chairman Burroughs said the timeline I know in the presentation here it said the time was supposed to start in September 2019. Do we know what the timeline is for completion? **Ms. Carttar** said we're looking at November of 2020. **Chairman Burroughs** said November 2020 for completion? They'll be interruption of businesses along that corridor that have been impacted by the construction of the new juvenile facility as well as the utility routing along that corridor. Now, we're going to have another year to a year-and-a-half of construction affecting the businesses to the south. Is there going to be a mandate that B2 be utilized by the construction crews of the Prairie Fire Development or is it just going to be first come, first serve. **Jared Nook, Prairie Fire Development,** said our plan would be to utilize Parcel B1 during construction. We'll have to do some work to the masonry, some work to the windows, we will replace all the windows. There will be some work along the street frontage during that period of time. I would anticipate we may have to close off the sidewalks as we would have some kind of a wall or lift around those while we're doing that work. Beyond that scope of work, I can't particularly foresee any reason why we would need that street frontage. We held a neighborhood meeting last week or the week before and I know this was an issue that came up. We are our own general contractor and so knowing that this is a concern and an issue, we can certainly take special notice to make sure all of our contractors are utilizing the existing parking as needed to stay out of that street.

I do know one issue that was brought up by some of the adjacent property owners was that—I got my roads mixed up, Armstrong, the parking along there on the street is actually 2 hours for the YMCA, and I don't know if that's something that the Unified Government can look at. I know they have had some construction folks parking along that as well which has impacted their parking. We're certainly willing to work with the neighborhood and surrounding property owners to make sure that they have parking and we're not impacting more than what's already being impacted given the construction in the area.

Chairman Burroughs said there have been a number of calls in reference to the impact on the businesses due to the ongoing construction around the area. What we're trying to do is a find a remedy that will ease the concerns of those property owners that are being impacted by the ongoing construction. I, for one, am pleased to see the amount of construction going on in our community; however, it's really unfair to disrupt and impact other businesses because we do not have avenues in which to address the parking situation. I appreciate your willingness to allow the contractors to park in B1 and still leave B2 available as well as the street frontage on Armstrong, I believe it is. **Mr. Nook** said it's a fairly sizable lot. I mean, ideally were not running into a situation where were completely overflowing B1. We'll certainly do our best to make sure that construction personnel and materials and traffic is limited into that area so that parking can be maintained for the businesses around there with minimal disturbance. **Chairman Burroughs** said I'm not aware of the parking conditions, the allowable times that was mentioned about the 2 to 4 hours, but we may want to get some more information in reference to that to ensure that they're not violating that time. If there needs to be a change during construction, that we can possibly accommodate to ensure that we don't create hardship on the businesses to the south. **Ms. Carttar** said we can look into that. If that 2-hour parking limit was put in specifically for the Y and is no longer needed, that's certainly something we should look into.

Alan Howze, Assistant County Administrator, said we're undergoing a review of the parking in the downtown area and mapping out where we've got 2-hour zones, where we've got free, no restriction zones, where we've got paid lots. We should in the next several weeks be able to provide a much more sort of detailed looked at where parking is and then be able to share that for projects like this and mitigate impacts for businesses and other users downtown.

Commissioner McKiernan said I just want to say that I completely and fully support this project. I think it's phenomenal that we're going to get that building inhabited once again. I support the sale of Parcel A. I support the sale of Parcel B1. I support the lease of Parcel B2, but I have one question about B2 and before I ask that question, I really appreciate your questioning regarding the ability of B2 for public parking both during and after the construction process. I think that's very important for the downtown. When we lease B2 to Prairie Fire will they maintain the surface and make any repairs that are necessary to keep it in good operating order or will that revert to us? **Mr. Waters** said Prairie Fire would be responsible for maintenance.

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

Commissioner Murguia asked is this a Low-Income Tax Credit project? **Ms. Carttar** said it's a Historic Tax Credit project and—**Mr. Nook** said yes, by a tax as well, 4%. **Commissioner Murguia** said so it's a Low-Income Tax Credit project out of Topeka. **Ms. Carttar** said yes. **Commissioner Murguia** said in getting the tax credit. **Ms. Carttar** said yes. **Commissioner Murguia** said the owners are going to be of this property Prairie Fire. **Ms. Carttar** said yes. **Commissioner Murguia** asked where is Prairie Fire located? **Mr. Nook** said in Kansas City, Missouri. **Commissioner Murguia** asked does anybody from Prairie Fire live in Wyandotte County? **Mr. Nook** said no. **Commissioner Murguia** asked what's your interest in Wyandotte County? **Mr. Nook** said I think it's an interesting and good community to be a part of. There's a lot of really great development opportunity. In the town we see good growth and future in the city. We're doing some other projects in Wyandotte County and downtown Kansas City, Kansas as well. We've just developed a lot of really good relationships in town and want to continue to see momentum build. Just like with the MERC earlier, we just think it's a good opportunity and want to continue to help develop the town.

Commissioner Murguia asked you can't do this project without Low-Income Tax Credits and open it up to the entire fair market. **Mr. Nook** said we cannot. **Commissioner Murguia** asked do you know why that is. **Mr. Nook** said well, right now we've been working on another project and we've had some challenges to our market study. It's just given the rents in the area. To come in and try to do a project with rents that would be needed to do this project conventionally would not be supported by a market study.

Commissioner Murguia said so all of the housing projects that have come in front of us for the downtown Kansas City area for as long as I can remember have all had Low-Income Housing Tax Credits as part of them. What do you think, what's your opinion on the huge concentration of low-income housing in downtown Kansas City and the fate it will have for downtown Kansas City, Kansas? **Mr. Nook** said I don't think it will have a particularly large impact. I think this project is geared towards seniors and as such I think you'll start seeing some upcycling of additional housing, just like the Land Bank presentation earlier today. Ideally, we're continuing to see seniors who may have challenges maintaining and keeping up housing that they're living in, for sale housing, if they're able to have a safe place in their communities to move to and allow the upcycling of that for sale product for the larger market. I think that's a benefit to the city. I also think that we're talking about 44 units which isn't a particular large project. It is also helping save a very well-known and historic building in the downtown area. I think overall, on the larger side of the LIHTC in Kansas City, Kansas I think it'a pretty small overall impact in the larger Kansas City, Kansas area in terms of numbers, but I think it will have a nice impact on the downtown and allow for some of that additional upside bringing in the for sale area.

Commissioner Murguia said I'll just say I have serious concerns. This has been going on for years since I've been on the Commission. You know if you read any academic research articles about the concentration of poverty in particular areas of the city, it's not really good for any city. The strategy that is proven to be most successful has been to develop mixed-income neighborhoods and they seem to be the most sustainable.

The other issue I have, we have a number of absentee landlords who come to our community and use our state tax credits to develop this kind of housing and then when it comes time to locate them for repairs or maintenance or things like that, they are very hard to find or pin down to keep the standard of living for those people. When they come in and they want our approval they're all about it's going to be a clean, neat, safe place to live. If you look at any of our properties that have had Low-Income Tax Credits in them, it never ends like that. I can cite several. Central Park Towers we had a group of fancy developers come in and tell us they were going to take out additional new tax credits, they were going to renovate the place, and we weren't going to see crime or blight or anymore calls for services there. Yet, I haven't seen any improvement at Central Park Towers.

In my district there's Silver City Apartments, owned by a group out of Topeka. who have had nothing but ongoing violations and there's at least one murder in the apartment complex a year, at least one, that goes on there. It sits right across the street form a brand-new South Patrol Police Station. It's just disheartening to me because we continue to develop these kinds of projects in our community and they have not seemed to pan out in our community over time. I don't know your particular business, but this is a project I'm not excited about. I have not seen anyone do a low-income housing project in Wyandotte County where it's been successful.

If there's anyone out there that's listening to this where they have a successful low-income housing project that is operated by absentee landlords that's been successful, please educate me. All I get is complaints about these kinds of projects. Typically, it's all low-income housing where someone that lives there is moving in a son or a daughter that has a drug or alcohol problem which drags that alcohol or drug problem into the complex. Typically, those absentee landlords aren't there to see that or directly affected and so it goes on for a long period of time. It is not a project I am excited about. I don't see it as being long-term sustainable for our downtown.

I do think we need quality, affordable senior housing, but what it comes down to is the operations. I just believe we have people right here in Wyandotte County who are capable of running projects like that, that are personally invested and would have more of a personal drive to see a complex like that thrive and be monitored well. I definitely have significant reservations about the projects.

Chairman Burroughs said I believe, Commissioner, those would be an opportunity for us as the entire project comes before us to have those questions and concerns aired to our staff to address some of your concerns.

Commissioner McKiernan said, if I'm not mistaken, wasn't the City Hall Loft project originally started out as low-income and hasn't that transitioned over time? Can somebody educate me on that because I thought that project started out with some LIHTC dollars. **Chairman Burroughs** said I can't answer that. I don't know if staff would be willing—**Commissioner McKiernan** said let's find that information for a coming meeting. I was thinking that the Turtle Hill Townhomes north of Washington, or north of Nebraska rather, were similarly LIHTC dollars to start and I would say that both of those projects, to me, seem like they have been successful and well maintained. We don't need to discuss that tonight, but I do want to make sure that we have completely answered Commissioner Murguia's concerns because I do share concerns that if we create entirely low-income neighborhoods, then we don't have the right mix to attract the amenities that every neighborhood wants and so our ultimate goal is to attract mixed-income neighborhoods.

We have the gentlemen from Prairie Fire there. Doesn't Prairie Fire have a development out west? **Mr. Nook** said yes, we do. **Commissioner McKiernan** said in Wyandotte County? **Mr. Nook** said yes, Pemberton Place. **Commissioner McKiernan** said it's currently completed and it's inhabited, correct? **Mr. Nook** said that's been open for, I think, eight years. **Commissioner McKiernan** said I don't believe we've had any issues out there that I'm aware of? **Mr. Nook** said no. I think we've had generally a high level of support from the commissioners in the area as well as tenants and neighbors. **Commissioner McKiernan** said this is a project you have been managing now for the entire time that it's been open. Is that correct? **Mr. Nook** said we did manage it for a while. We had a project management group for awhile and it has transitioned to a new property management group, but yes, it's been under our ownership and control for that duration of time. **Commissioner McKiernan** said okay.

Commissioner Murguia asked who are the current owners of Turtle Hill and the Downton City Hall Lofts that Commissioner McKiernan is referring to. **Ms. Carttar** said I don't know off the top of my head who the Turtle Hill Townhomes, who owns them, but City Hall Lofts, I do know they are owned by some group out of Maine because I have been trying to get ahold of them because they own the vacant lot across the street from them. I want to get something done on that lot. **Commissioner Murguia** asked, have you been able to reach them? **Ms. Carttar** said we've gone back a bit, but they have a property management, they are the owners, but they have a property management group that is very accessible if there are issues with the property.

Chairman Burroughs asked is there additional information the community would like to see. I want to deal with this issue but is there additional information we want to request in addition to the development, the Prairie Fire Development, that you would like to have before the committee. Now would be the time to request that information for your discussion.

Commissioner Murguia said I think to Commissioner McKiernan's point, I'd like to know who owns and operates Turtle Hill. I know that City Vision originally did the Downtown City Lofts here. They were originally involved, they were local, and John Hardy lived here in Wyandotte County. I also know that there is a time limit on tax credits and that since you've already tried to reach the group out of Maine, they're low-income housing for a period of years. It's either a 20 or 30-year term. They're all still tax credit projects if they have tax credits in them, but I would like to know that information. I'd like to know who operates them. I'm not sure about this, but if I remember correctly I also think Turtle Hill was started by a not-for-profit that was a local right here in Wyandotte County. I want to say Reverend Sims, but I could be wrong on that, because I remember when that came forward. Again, when you look at these kinds of deals or I look at them, I look at who is going to own and operate them. Are they invested in our community? Are they part of our community? Do they care beyond turning a development deal about our community? I just think that plays a big roll in how well or how not well that particular entity is run.

As I said, the development of City Silver Apartments, which is in the neighborhood in which I live in, those owners are located in Topeka. The calls for service, the drain on our police department, the drain on our fire department, the drain on our special investigation's unit, our gang unit, our drug unit, the drain on our community, it seems like every other related crime that takes place in Argentine has some sort of affiliation back to Silver City Apartments. I could go on and on. I've done a lot of investigation on that. I'd just tell you that I am less likely to do business on low-income deals that require a lot of handholding with outsiders than I am with people that are locally invested within our community.

Mr. Nook said we are also property owners in Wyandotte County. We have other projects going on and when I-70 is open, it's a five-minute drive here. We've spent a lot of time in Wyandotte County. We've spent a lot of time with neighborhood associations, CHWC, commissioners, local commissioners on all the projects we've been working on I think we certainly have been committed in everything we've done in this community. I don't think any of the commissioner's that we've worked with over the past couple of years would say that we are hard to get ahold of. We're always quick to answer questions, concerns, comments, take meetings. We've been very involved.

Commissioner Murguia asked how many employees does Prairie Fire have? **Mr. Nook** said we have eight. **Commissioner Murguia** said you have eight employees? **Mr. Nook** said six, sorry. **Commissioner Murguia** asked do any of those six employees live in Wyandotte County? **Mr. Nook** said I don't believe so. **Commissioner Murguia** said so if Wyandotte County is such a great place to live, why is it great for development, why is it that none of your employees live in Wyandotte County? **Mr. Nook** said I don't know. I can't speak to our employees. **Commissioner Murguia** said okay.

Ms. Carttar said if I may respond to a couple of the points just quickly, first of all, there is a big difference between public housing through HUD contracts and LIHTCs. What we're talking about here, I believe, is 70% AMI, Area Medium Income, in this location and for seniors my guess is that probably 90% of seniors in Wyandotte County would be eligible to live in this building.

Additionally, I think Prairie Fire has been a really great partner. Their project that they're working on at now, The Boulevard Lofts, has it's groundbreaking on Friday, that's a mixed-income. I 100% agree that we need a much greater mix of incomes especially in the downtown area. One of the things that I really like about The Boulevard Lofts is that they're actually going to be helping us prove some of those rents.

One of the issues we've had trying to attract people that come in with market rate is that there are no comps and so then similar to our issues with purchasing homes and getting construction loans, if there are no comps even for rental rates, your bank won't give you the loan to build or construct it. We're really looking forward to the fact that Boulevard Lofts should prove some rents and then I have a number of different developers who are kind of waiting to see how that goes and, hopefully, we can get some more market rate going soon downtown.

Chairman Burroughs said I appreciate this discussion. I think we got away from our subject just a little bit. I do want to bring us back into focus in reference to the item before us, and that's the 834 Armstrong. I would just encourage us to put those questions in writings and submit them to staff as the information we'll need moving forward. Thank you for your input. Commissioner Townsend you have a comment.

Commissioner Townsend said I do have a question that goes back as you say to the issue before us, the lease or sale. I wanted to ask counsel if—or what is the type of revisionary interest? The property shall revert back to the Unified Government if the senior housing facility is not completed within three years. Let's say it is completed well within that time, are there any other conditions under which these properties, and I guess we're talking about B1 or are we talking about B2 as well, that it would revert back to the Unified Government. Say for instance, if it failed to function, which is ironic given that the comments that we're talking about now, I hope not. I hope that it is successful because we do have a need certainly in this community for 55+ housing. Are there any other conditions under which this might revert back? **Mr. Waters** said it's the completion of construction which would be usually evidenced by us or certificate of occupancy or something like that. **Commissioner Townsend** said that's it. **Mr. Waters** said correct.

Chairman Burroughs said if I may, counsel, I see on the Quit Claim Deed, Item 1, conditions of creating a reverter to grantor. Item 1 talks about the grantee covenants and agree to use, operate, and maintain the property for public parking purposes including, but not limited to parking for its employees, members, residents, visitors, and customers of merchants in the surrounding area. I would assume that is what we have an agreement with Prairie Fire to continue to have this space available for the businesses and the public in general. **Mr. Waters** said correct. The deed that you see is actually is the deed to the YMCA, but we will have similar language in our deed.

Chairman Burroughs asked, Commissioner McKiernan, do you have any comments. **Commissioner McKiernan** said I do not. I'll make my earlier motion again.

Action: **Commissioner McKiernan made a motion, seconded by Commissioner Townsend, to approve.** Roll call was taken and there were four "Ayes," Bryant, Townsend, McKiernan, Burroughs and one "no," Murguia.

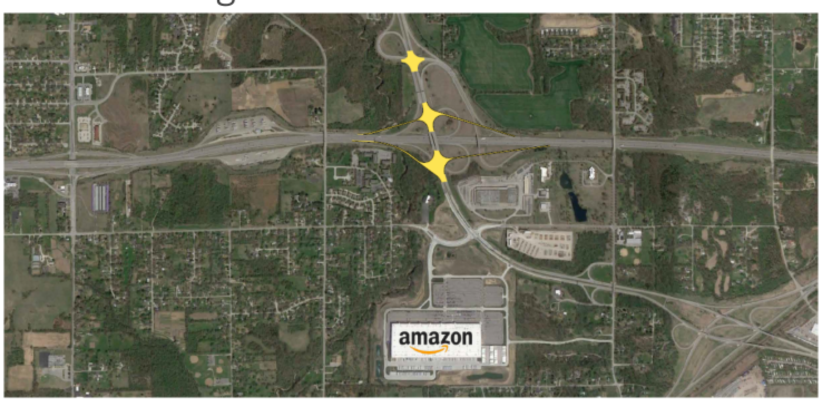
Item No. 5 – 19755…RESOLUTION: TURNER LOGISTICS IRB'S

Synopsis: A resolution regarding the UG's intent to issue $155M of IRB's for the Turner Logistics Center for the benefit of NorthPoint Development, LLC, submitted by Katherine Carttar, Director of Economic Development.

Katherine Carttar, Director of Economic Development, said this is the Turner Logistics Center. This was the development agreement that was in front of you all last month. Brent Miles from NorthPoint Development was here. We went through a very detailed and exact presentation about what the program looks like and what the project is, and everything involved. I am going to give just a very brief overview, particularly for the folks watching at home, just so they know what we're talking about. At a high level, the two action items tonight, both No. 5 and No. 6, have to do with the Turner Logistics Center. These are items that you approved in concept and in theory in the development agreement and then this is the actual resolutions that would come through.

The Turner Diagonal, I think everyone knows that is an interchange that has not worked for nearly 40 years. It's a lot of concrete. It's provides a lot of maintenance. It's really just kind of a convoluted spaghetti mess of ramps. We are really excited to have had the opportunity to announce a grant through the federal government, a BUILD Grant through the Federal Highway Administration and we are partnering—that was $13.8M and we're parenting with KDOT and KTA as well as NorthPoint Development is also putting in $1.5M into getting this nice, new, very easy to work with interchange built. This is something that through construction it will be a bit of annoyance, but we're going to make this as fast as possible to get it open. Once it is done, it not only will be better for multi-mobile transportation, so if you are trying to cross I-70 as a pedestrian or a bicyclist or even as a—in an automobile, this will be far more straightforward to do so as well as a much easier way for our truck traffic here with Amazon, there to the south as well as the new NorthPoint Development to the north to get on and off the highway without disrupting neighborhoods surrounding.

Turner Logistics Center



Turner Logistics Center – Deal Points

INDUSTRIAL REVENUE BONDS

- 100% abatement of ad valorem property taxes for each building for 10 years

PAYMENT IN LIEU OF TAXES (PILOT) PAYMENTS

- Schedule starts at $0.14/sf in year 1 and increases annually until $0.48/sf in year 14
- PILOT payments provide new revenue to effectively reimburse the UG for the infrastructure investment
- Education Systems (Turner USD 202 and KCKCC) start benefiting from year 1
  - A total of $2.7 million by year 10
  - Nearly $2 million annually when abatements expire

MINIMUM BUILDING REQUIREMENT

- 1,000,000 square feet
- Built within 5 years

What you have in front of you as a resolution tonight is the intent to issue $155M in IRB Industrial Revenue Bonds. This is nicely timed for Kathleen's earlier presentation about how the Industrial Revenue Bonds worked. This is not something that we are providing. This is merely the $155M is a pass-through. What we are providing them is through the IRB structure, is 100% abatement, but with a PILOT payment. That ends up being—over the course of the PILOT payments, Payments In Lieu of Taxes changes every year. It starts at a relatively low rate of $0.14 per square foot, which is about an 85% abatement for that first year.

The goal with that is to get as many people interested and kind of front loan this so they can—NorthPoint can start building and we can get this moving as fast as possible so that not only do we see the fruits of that labor earlier, but also, we get the jobs and all that. With each year it increases to year 14 where you're at $0.48 per square foot so on average it's about a 75% abatement, which is in line with the IRB policy.

Additionally, the PILOT payments do get split between all of the taxing jurisdictions. During this time the Turner School District and the community college will be receiving funding and certainly at the end of each 10-year, so a nice bump as will the Unified Government.

BPU Board Member Bryant said I just want clarification. I think I'm still a little fuzzy on the PILOT payments, the $0.14 cents per square foot per year. Does that start at the end of construction of one of the buildings and goes 14 years per building? **Ms. Carttar** said so no, it does not, but great question. Each building is—so an IRB can only be 10 years. We'll looking at a universal for all of the entire project the first year is 14 and then it increases, so by the time they build their seventh or eighth building, if they're in year 14, then they're starting with the first year of paying $0.48 per square foot.

Joe Steineger, 121 N. 63rd St., KCK, said what we're talking about here is my home. It's where I grew up. It's now owned by my daughter and son owns the land. Really, what I'd like to find out is we've had a parade of real estate companies contact us about the item. I really don't want to sell it to some realtor who will make a lot of money off of me. I'd like to sell either to the state of Kansas or the federal or whoever is going to build this thing. We're really not sure what the whole plan is. We know—we're talking about a diamond off I-70 and a Turner Diagonal exit off of I-70 that runs right along our property line. We'd like to know more about what's going on, what we can expect, and who we're dealing with. I appreciate the opportunity to ask those questions.

It's good to be back at City Hall again. I see it's still the same kind of going on that I did for eight years. I appreciate all of the work each of you are doing and I'm proud of what's happened to our city and I think you all have done. Of course, the commissioners have done a terrific job. That's really the only question I have.

Chairman Burroughs said thank you Mr. Steineger. I believe staff can address those concerns and would be willing to sit down and have that discussion with you. If you have any questions, Mr. Steineger, I believe Ms. Carttar can make herself available after the meeting and you two can get together and discuss the project as it's projected. I just want to say thank you for your leadership over the years for our great community and it's always a pleasure. I respect the quality of individual you are in representing our community, Mr. Steineger. **Mr. Steineger** said thank you. I loved it, I loved the job, I enjoyed it. I'm proud of what we've got out west, the Legends and stuff. It was a just a dream alive when I was Mayor. I'm truly proud of that. Thank you all very much.

Commissioner Murguia said, Mr. Steineger, thank you so much for coming and asking about this project. Since you called me, I have been working on this. Katherine, I have relayed Mr. Steineger's concern to our County Administrator, Doug Bach. He has been working on this to try to figure out what's going on. If you could get with Mr. Steineger also and Administrator Bach, he is aware of what his concerns are.

Chairman Burroughs said I believe we will get that information as requested and get that meeting scheduled. That will be great and the respectable thing to do.

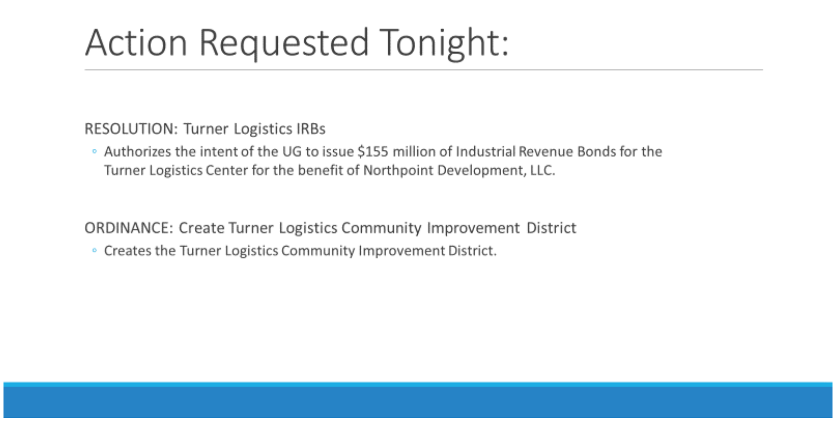
BPU Board Member Bryant said the motion is to hold a public hearing, right? **Ms. Carttar** said no. This authorizes the intent of the UG to issue the bonds. We would have to come back to actually issue them, but this is just saying intent. **BPU Board Member Bryant** said I was just looking at the tracking number and it says action requested to hold a public hearing. **Chairman Burroughs** said that's a misprint. I do see where you're seeing that action requested to hold a public hearing. **Ms. Carttar** said you don't need a public hearing for an IRB. **BPU Board Member Bryant** said you just need a motion to—**Ms. Carttar** said approve the resolution.

Chairman Burroughs said the resolution of intent. **Ms. Carttar** said part of this resolution when it comes before the full Commission will be a public hearing on the 13th. Sorry about that. **BPU Board Member Bryant** said we have to separate the two since it's being brought as Item No. 5 and Item No. 6. **Ms. Carttar** said Item No. 6 is a separate item. **Chairman Burroughs** said point of clarification. We're going to make the motion to issue with the resolution with the intent to issue the IRBs of $155M. During that resolution there will be a public hearing.

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

Item No. 6 – 19759…ORDINANCE: CREATE TURNER LOGISTICS COMMUNITY IMPROVEMENT DISTRICT

Synopsis: An ordinance creating the Turner Logistics Community Improvement District (CID), submitted by Katherine Carttar, Director of Economic Development.



Katherine Carttar, Director of Economic Development, said the CID in this case, is kind of an interesting—I don't know if we've done it quite like this before, but really, we're using this as a safeguard for the Unified Government. Part of the deal with the infrastructure is that the Unified Government is putting in—our portion of the contribution is $7.5M. We're putting in $7.5M, KDOT is putting in $7.5M, NorthPoint is putting in $1.5M, and the federal government is putting in about $14M. One of the things that we did when structuring this is we want to ensure that we are paid back for all of that upfront cost. We're kind of fronting this cost for this infrastructure and plan to be paid all of that back. If all goes according to plan, and NorthPoint meets their bare minimum, their minimum building requirement, which is in the development agreement of 1 million square feet in five years, then that will ensure that we meet that $7.5M through the Industrial Revenue Bond structure.

Now, if they do not meet this or if they do not build one million square feet by January 1st of 2025, then that will trigger this CID. We figure it's best to have this in place just ahead of time so, hopefully, we never have to use it, but if we do, it's already to go and in that case, there would be special assessments so that we would then fill in whatever gaps so that we get to that $7.5M. One way or another we're getting our money back with this project.

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

Adjourn

Chairman Burroughs adjourned the meeting at 6:45 p.m.

tk