ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, July 8, 2019

The meeting of the Economic Development and Finance Standing Committee was held on Monday, July 8, 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, Townsend, Bynum for Murguia; Walters, and Jeff Bryant, BPU Board Member. Commissioner Murguia was absent. The following officials were also in attendance: Gordon Criswell and Alan Howze, Assistant County Administrators; Patrick Waters, Senior Attorney; Reginald Lindsay, Budget Director; 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.

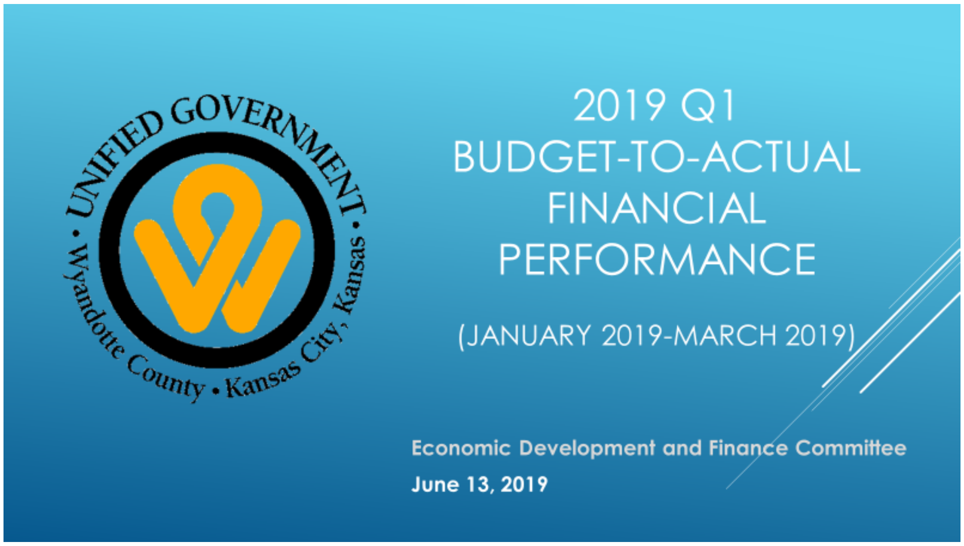
Chairman Burroughs said there are no revisions to tonight's agenda.

Approval of standing committee minutes from April 29, 2019. **On motion of Commissioner McKiernan, seconded by BPU Board Member Bryant, the minutes were approved.** Motion carried unanimously.

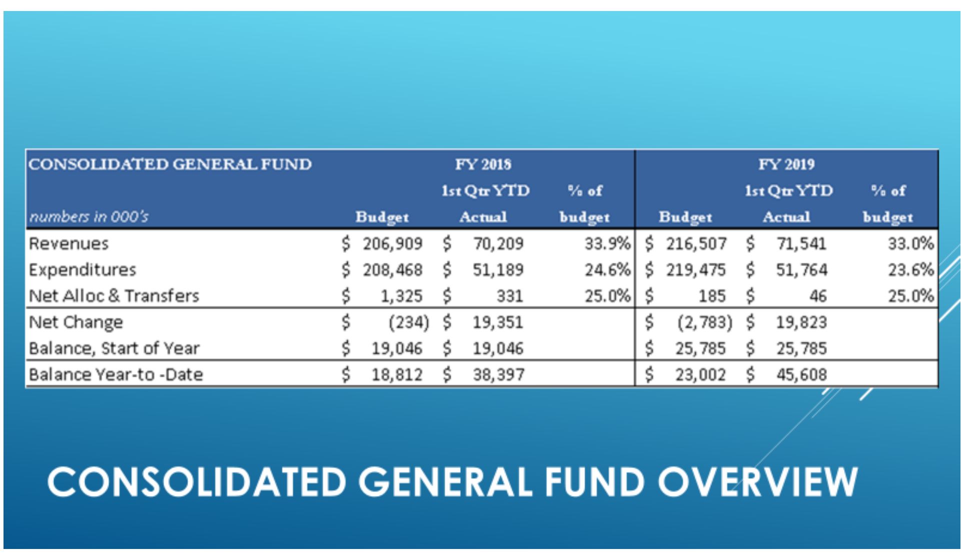
Committee Agenda:

Item No. 1 – 19846…REPORT: FIRST QUARTER BUDGET TO ACTUALS

Synopsis: First Quarter 2019 Budget to Actuals Report, submitted by Kathleen VonAchen, Chief Financial Officer; and Reginald Lindsey, Budget Manager.



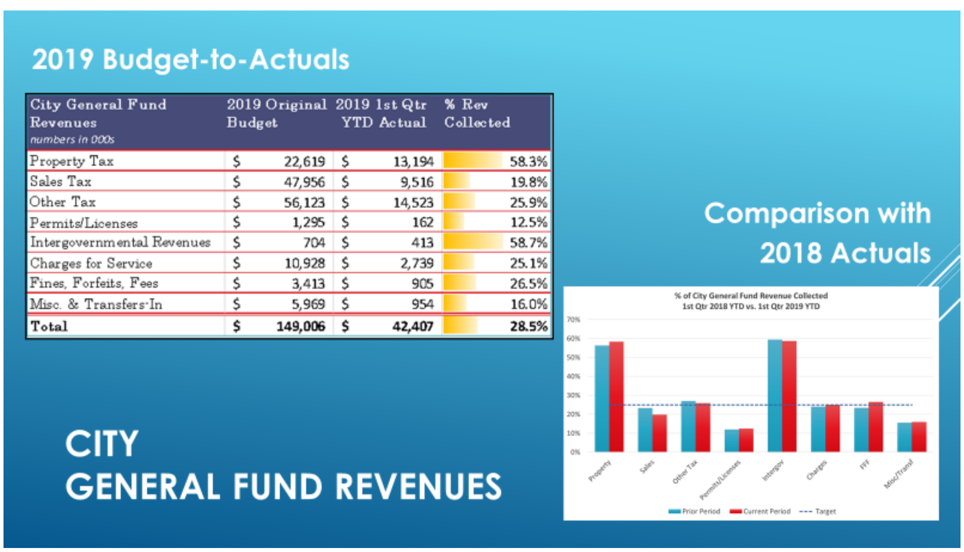
Kathleen VonAchen, Chief Financial Officer, said we're bringing to you the first quarter report which outlines the level of revenue and expenditures that occurred between January and the end of March. That seems like the end of March was a while ago, but it takes us awhile to close the financial transactions of the given months and then prepare this report and then there's a little bit of lead time with preparing this document for all of you to review before it comes before the committee. Ideally, we would like to be able to streamline that a little bit more, but right now we've got the first quarter here in front of you. Later on this evening, we will be providing you with up-to-date, year-to-date information regarding our revenue and expenditures through the end of May in order to give you a snapshot of where were sitting financially in the current fiscal year, but that will be part of our budget workshop that is following this meeting.



CONSOLIDATED GENERAL FUND	FY 2018			FY 2019		
		1st Qtr YTD	% of		1st Qtr YTD	% of
numbers in 000's	Budget	Actual	budget	Budget	Actual	budget
Revenues	$ 206,909	$ 70,209	33.9%	$ 216,507	$ 71,541	33.0%
Expenditures	$ 208,468	$ 51,189	24.6%	$ 219,475	$ 51,764	23.6%
Net Alloc & Transfers	$ 1,325	$ 331	25.0%	$ 185	$ 46	25.0%
Net Change	$ (234)	$ 19,351		$ (2,783)	$ 19,823	
Balance, Start of Year	$ 19,046	$ 19,046		$ 25,785	$ 25,785	
Balance Year-to -Date	$ 18,812	$ 38,397		$ 23,002	$ 45,608	

We typically start off with a review of the Consolidated General Fund and then we move into revenues and then my Budget Director, Reginald Lindsay, will talk about the expenditure side as well as the financial status of all the other UG funds. Right now, through the end of March which represents 25% of the fiscal year, we are sitting with a fund balance of $45M. Now, that seems like a whole of lot money, but we must remember in the first month of the fiscal year we collect ½ of the total property taxes for that given calendar years fiscal transaction. Typically, at this point, we have a high level of liquidity which is demonstrated if you compare to the same period last year which was at roughly $38M. We budgeted revenues of $216M coming in and we have collected $71M, that compares well with the prior year which was at $70M. On the expenditure side, we budgeted $219M, $51M has been spent year to day. That's below the 25% target and is in line with how much we spent last year also at $51M.

Just a reminder, this is the original budget, not the amended budget that we presented to all of you last week. The original budget had a net margin difference of $2.7M. That means that's the amount we are going to be taking from fund balance if we were to collect that amount of revenue and expenditures as budgeted. This is the entire consolidated budget, it includes city, county, and the parks.



City General Fund Revenues *numbers in 000s*	2019 Original Budget	2019 1st Qtr YTD Actual	% Rev Collected
Property Tax	$ 22,619	$ 13,194	58.3%
Sales Tax	$ 47,956	$ 9,516	19.8%
Other Tax	$ 56,123	$ 14,523	25.9%
Permits/Licenses	$ 1,295	$ 162	12.5%
Intergovernmental Revenues	$ 704	$ 413	58.7%
Charges for Service	$ 10,928	$ 2,739	25.1%
Fines, Forfeits, Fees	$ 3,413	$ 905	26.5%
Misc. & Transfers-In	$ 5,969	$ 954	16.0%
Total	**$ 149,006**	**$ 42,407**	**28.5%**

What we're going to talk about briefly are the revenues for the City and County General Funds. This one is the City General Fund. This presentation shows Budget-to-Actual. This column is how much we have budgeted in these various revenue sources in the original budget. As you can see, as I mentioned, 58% of the total property tax budget was collected in the first month or two of the fiscal year. That's why we have 58%, it's at 58% instead of 25%. If all of the revenues came in at the same time or the same level every month, it would be roughly 25%, but since there's seasonality and depending on the revenue source, those percentages change.

Sales Tax typically does have a little bit of seasonality peeks and flows that keeps, but for the most part it is pretty constant from one month to the next. As you can see, $47.9M was estimated to be received for the entire year from sales and use taxes, both sales and use taxes, and through the end of March we only collected $5.9M which represents roughly 19.8% or 20%. Ideally, if those monies were coming in at a regular stream month over month, that would be roughly 25%, not 19% or 20%, so you can see there's a little bit of shortfall there or a lower performance and we're going to talk about that a little bit more in more detail actually in the coming budget workshop, but this is just a snapshot through the end of March. Other taxes are performing as expected. This one is at 25%. Other taxes include franchise taxes and motor vehicle registration and a variety of other taxes.

Licenses are a little down. Sometimes that does depend on seasonality especially with building permits that will be happening later in the spring.

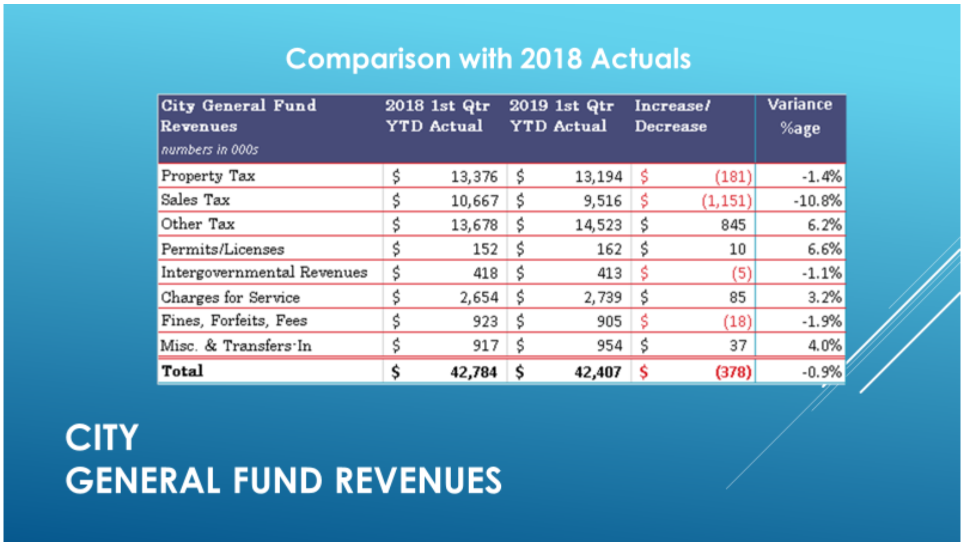
Intergovernmental revenues are wholly dependent on when we receive the money from the governmental agency.

Charges for services, the largest portion is trash and trash services. Those are pretty constant throughout the year and they are at 25%.

Fine and Fees are performing as expected.

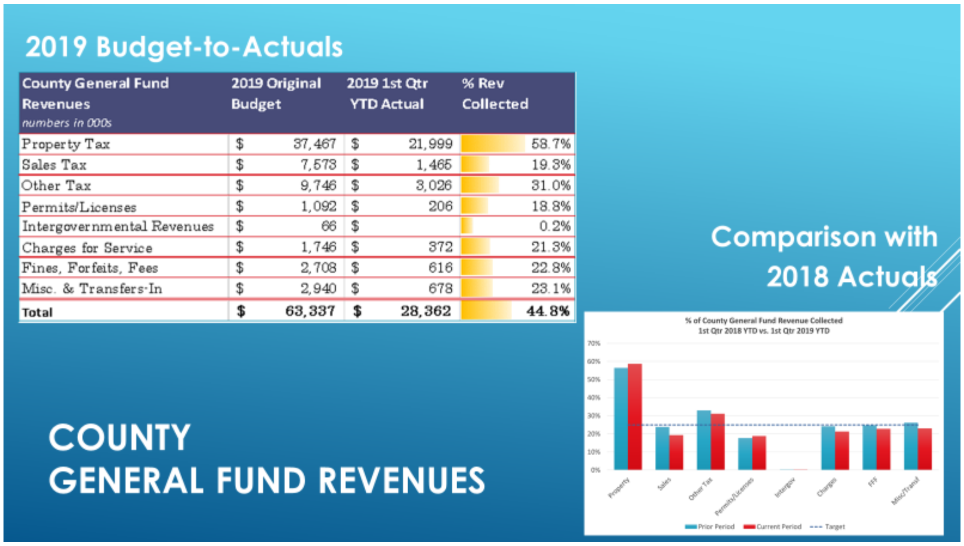
Miscellaneous and Transfers, those are sort of dependent on when the actual transfers are done in our financial system so they vary from month to month.

This is a chart that kind of outlines how graphically the information here. The blue illustrates the level of collection in this same quarter of last year. The red represents the amount uncollected this year in that same quarter. You can see that property tax is higher, the collection level is higher than it was at this point last year. Naturally, that's because assessed value improved. Sales tax though is down, the red bar is below the blue, quite substantially, which we'll talk about. Other taxes are a little bit more down from the prior year.



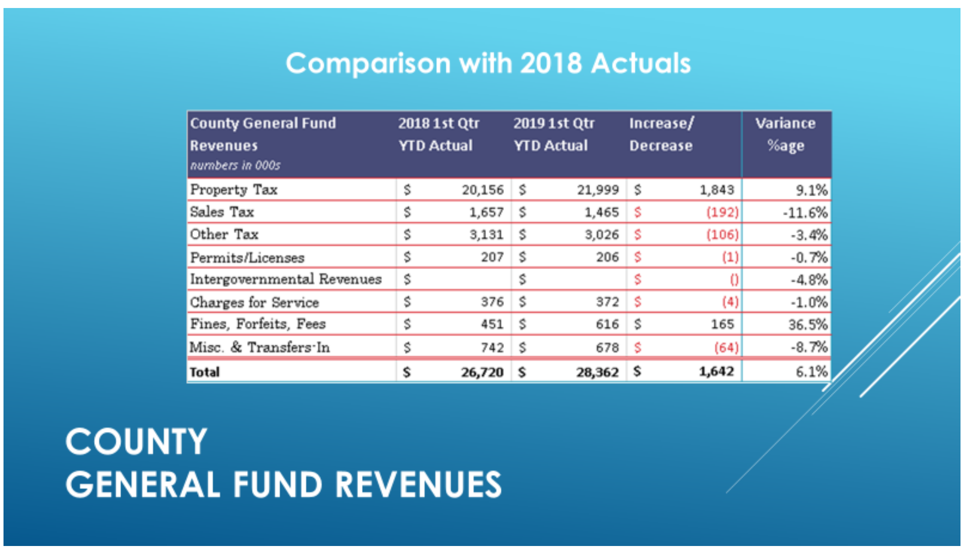
City General Fund Revenues numbers in 000s	2018 1st Qtr YTD Actual	2019 1st Qtr YTD Actual	Increase/ Decrease	Variance %age
Property Tax	$ 13,376	$ 13,194	$ (181)	-1.4%
Sales Tax	$ 10,667	$ 9,516	$ (1,151)	-10.8%
Other Tax	$ 13,678	$ 14,523	$ 845	6.2%
Permits/Licenses	$ 152	$ 162	$ 10	6.6%
Intergovernmental Revenues	$ 418	$ 413	$ (5)	-1.1%
Charges for Service	$ 2,654	$ 2,739	$ 85	3.2%
Fines, Forfeits, Fees	$ 923	$ 905	$ (18)	-1.9%
Misc. & Transfers-In	$ 917	$ 954	$ 37	4.0%
Total	**$ 42,784**	**$ 42,407**	**$ (378)**	-0.9%

The data in this quarter of a quarter comparison is—the actual data for that graph is demonstrated in this chart year. You can see property taxes compared with the prior year we've collected about $181K less than we did at the same period last year, but the largest one is sales tax. We've collected $1.15M less in this quarter than we did in the same period last year. I did want to point out that when we were looking at the distributions from the state, as I mentioned in the prior meeting, the performance of retail sales activity in the first six months of 2018 was very significant. It was substantially higher than it was in the prior 2017 period. It's odd because we saw kind of a steady growth through '17, a big bump at the beginning of '18, then a dramatic drop in the end of '18. When you're making these comparisons, you have to kind of keep that in mind because this amount in '18, the $10M in '18, we're basically collecting more than we anticipated during that period, but now the same period in '19 we're now collecting less than we anticipated in that period. It kind of exaggerates or makes this data seem even greater than it may be. The causes for the sales tax performance we're going to discuss in more detail in the upcoming budget workshop. This is, again, a snapshot just through March.



County General Fund Revenues *numbers in 000s*	2019 Original Budget		2019 1st Qtr YTD Actual		% Rev Collected
Property Tax	$	37,467	$	21,999	58.7%
Sales Tax	$	7,573	$	1,465	19.3%
Other Tax	$	9,746	$	3,026	31.0%
Permits/Licenses	$	1,092	$	206	18.8%
Intergovernmental Revenues	$	66	$		0.2%
Charges for Service	$	1,746	$	372	21.3%
Fines, Forfeits, Fees	$	2,708	$	616	22.8%
Misc. & Transfers-In	$	2,940	$	678	23.1%
Total	**$**	**63,337**	**$**	**28,362**	**44.8%**

The county revenues which are much more dependent on property taxes are doing better. Again, property tax we've collected 58% of that revenue source. The sales tax, again, is at 19% of what we anticipated in the original budget, but overall total collections are at 44% or 45% of the total.

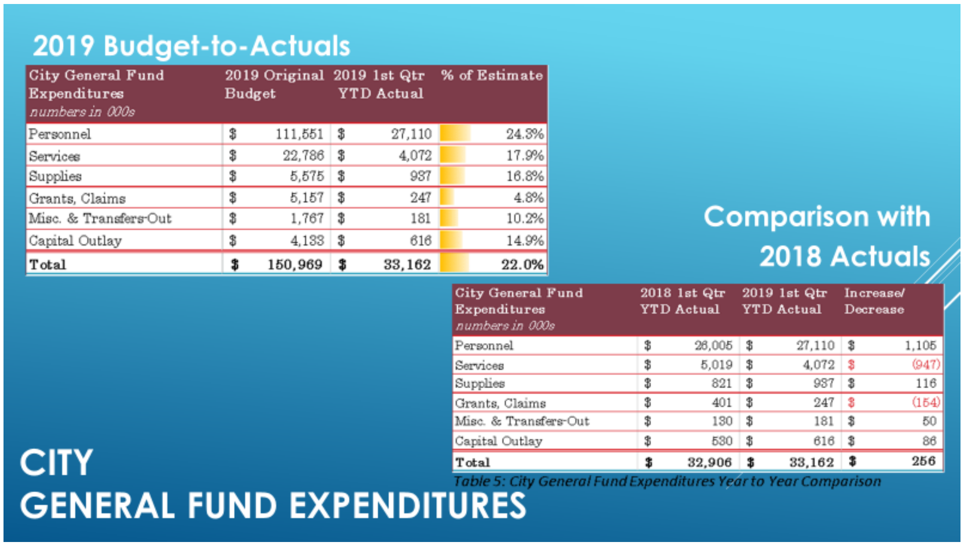


County General Fund Revenues *numbers in 000s*	2018 1st Qtr YTD Actual		2019 1st Qtr YTD Actual		Increase/ Decrease		Variance %age
Property Tax	$	20,156	$	21,999	$	1,843	9.1%
Sales Tax	$	1,657	$	1,465	$	(192)	-11.6%
Other Tax	$	3,131	$	3,026	$	(106)	-3.4%
Permits/Licenses	$	207	$	206	$	(1)	-0.7%
Intergovernmental Revenues	$		$		$	()	-4.8%
Charges for Service	$	376	$	372	$	(4)	-1.0%
Fines, Forfeits, Fees	$	451	$	616	$	165	36.5%
Misc. & Transfers-In	$	742	$	678	$	(64)	-8.7%
Total	**$**	**26,720**	**$**	**28,362**	**$**	**1,642**	6.1%

Similar figures presented for the county compared with the same quarter performance of the prior year. Any questions on the revenues before I pitch it over to Reggie for the expenditure side?

BPU Board Member Bryant said not so much a question, it's just a reminder that I feel it's my responsibility to remind the Commission that I know that you're going into budget, and I know the PILOT fee is always on your mind. This year looking at the numbers on our spreadsheet at BPU, the PILOT is projected to gather over $30M in revenue this year for the Unified

Government. I know that you guys have had the PILOT rate at 11.99% for a while now. I would ask that you take a very close look at that, the availability of maybe lowering that, considering the valuations have gone up so revenue has, hopefully, been a little bit better. That's my plug for the year.



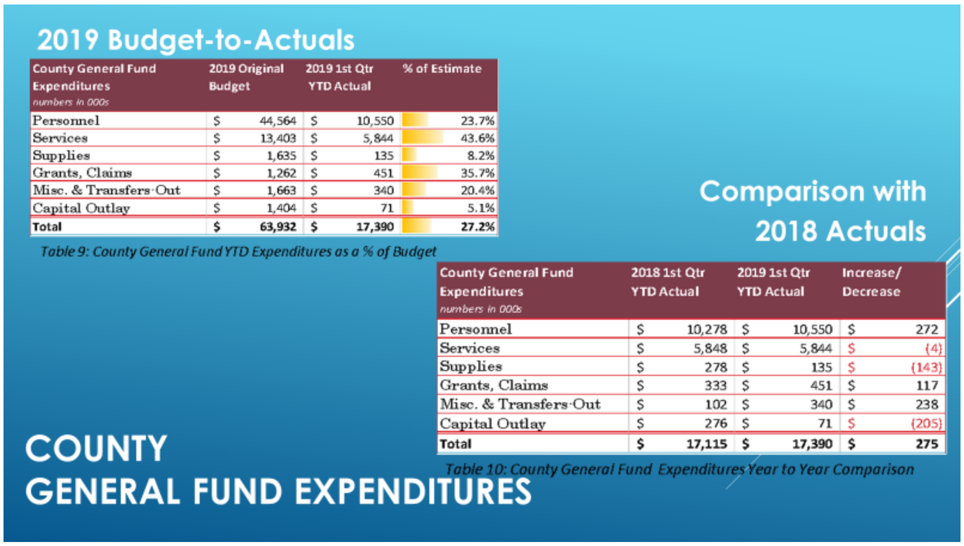
City General Fund Expenditures *numbers in 000s*	2019 Original Budget	2019 1st Qtr YTD Actual	% of Estimate
Personnel	$ 111,551	$ 27,110	24.3%
Services	$ 22,786	$ 4,072	17.9%
Supplies	$ 5,575	$ 937	16.8%
Grants, Claims	$ 5,157	$ 247	4.8%
Misc. & Transfers-Out	$ 1,767	$ 181	10.2%
Capital Outlay	$ 4,133	$ 616	14.9%
Total	**$ 150,969**	**$ 33,162**	**22.0%**

City General Fund Expenditures *numbers in 000s*	2018 1st Qtr YTD Actual	2019 1st Qtr YTD Actual	Increase/ Decrease
Personnel	$ 26,005	$ 27,110	$ 1,105
Services	$ 5,019	$ 4,072	$ (947)
Supplies	$ 821	$ 937	$ 116
Grants, Claims	$ 401	$ 247	$ (154)
Misc. & Transfers-Out	$ 130	$ 181	$ 50
Capital Outlay	$ 530	$ 616	$ 86
Total	**$ 32,906**	**$ 33,162**	**$ 256**

Table 5: City General Fund Expenditures Year to Year Comparison

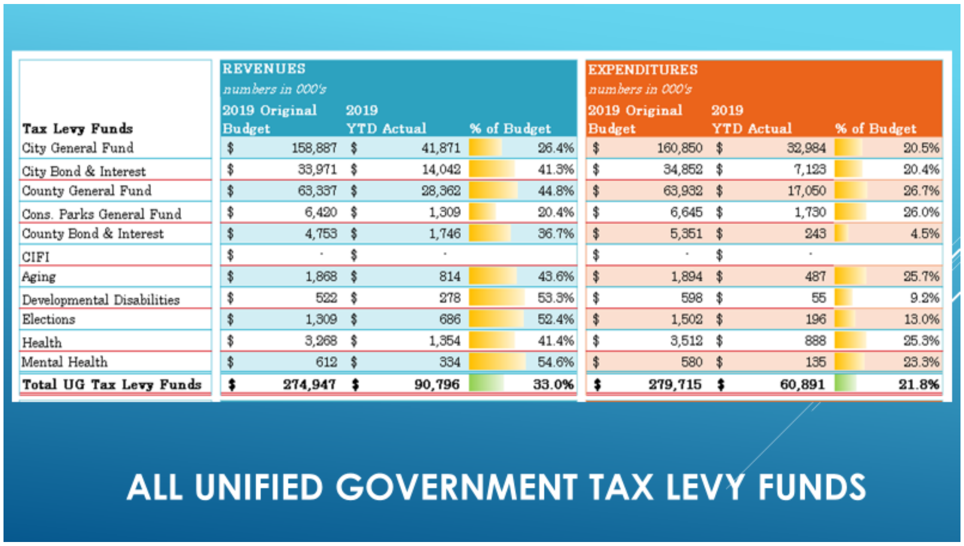
Reginald Lindsay, Budget Director, said I'm going to touch on the expenditures for the City General Fund. Basically, what we have here are two views. We have Budget-to-Actuals up here in the left-hand corner that compares into the original budget and what we spent year-to-date and then down here in the left-hand corner we have year over year of what we spent in 2019 compared to 2018. Up here in the Budget-to-Actuals comparing this year's budget to what we spent so far this year, kind of what Kathleen talked about. She touched on 25% for the revenues where we want to be over that, but on the expenditure side we want to be 25% under on budget. Basically, here you can see in Personnel, we are right at 24%. Basically, here in Personnel we have our expenditure for salaries, benefits, and overtime that the employees get paid.

In Services, you can see we're at almost 18%. Here in the services we pay for things like our transit contract, our trash contract, those are some of the big contracts here. The supplies you see are almost 17%. Here we pay for things like our natural gas, our fuel, and vehicle parts. You can see just overall in the City General Fund on the expenditure side we are at 22%. If we go down and compare it to 2018 Actuals, we can see that we have spent a little bit more in Personnel and that's because our personnel expenses are running more this year. In Services we are spending a little bit less. Basically, we did cutback some expenditures so that's one of the reasons we're spending less. Supplies, we have spent a little bit more. One of the things going on here is the fuel costs. You can see overall, down here at the bottom, we spent $256,000 more dollars year-to-date then we spent in 2018.



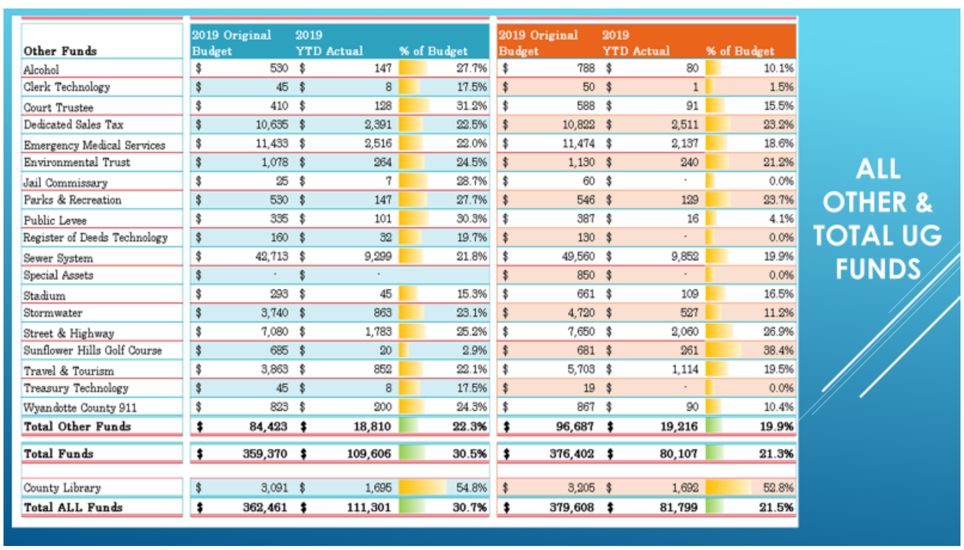
Moving on to the County General Fund. Again, we have two different views. One that compares the 2019 to what we've actually spent and then also a comparison of the 2019 Budget to what we spent in 2018 at this time last year. Rule of thumb, here again we want to be 25% under budget, but we can see here that we're a little bit over 27%. We can see in Personnel we're under 25% where here in Services it's kind of where we kick up at 43%. Basically, what's going on there is we have inmate house, inmate medical, and it's kind of ticked up this year so that's where we're up there. Supplies you can see we haven't spent all the money here. We've got like 8.2%. Then grant's and claims, these are basically grant payments that go out at the beginning of the year, so a lot of the money gets spent up there first so that's why we're over the 25%.

Down here we can see as we compare year-to-date what we spent in 2018 to 2019, we are a little up in Personnel. Basically, what's going on there is just Personnel costs do go up. Services, not too much more and then in supplies we are $143,000 less right now. Our Grants and Claims are $117,000 more. Overall, in this category in the General Fund, we are at $275,000 above what we spent in 2018 actuals.



Tax Levy Funds	REVENUES numbers in 000's 2019 Original Budget	2019 YTD Actual	% of Budget	EXPENDITURES numbers in 000's 2019 Original Budget	2019 YTD Actual	% of Budget
City General Fund	$ 158,887	$ 41,871	26.4%	$ 160,850	$ 32,984	20.5%
City Bond & Interest	$ 33,971	$ 14,042	41.3%	$ 34,852	$ 7,123	20.4%
County General Fund	$ 63,337	$ 28,362	44.8%	$ 63,932	$ 17,050	26.7%
Cons. Parks General Fund	$ 6,420	$ 1,309	20.4%	$ 6,645	$ 1,730	26.0%
County Bond & Interest	$ 4,753	$ 1,746	36.7%	$ 5,351	$ 243	4.5%
CIFI	$ -	$ -		$ -	$ -	
Aging	$ 1,868	$ 814	43.6%	$ 1,894	$ 487	25.7%
Developmental Disabilities	$ 522	$ 278	53.3%	$ 598	$ 55	9.2%
Elections	$ 1,309	$ 686	52.4%	$ 1,502	$ 196	13.0%
Health	$ 3,268	$ 1,354	41.4%	$ 3,512	$ 888	25.3%
Mental Health	$ 612	$ 334	54.6%	$ 580	$ 135	23.3%
Total UG Tax Levy Funds	**$ 274,947**	**$ 90,796**	**33.0%**	**$ 279,715**	**$ 60,891**	**21.8%**

This slide gives us a snapshot of revenue expenditures for our other nine tax levy funds. Basically, here on the left-hand side we have the revenues where we want to be over 25% and then here we have the expenditures where we want to be under 25%. We can see basically here on the revenue side with the other tax levy funds we're at 33% collection. Again, over here at the expenditures were at 21%. We look to be at under 25% here at this time of the year.



Other Funds	2019 Original Budget	2019 YTD Actual	% of Budget	2019 Original Budget	2019 YTD Actual	% of Budget
Alcohol	$ 530	$ 147	27.7%	$ 788	$ 80	10.1%
Clerk Technology	$ 45	$ 8	17.5%	$ 50	$ 1	1.5%
Court Trustee	$ 410	$ 128	31.2%	$ 588	$ 91	15.5%
Dedicated Sales Tax	$ 10,635	$ 2,391	22.5%	$ 10,822	$ 2,511	23.2%
Emergency Medical Services	$ 11,433	$ 2,516	22.0%	$ 11,474	$ 2,137	18.6%
Environmental Trust	$ 1,078	$ 264	24.5%	$ 1,130	$ 240	21.2%
Jail Commissary	$ 25	$ 7	28.7%	$ 60	$ -	0.0%
Parks & Recreation	$ 530	$ 147	27.7%	$ 546	$ 129	23.7%
Public Levee	$ 335	$ 101	30.3%	$ 387	$ 16	4.1%
Register of Deeds Technology	$ 160	$ 32	19.7%	$ 130	$ -	0.0%
Sewer System	$ 42,713	$ 9,299	21.8%	$ 49,560	$ 9,852	19.9%
Special Assets	$ -	$ -		$ 850	$ -	0.0%
Stadium	$ 293	$ 45	15.3%	$ 661	$ 109	16.5%
Stormwater	$ 3,740	$ 863	23.1%	$ 4,720	$ 527	11.2%
Street & Highway	$ 7,080	$ 1,783	25.2%	$ 7,650	$ 2,060	26.9%
Sunflower Hills Golf Course	$ 685	$ 20	2.9%	$ 681	$ 261	38.4%
Travel & Tourism	$ 3,863	$ 852	22.1%	$ 5,703	$ 1,114	19.5%
Treasury Technology	$ 45	$ 8	17.5%	$ 19	$ -	0.0%
Wyandotte County 911	$ 823	$ 200	24.3%	$ 867	$ 90	10.4%
Total Other Funds	**$ 84,423**	**$ 18,810**	**22.3%**	**$ 96,687**	**$ 19,216**	**19.9%**
Total Funds	**$ 359,370**	**$ 109,606**	**30.5%**	**$ 376,402**	**$ 80,107**	**21.3%**
County Library	$ 3,091	$ 1,695	54.8%	$ 3,205	$ 1,692	52.8%
Total ALL Funds	**$ 362,461**	**$ 111,301**	**30.7%**	**$ 379,608**	**$ 81,799**	**21.5%**

This one here is a snapshot of 20 other funds that include like our Special Revenue Funds and our Enterprise Funds. On the left side here, we have revenues again and on the right side we have expenditures. Basically, here rule of thumb, we want to be over 25% in the revenues and over here on the expenditure side we want to be below 25%. We can see we're at a little over 21%.

Michelle Franks asked is this part of the mill levy or are you going to talk about that separately? **Chairman Burroughs** said this is just an overview, just for information only. We will be working on the budget workshop after 7:00 this evening. **Ms. Franks** said we were told that we could come and voice our opinion about the mill levy and our property tax. **Chairman Burroughs** said that would probably be best to be done at 7:00 at the full budget workshop. **Ms. Franks** said okay.

Action: Information only.

Item No. 2 – 19847…REPORT: FIRST QUARTER BUDGET REVISIONS
Synopsis: First Quarter Budget Revision Report, submitted by Reginald Lindsey, Budget Manager.

Reginald Lindsey, Budget Manager, said basically what happens is when departments request to shift $10,000 or more, we have to submit a request to the County Administrator's Office. If that request is over $50,000, we have to submit a request to the Mayor and County Administrator if it is an emergency. If it's not an emergency, we have to bring it back to the Standing Committee and then it moves on to the Commission. Through Quarter 1 we had two budget revisions. One in the CKO's Office or the Knowledge Department and one at Sunflower Hills. Both were under the $50,000 threshold so they did go through the County Administrator's Office for signature and they did have the funding moved from within the departments.

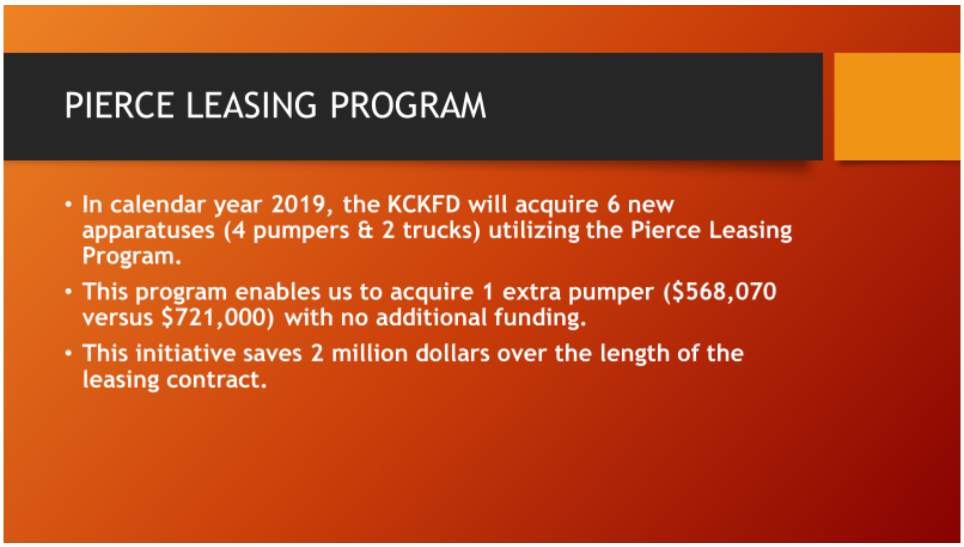
Chairman Burroughs said great, thank you. I believe that came out of the committee's request here a couple of committees' back, if I remember, a couple of meetings back we'd like to have these reports in a more timely manner so I sincerely appreciate that information coming forward.

Kathleen VonAchen, Chief Financial Officer, it's in compliance with our policy and we're trying to follow our policy more strictly. **Chairman Burroughs** said thank you.

Action: Information only.

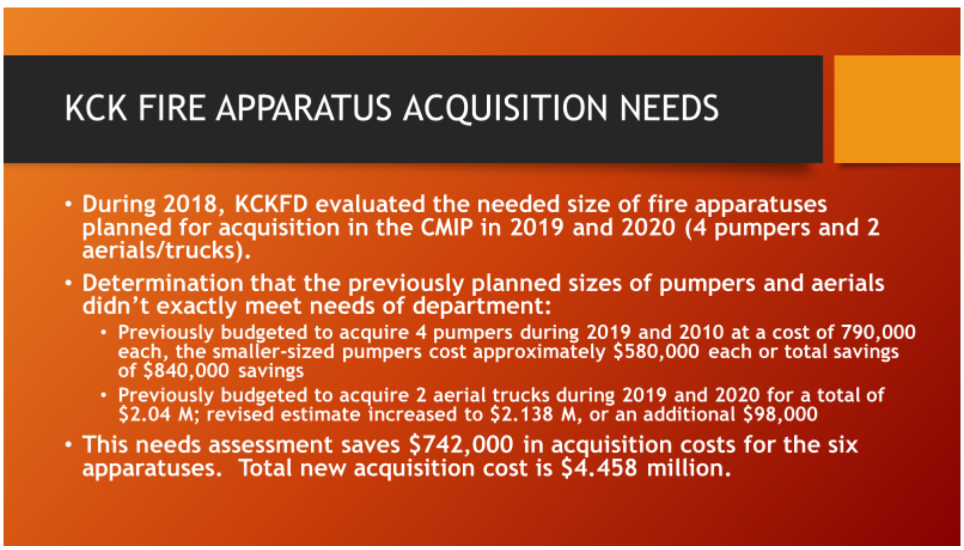
Item No. 3 – 19802…RESOLUTION: FIRE APPARTATUS LEASE PURCHASE TURN-IN AGREEMENT WITH PNC EQUIPMENT FINANCE, LLC

Synopsis: A resolution authorizing the UG to enter into one or more lease purchase agreements with PNC Equipment Finance, LLC, the proceeds of which will be used to pay the costs of acquiring six fire apparatuses, submitted by Kathleen VonAchen, Chief Financial Officer. It is requested that this item be fast tracked to the July 11, 2019 full Commission meeting.



Kathleen VonAchen, Chief Financial Officer, said joining me is Fire Chief Michael Callahan and Deputy Chief Jack Andrade. They originally came to see me back in the fall of 2018 with some ideas for reducing the acquisition costs and the financing costs of acquiring various assets to improve our performance in the fire area. Tonight's presentation, we're discussing the acquisition of two aerial trucks and four pumpers. Their idea was to basically enter into a program provided by Pierce, which is affiliated with PNC Financing Corporation. It's a Turn-In Program. We're going to talk in more detail about this turn-in lease financing or lease purchase program, but quickly, I just wanted to let you know that all of the documents in front of you which include—perform the lease agreements as well as the certificate from Pierce as required by state law and the Rider for Kansas, all of those documents are presented to you substantially in the form in which they will be signed. The authorized signatories are the Mayor and/or the County Administrator. All of the provisions for the financing in terms of the interest rate and such have already been negotiated and I'm happy to present all that kind of detail, if you're interested, but this presentation is a little more broader than that. They've also been reviewed by our external Bond Counsel, Gilmore & Bell, and internal counsel, Angela Lawson.

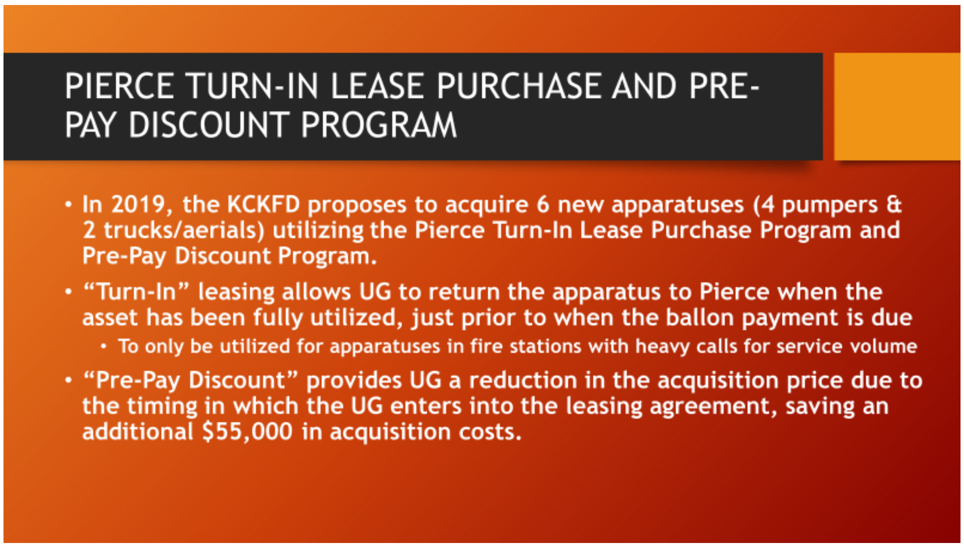
At the end of tonight what we'll be asking you to do is to take action to approve the resolution to enter into the agreement to agree to provide substantial form to allow the Mayor and the County Administrator to sign the lease agreement documents and to fast track it to Thursday, July 11th. The reason for the fast track is because at the end of this quarter, which is the second quarter, July 31st, we will no longer be able to take advantage of this prepaid discount that I'm about to talk with you about. If we waited until later on at the next Commission meeting, it wouldn't give us enough time to close and take advantage of that discount. It's roughly about a $55,000 discount. That's the reason for the fast track.



Briefly, to go over this PowerPoint, during 2018 the Kansas City, Kansas Fire Department decided to evaluate the needed size of the current fire apparatuses that are needing to be replaced. What the Chief determined is that those apparatuses that we're in the plan in the CMIP for '19 and '20, which were four pumpers and two aerials. The size of them, especially in regard to pumpers, were too large, that we could be better served by a smaller size pumper. By doing that, and the Chief is going to talk about that a little bit more, but by doing that, as I've outlined here, previously the budgeted amount to acquire the four pumpers was $790,000 each and the smaller size pumpers actually cost $580,000. That's a total saving amongst the four pumpers of $840,000. That savings is offset slightly by the need to acquire a slightly more expensive aerial truck which results in about $100,000 more than was budgeted for those two fiscal years.

Just the evaluation of the needs assessment of these assets resulted in a more appropriate sizing and a reduced cost of acquisition of $742,000. Rather than spending $5.6M on the acquisition of these assets, we're only spending $4.458M.

I want to thank the Chief for looking through this and if you have any more comments on that I'm happy to give you a chance to talk about it further. **Chief Michael Callahan** said no, you can go on.

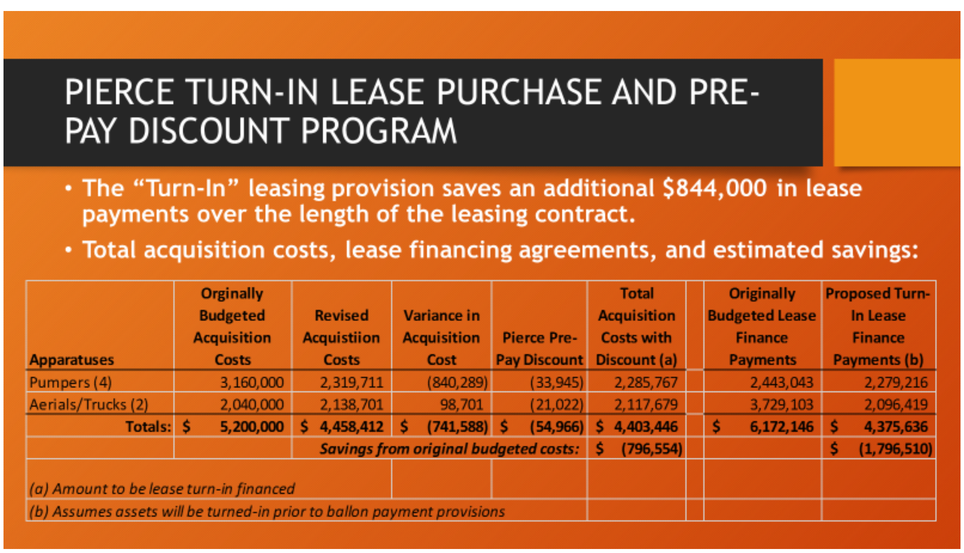


Ms. VonAchen said on top of that savings we want to talk about the Lease Turn-In and the benefits of this program. Currently, right now, when we lease equipment, we typically lease to purchase it. Something costs $1M and we're going to pay for it over 10 years and at the end of the 10 years—and we'll pay a certain loan percentage interest rate. At the end of the 10 years we own the assets and we put it into our inventory. Well, the problem is with these sorts of movable assets, especially if they're assigned to fire stations that are very busy and have a high volume of call for service, by the end of the 10 years the asset is completely exhausted and it's useful has been spent, but we're still having to dispose of the asset and the utility of that asset has diminished greatly towards the later part of it's life.

In this Lease Turn-In Program what we achieve is to finance the thing for—the asset for a shorter amount of time, but we are also financing a lessor amount than the total acquisition price. Basically, what we're doing is we're going—and this is only for the fire stations that are the busiest. Think of it that way. Those assets are used up the quickest. Those assets will be utilized over the course of say instead of 10 years, 8 years. We don't pay that extra amount in order to keep the asset at the end. That extra amount is what we're calling the balloon payment. By doing a Turn-In, we turn in the asset a few years prior to the term, we don't pay that balloon payment and as a result we're actually financing a lessor amount and still at that low rate. We don't end up with an asset that has a high maintenance cost attached to it and that we have to dispose of.

In 2019, the Kansas City, Kansas Fire Department proposed that we acquire six apparatuses. This is among their total fleet. Their total fleet is—I don't remember how many. **Chief Callahan** said 22. **Ms. VonAchen** said 22. This is just a portion of their total fleet. It's the portion that was planned to be replaced in these coming years, the '19 and '20 year and it's four. It's just the stations that have the highest volume of calls. It's the two pumpers—or the two trucks or aerials and the four pumpers. The Turn-In Lease allows the UG to return the apparatus to Pierce when the asset has been fully utilized, just prior to the balloon payment being due. In addition, there's this prepayment discount that is being offered and it has to do more with the timing of the delivery of the asset and giving us a discount if we pay ahead of time. It's an advantage that we haven't taken advantage of before. It has to do with the timing of the payment, which for the UG, we have liquidity to make the payment ahead of time rather than afterwards.

In addition to the savings from downsizing or better acquiring assets at the size that we needed, we also are doing that Pre-Payment Discount which offers us another $55,000 acquisition cost reduction.


PIERCE TURN-IN LEASE PURCHASE AND PRE-PAY DISCOUNT PROGRAM

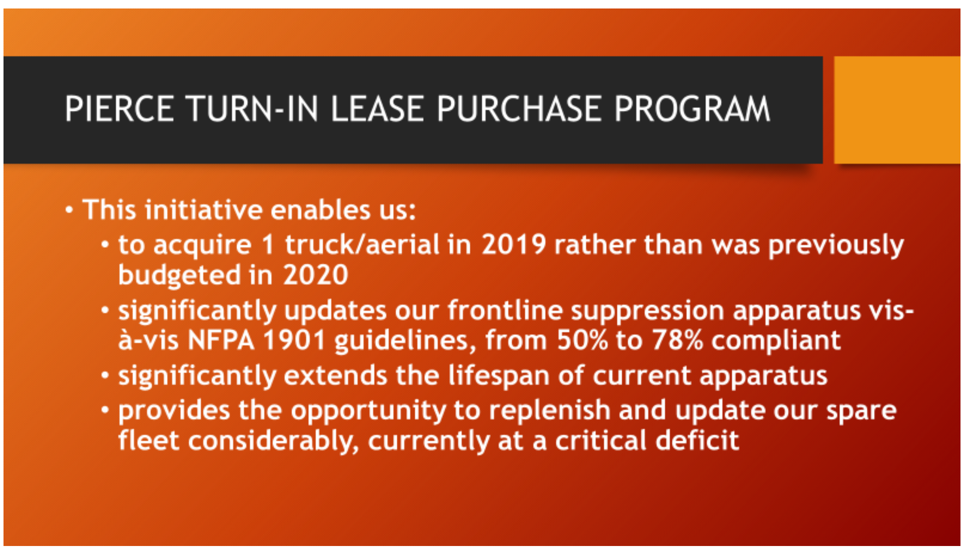
- The "Turn-In" leasing provision saves an additional $844,000 in lease payments over the length of the leasing contract.
- Total acquisition costs, lease financing agreements, and estimated savings:

Apparatuses	Orginally Budgeted Acquisition Costs	Revised Acquistiion Costs	Variance in Acquisition Cost	Pierce Pre-Pay Discount	Total Acquisition Costs with Discount (a)		Originally Budgeted Lease Finance Payments	Proposed Turn-In Lease Finance Payments (b)
Pumpers (4)	3,160,000	2,319,711	(840,289)	(33,945)	2,285,767		2,443,043	2,279,216
Aerials/Trucks (2)	2,040,000	2,138,701	98,701	(21,022)	2,117,679		3,729,103	2,096,419
Totals:	$ 5,200,000	$ 4,458,412	$ (741,588)	$ (54,966)	$ 4,403,446		$ 6,172,146	$ 4,375,636
		Savings from original budgeted costs:			$ (796,554)			$ (1,796,510)

(a) Amount to be lease turn-in financed
(b) Assumes assets will be turned-in prior to ballon payment provisions

I've provided kind of a table here that kind of outlines all the different savings by this program. The first column is how much we planned on spending on these assets during '19 and '20 which is $5.2M. By revising the size, we took a look at that and now the revised acquisition cost is $4.4M resulting in a savings of $741,000. We're taking advantage of the prepayment discount which totals $55,000. As a result, the total acquisition with the discount, the amount that we'll be financing is $4.4M and that's a savings of $796,000. Had we just leased the entire $5.2M, that first column, with our existing lease purchase program, the total payments, principal and interest, would have been $6.172M.

With this Turn-In Lease Program, not including the payment of the balloon payment, what we'll be paying is $4.375M in lease payments, which results in saving of almost $1.8M. We highly recommend that you approve this recommendation and the next slide we're going to outline some of the other benefits that the Chief wanted to share with you.



Michael Callahan, Fire Chief, said I want to thank Kathleen and her people because they did a lot of work on these numbers as you can see. When we first came forward with this proposal to the County Administration and Finance, what we're endeavoring to do is to replace a fleet that is significantly behind in the NFPA Standard 1901, which calls for frontline rigs to be replaced every 10 years and then spare apparatus to be replaced every 15 years. It's going to take our frontline compliancy from 50% NFPA compliant to 78% with this program. It's going to significantly extend the lifespan of the current apparatus in terms of the ability to get these apparatuses that we are leasing back into the hands of Pierce so they can resell them and then be replaced with brand new apparatus. We're going to take the apparatus, this is going to get a little convoluted, but we're going to take the current apparatus that are in all of the fire stations and the ones that we're going to lease are going to be put into the fire station and that current rig is going to be given to another company, another fire company. Their rig will be put into our spare fleet so that's going to give us an opportunity to replenish and update our spare fleet which is very deficient as it's currently constituted. I don't really have anything more to say unless there are further questions from the Commission.

Ms. VonAchen said I did want to point out as part of the—we did work with Purchasing and we are proceeding with this based on a piggyback with other communities in the region who are also undertaking this program and it is highly recommended by the other communities in Kansas and on the Missouri side.

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

Commissioner Townsend said, Chief, you kind of lost me on the end, provides the opportunity to replenish and update our spare fleet. My understanding was that using this lease process before the asset has totally expended it's use life. Are we turning those back in? How does this process help us update our spare fleet? **Chief Callahan** said we're not leasing vehicles for the entire Fire Department. It's a partial lease program. The vehicles that are going to be leased are for the busiest business, busiest fire engines, and fire trucks, pumpers. The rest of the rigs were still going to own. The ones that we own would become part of our spare fleet and the leased vehicles, the leased apparatus, the pumpers, and the trucks, those would go into the fire station and their current vehicle. It's like a hand-me-down program. It would go to a slower company that doesn't run as much and that vehicle and that slower company, the current vehicle, would become part of the spare fleet. We own those vehicles. The leased vehicles, obviously, we don't own them, but it's going to help us in terms of, we're giving them the companies with high run volume and they need to be replaced more cycling anyway. Does that answer your questions? **Commissioner Townsend** said yes, so the ones we already own are going to be reallocated, I don't want to say removed. **Chief Callahan** said repurposed. **Commissioner Townsend** said okay.

Ms. VonAchen said currently, just rough figures, we spend about $2M or $3M on maintenance of fire fleet. Not just the trucks, but other vehicles as well. We believe that dollar amount will decline by incorporating these new six assets into the fleet because the one's that we're currently replacing are very costly to maintain since they're so old.

BPU Board Member Bryant said I don't know if this is better for you Kathleen or Chief Callahan, it's twofold? What is the length of the lease period and what is the expected lifespan of these assets under heavy use? **Chief Callahan** said the length of the lease is going to be for pumpers, that's the ones that carries the water, eight years. For the trucks with the big ladders on them, it's ten years. In terms of life expectancy, that's dynamic, it's not a static figure because if a fire company is in a fire house and it doesn't move a lot, it's going to last a lot longer than a company that 12, 14, 20 calls a day. The NFPA standard doesn't account for that. It simply says after 10 years any fire vehicle should not be a frontline vehicle anymore. It should go into the spare fleet for the following five years and after those five years totaling 15, it should be gotten rid of. **BPU Board Member Bryant** said just so that I'm clear, 8-year lease, roughly 10 years that it can be frontline. A couple years after we are no longer paying on the lease, we will still be able to use it and then move it to a less moving or less taxing station. **Chief Callahan** said sort of. The lease vehicle, after eight years, goes back to Pierce and they give us another one. They give us another brand new one. **BPU Board Member Bryant** said we'll actually have a couple years' worth of life left on the vehicle when we give it back so that it's not completely expended. **Fire Chief Callahan** we won't have the lease. Pierce will sell that vehicle. Right around that 8-year mark is when the vehicles resale value plummets dramatically or expeditiously, whichever you want to say, so that's why Pierce wants to get it back at about the 8-year mark so their resale value remains or that there's some equity in it for them.

Roll call was taken on the motion and there were six "Ayes," Bryant, Walters, Bynum, Townsend, McKiernan, Burroughs.

Chairman Burroughs said I do have a change in the agenda. There was an opportunity earlier on in our agenda this evening for the comment on the budget presentation. There was a lady that wanted to comment on the mill levy. She was advised—I don't know where that advice came from in reference that she would be able to speak this evening, I'm going to go back to that first item and allow the lady to step forward and speak. I would advise that the next opportunity for the public comment on the budget will be July 25. That is when the next public comment will be allowed at the full commission meeting and that, again, is July 25. I do want to back up to the first part of the agenda this evening, not knowing who set out the message for you to appear this evening, but the fact that you asked to appear, I'm going to allow you the three minutes to make your comments please.

Michelle Franks, 3936 N. 108th Terr., said I'm coming on behalf of my neighborhood and some other people that are here because we feel that our property taxes are overboard. Mine are $6,300 a year, that's a lot, and I don't even have a $400,000 house. I notice we are concerned about making sure that we piggyback off of what Missouri is doing and Johnson County is doing. I lived in Missouri and with a $400,000 house my taxes were only $3,000. I would like to know why we have to pay such an excessive amount when we were told with all of the building of the Legends and etc. that the taxes would go down once these entities were paid for that we would—actually taxes would go down for the people that live here. I was born and raised in Wyandotte County. My family lives here, so I just want somebody to tell me what we can do. I've appealed it. They deny me. I don't know what to do. They said well you need to come to the mill levy meeting, so I'm here. **Chairman Burroughs** said, staff, were you able to get that request and information? Would you care to repeat what it is, the question specifically? **Ms. Franks** said my question is what can we as citizens do to get our taxes lowered? What do we need to—I mean do we need to protest. What do we need to do to get our taxes lower? They just keep increasing and I'm not the only one that's unhappy about—there are other people that are here because of that. We were told that we could come to this meeting and voice our opinion. I mean because it doesn't make sense why we have to pay the highest when we don't even have, with the exception of Sumner, we don't even have the best school district. I've lived in Park Hill and I can tell you they have a better school district and taxes are lower. Why do we have to pay such a high amount?

Chairman Burroughs said I appreciate the question and we'll get you those answers if we can have your address and your name and we'll follow up with a response and your response is well noted. I will say that city and county are only the two entities that you will pay taxes on. You also have a library, a school district, as well as other entities that have the library, the community college that have taxing authority also. I would hope that you would give consideration to appear before them and asking them also the same question. **Ms. Franks** said well, we just want to know what we can do to get them lowered. I'm sure I'm not alone.

Commissioner Townsend said I just wanted the opportunity also to thank you, Ms. Franks, and all of the others who came. Since you came to talk about the mill levy which we will be looking at later, for the last, I think, my first opportunity to vote on the mill levy was the budget for 2014 that was in 2013. We lowered it and we've continued to lower the mill levy. That's what this body can do. As Commissioner said, there are other elective bodies that feed into that mill. Don't forget that you have other elected bodies to go and make that same appeal.

The other part is, we want to see the value of property rise so I would also say part of what you are actually paying which is really the issue, how much of taxes are you paying and that's a combination of the mill rate and the assess value. You might also want to call, apparently you have, and speak with the Assessor. If there is anything else that can be done, but I didn't want this opportunity to pass without letting you know and thank you for coming and the others that have come that this body, there's just a portion of us here, but later, have done all we can do and continue to do to either maintain or lower the taxes and that was possible because what year was this, help me out, that the STAR bonds were paid off several years ago. I understand you may be paying more taxes, but I'm paying them too. **Ms. Franks** said I'm a real estate agent so I've seen the taxes in Kansas, Johnson County and Missouri. I mean it doesn't make sense that we have to pay so much more. We have a casino, we have all the other entities that Missouri has as well. It should be that our taxes should not be that high. I shouldn't be paying double than what I would in Missouri or Johnson County, that doesn't make sense. **Commissioner Townsend** said you've done the right thing by making your concerns known. We appreciate that. I just want to let you know we're doing what we can to keep the mill rate constant or lower which we've done the last three or four years. I understand what you're talking about, your tax rate. Again, go to the assessor and the other elected bodies as well. Thank you for coming.

Item No. 4 – 19817…RESOLUTION: NRA SPECIAL PROJECT APPLICATION

Synopsis: A resolution approving an NRA Special Project Application for the renovation and revitalization of the former YMCA building at 900 North 8th Street, submitted by Katherine

Carttar, Director of Economic Development. It is requested that this item be fast tracked to the July 11, 2019 full commission meeting.

Kathleen Carttar, Director of Economic Development, said this project is the Y Lofts. We heard a little bit about this last month, but this a much more in-depth view of what this project is.

Y Lofts – Major Revitalization

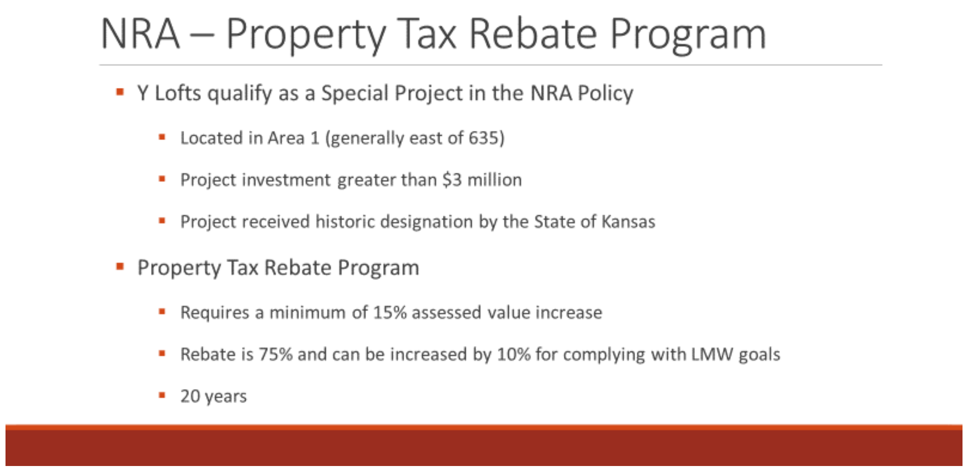
I believe most people are familiar with the YMCA building at 8th & Armstrong.

Project Highlights

- Prairie Fire Development – Kelley Hrabe, Principle
- Investment of approximately $8.9 million
- Historic Preservation Tax Credits
- Senior living (55+) development of the former YMCA building at 8th & Armstrong
- 44 units of mixed-income affordable living (between 30%-80% AMI)
- Construction to commence in September 2019
- Project completion expected in November 2020

Just a few highlights of this project. Prairie Fire Development is going to be doing the renovations Jared Nook and Rudy Manes, are in the audience if you all have any questions as we move along.

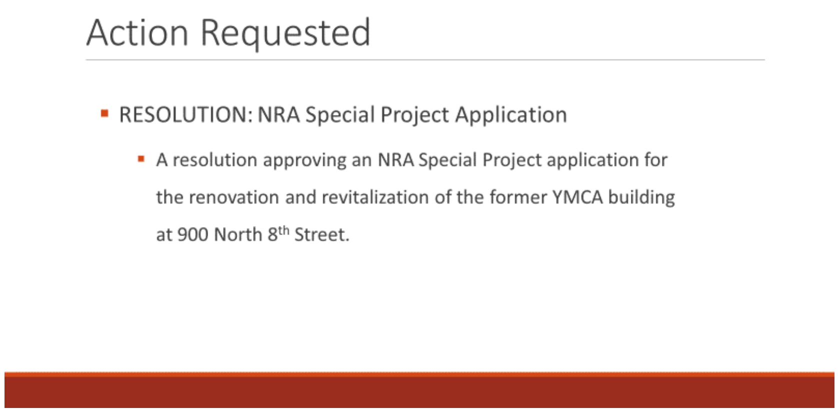
The investment is approximately $9M using Historic Preservation Tax Credits on this. It is a building that is over 100-years old. This will be a senior living and it's got 44 units and will be mixed-income, anywhere from 30% to 80% of the area medium income. They are looking to start construction in September 2019 and expect the project to be competed November 2020.



What they have applied for is the Neighborhood Revitalization Property Tax Rebate Program. They comply with all of the policy eligibility, so this is a formality going through the Commission, but because it is one of the larger projects, it does require Commission approval even though it hits all of the prerequisite eligibility requirements.

Just to kind of go through what those are. It is located in Area 1 which is a pretty large area, it’s generally east of I-635. It’s a project that’s greater than the $3M so it is in the special project area. It is also receiving historic designations and that’s within its own kind of different group.

One of the things that this rebate program will do is, assuming that the assessed value increases by a minimum of 15%, which we certainly anticipate that it will raise much more than that, then they will receive a 75% rebate that can be increased by 10% if they comply with the LMW goals that have been set for this project. It would last 20 years.



Today we are asking for approval of this resolution.

Commissioner McKiernan said I really appreciate this presentation. I just want to remind everybody that one of the things that they are asking for is a reduction of ongoing property tax to help finance the ultimate renovation of this historic building and to keep it as a non-blighting asset in our downtown that is affordable and available to seniors 55 plus. It's important to remember that because the YMCA, for all of the good work that they have done, was a not-for-profit organization. This building hasn't paid property taxes historically. Even with the rebate, this building will now pay thousands of dollars in additional taxes above and beyond what it has paid historically. It becomes a taxpaying asset in the downtown in addition to being clean, safe, and affordable places for our seniors 55 plus to live.

Action: **Commissioner McKiernan made a motion, seconded by BPU Board Member Bryant, to approve.**

Someone asked a question but was inaudible.

Ms. Carttar said I don't know yet. The way this works is that once the construction is complete then the assessor or appraiser will go out and appraise the property. We anticipate they will be paying up to 85% will not be rebated.

Commissioner Walters asked how did we come up with that rebate number if we don't really know any of the numbers. **Ms. Carttar** said well, it's all based on the assessed value. **Commissioner Walters** said I know it is. **Ms. Carttar** said you can't assess a property until it's completed.

Commissioner Townsend said they're asking for 20-year. Is this pretty much a standard period request for the rebate period? **Ms. Carttar** said yes, both the percentages and the time period are in the policy so that's where they would be coming from. **Commissioner Townsend** said as the Commissioner said, this property was formally not a taxable property.

Roll call was taken on the motion and there were six "Ayes," Bryant, Walters, Bynum, Townsend, McKiernan, Burroughs.

Chairman Burroughs said committee, I do want to remind you that we have budget committee at 7:00 p.m.

Item No. 5 – 19850…ORDINANCE/RESOLUTION: HOME RULE ECONOMIC DEVELOPMENT INCENTIVE AND DEVELOPMENT AGREEMENT FOR THE BOULEVARD LOFTS PROJECT

Synopsis: Ordinance and Resolution approving and adopting a Home Rule Economic Development Incentive and adopting the development agreement for the Boulevard Lofts Project, submitted by Katherine Carttar, Director of Economic Development.

Boulevard Lofts

Kathleen Carttar, Director of Economic Development, said some of you may have attended the groundbreaking just a few weeks ago. This is a project that is located on Washington between 7th & 8th. The project is approximately an $11M investment, 50 units of mixed-income living. They're using Affordable Housing Tax Credits. About 80% of the units will be income restricted while 20% are market rate. Construction is to commence this month and they are anticipating a project completion in the late summer of 2020.

Project Highlights

- Co-developers: Prairie Fire Development & CHWC
- Located on Washington Boulevard between 7th & 8th Street
- Investment of approximately $11 million
- 50 units of mixed-income living
- Affordable Housing tax credit project – 80% of units will be income-restricted and 20% will be market rate (between $500 to $1,100 a month)
- Construction to commence in July 2019; Project completion in late summer 2020
- First new housing development in downtown in decades

It's hard to know the exact time period, but we feel safe in saying that this is first new multi-family development in downtown in at least decades.

Property Tax Reimbursement

- Boulevard Lofts Project has received no assistance from the UG prior to this request
- KHRC approved rent structure but investor reduced rates due to lack of comps
- Resulted in a last minute shortfall in financing
- BPU awarded project with $250,000 from their Economic Development Fund
- Project requested some property tax reimbursement from the UG to make up the remaining shortfall

Now, you may ask why this is coming forward if they've already broken ground. What happened was the Boulevard Lofts Project—they are receiving the tax credit from KHRC. They had their rent set, so at this time they're not receiving any assistance from the Unified Government. KHRC approved a rent structure and then as they were approaching closing, their investor said oh, hold on, I'm not sure these rents work because there are no comps, and this is one issue that we have in downtown because there are no new multi-family. We don't have many comparables or really any compatibles for new construction and especially for market rate. At the last minute there is this shortfall in financing. BPU stepped up and awarded the project $250,000 from their Economic Development Fund. They have requested that we assist and fill the remaining shortfall.

Property Tax Reimbursement Structure

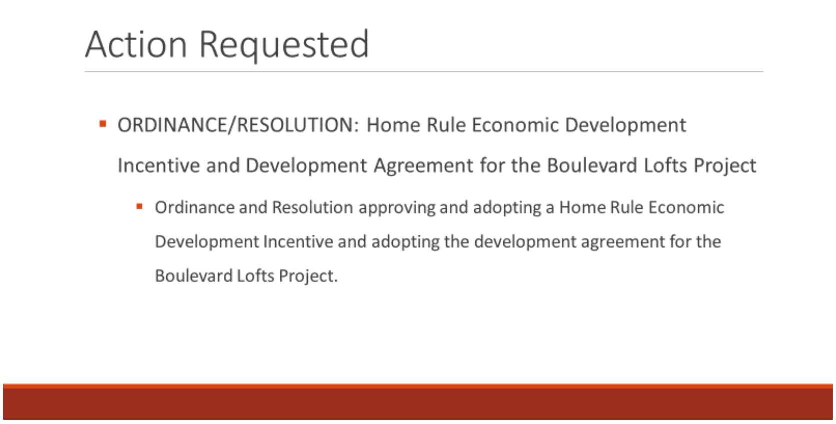
- Reimbursement affects solely the 46.28% UG portion of property tax
  - If annual gross rent is less than or equal to Investor approved rent, then receive a reimbursement of 100% of the UG property tax portion.
  - If annual gross rent in between the Investor approved rent and the KHRC approved rent, then receive a reimbursement of 75% of the UG property tax portion.
  - If annual gross rent is greater than or equal to KHRC approved rent, then receive a reimbursement of 50% of the UG property tax portion.
- Up to 10 years with a $200,000 reimbursable project cost cap
- Required compliance with LMW goals or reimbursable project cost cap decreases 25%

What we propose is only looking at the UG portion of property tax. As we're moving forward, we're only talking about that 46% in this location that is city/county property tax. This is all predicated on the idea that there are different rents. You've got the investor approved rent and the KHRC approved rent. I have been told by Prairie Fire and CHWC that they still anticipate that this will get the rent that they think it should, but due to financing they need to show that that gap is potentially filled. If the worst happens and the investor is correct, which we don't think they are. If the investor is correct and we're just looking at annual gross rent—I've got lots of spreadsheets I can show you if you're interested. If they are not getting the rents that the investor anticipated, then they'll get 100% reimbursement of that UG portion. If they are getting what they anticipated or more, then they will receive a reimbursement of 50% and if they're somewhere in between it will be 75%. We'll put a cap on 10 years and $200,000 of reimbursable project cost. They have LMW goals and that's all factored in.

Item	Amount	Comment
Acquisition	$ 150,000.00	Property we had to acquire to meet code requirements
Public Alley Improvements	$ 20,000.00	Improvments to the public alley off Everett
Right of Way Improvements	$ 20,000.00	Landscaping, curbs, lights, etc.
Everett Clean Up	$ 10,000.00	Clean up jungle on the existing land bank properties
Total	**$ 200,000.00**	

Because they will be getting some amount of reimbursable rent, we obviously want to know what they'd be using it for. This will actually allow them to not only make sure that they are getting the financing that they need to continue on the project, which is great for us because again, we have no multi-family market rate comparables and we are anticipating that there will be—there already is a lot of interest in building additional market rate in the downtown area. This project will actually go a long way to proving what that market is because right now there just isn't a number that investors and banks can look at, so that's a big benefit to us.

Then additionally, they're going to be doing some things kind of above and beyond their original project doing some public alley improvements as well as some clean-up.



I would ask that you approve the ordinance and resolution.

Commissioner Walters asked have we entered into other kind of agreement where we've guaranteed this kind of incentive. **Patrick Waters, Senior Counsel,** said, Commissioner, the Honda dealer out by the Legends has a very similar structure where we reimburse them through the property tax payments. **Commissioner Walters** asked based on? **Mr. Waters** said the developer certifies certain costs that they incurred for the improvements. We certify those costs and then we use the property tax payments that they made to reimburse them for certain costs. It's very similar to that structure, just on a much smaller scale than the one for Honda.

Commissioner Walters said if you were to say that if they sold so many cars, they would pay this much tax; but if they didn't sell that many cars, we would forego their property tax. I would think that would be more similar. We didn't do anything like that, did we? **Mr. Waters** said I don't think so, no.

Commissioner Bynum said it sounds like a TIF. **Ms. Carttar** said all of these we are looking at in that increase in property tax, whether it's a rebate or a redirection or an abatement, they are all kind of related. I think the difference with this is purely because of these kind of unique circumstances that this project found themselves in. We really are trying to make sure that we are solely filling that gap that is necessary and not more.

Mr. Waters said, Commissioner, as opposed to a TIF, we're only using the County and Kansas City, KS, portion. That's why we're designating it as a home rule ordinance.

Commissioner McKiernan said just one thing I wanted to point out, these were mostly Land Bank lots before, correct? **Ms. Carttar** said correct. **Commissioner McKiernan** said so similar to the other project, we were not getting property tax revenue from these on an on-going basis. Even at a discounted rate, this property will now pay hundreds or thousands of dollars of additional taxes based on our historic precedent. **Ms. Carttar** said that is correct. **Commissioner McKiernan** said so we are going to be bringing at least some additional tax revenue, in addition to having the amenity of having the new affordable housing for folks in the downtown area.

Ms. Carttar said I apologize. I have some numbers with me, but I do have, it won't be exact, but I do have estimated numbers of what they're anticipating that their property tax would be and what this would look like.

BPU Member Bryant said a reminder, this one, as well as the Y project, you're talking—I can't remember how many there will be here. There were 44, I believe, in the other one. **Ms. Carttar** said this one is 50. **BPU Member Bryant** said alright, so there are 94 utility bills that will be paid that all have PILOT attached to them, which is a tax that comes in to the city. It is revenue for the city. I'm not striking against the PILOT; I'm saying that there will be additional revenue beyond property tax. **Ms. Carttar** said exactly.

Commissioner Townsend said I might be confusing myself. We just gave authorization for, is it the same project, no. **Commissioner McKiernan** said YMCA is at 8th & Armstrong, and this one is at 8th & Washington.

Action: **Commissioner Bynum made a motion, seconded by BPU Member Bryant, to approve.**

Chairman Burroughs said I would like to state that, just for clarification, we're taking action on the ordinance to allow the resolution to move forward. Is that correct, staff? **Mr. Waters** said yes. You're voting on a resolution that would authorize the adoption of the development agreement that authorizes the structure. The reimbursement structure is contained within the development agreement. The vote tonight is whether to authorize that development agreement, which has the structure in it.

Chairman Burroughs said might I make a suggestion, Ms. Carttar. Next time we have a new program that's being brought forward to the committee, that there be an education process so that we fully understand. Is that $200,000 a cap? **Ms. Carttar** said yes. **Chairman Burroughs** asked total. **Ms. Carttar** said total. **Chairman Burroughs** said more than $200,000. **Ms. Carttar** said correct.

Chairman Burroughs said we approved an ordinance last month, if I remember correctly, to move this forward; but yet we find out the project is still underfunded and needing assistance through economic incentive from the Home Rule. **Ms. Carttar** said this is the first time you've seen anything about Boulevard Lofts is tonight. **Chairman Burroughs** said then I must be mistaken. I thought we approved the Boulevard Lofts project because we had a groundbreaking. It had to be approved sometime. **Ms. Carttar** said there's been no public assistance provided until BPU, so it has not gone through. **Mr. Waters** said it would have gone through the Planning. **Ms. Carttar** said so it had to be Zoning.

Chairman Burroughs said thank you for the clarification. I just wanted to ensure that this committee has all of the information necessary so we understand the incentive package. I do appreciate the question that came forward from committee because it's important that we, as commissioners, understand if we're not accepting revenue off of a project but we're giving that revenue back for investment, that we are able to communicate to the public as to why their taxes are going up and others are getting a tax break.

Commissioner Townsend said just one more point of clarification. On this item, the entity bringing it forward is anticipating not having enough in rental. Just run that by me again. I think, Mr. Chairman, did we call for comments from the public. **Chairman Burroughs** said I plan on doing that just prior to taking the Clerk's roll call vote.

Ms. Carttar said basically, they are anticipating that they will not need—there may be some ramp-up period that's likely. Prairie Fire and CHWC believe that they will get the rents that they anticipate. They're kind of hoping that their investor was not correct. I think it is safe to say that the likelihood is it probably will not reach that $200,000 cap. That's just kind of a—there was a rhyme and reason for it. Hopefully, they'll receive the rents that they anticipate so their gap will be less and thus we will reimburse them less.

Commissioner Townsend said heaven forbid that they not receive the rents that they anticipate. If this is approved as proposed, for the duration of that project? **Ms. Carttar** said just a maximum of 10 years and $200,000.

Chairman Burroughs asked if any member of the public has any comments they care to make on this issue.

The following appeared:

Najah Khalil, 1816 N. 92nd Terr., said my question is these proposals that you are having for the facility in this area. Who's going to live there? What incentives are you having for people to move in these area? It's not looking good as far as where the family people would like to live in this area at this time. I'm just wondering if there's some incentive or something that we don't know about that's going to allow people to want to take advantage of this situation. **Ms. Carttar** said these are a mix of income levels. There are some income restrictions. Depending on what your income is, that your rent would be reflective of that. Depending on how much you make, you might be paying less rent or more rent, depending. That's an incentive. I know at least for people of Boulevard Lofts, it is open to anyone. Pre-leasing starts May 2020.

Ms. Khalil said my main question, I guess, not me per say, but why would I want to live in this area? **Ms. Carttar** said because it's a wonderful area. It's a wonderful area. Why wouldn't you want to live here? **Ms. Khalil** asked, it is a wonderful area? **Ms. Carttar** said it's got a lot that's happening. We've got a grocery store opening downtown. **Ms. Khalil** asked, is it a grocery store that's going to be opening up there? I mean everything that's user friendly to the residents it's kind of like at the Legends or somewhere else. It's going to be like commuting back and forth to get your staple stuff, unless you guys know of something that's coming in the area. I don't know, a Sprout's or something? I don't know. That's the question that I have.

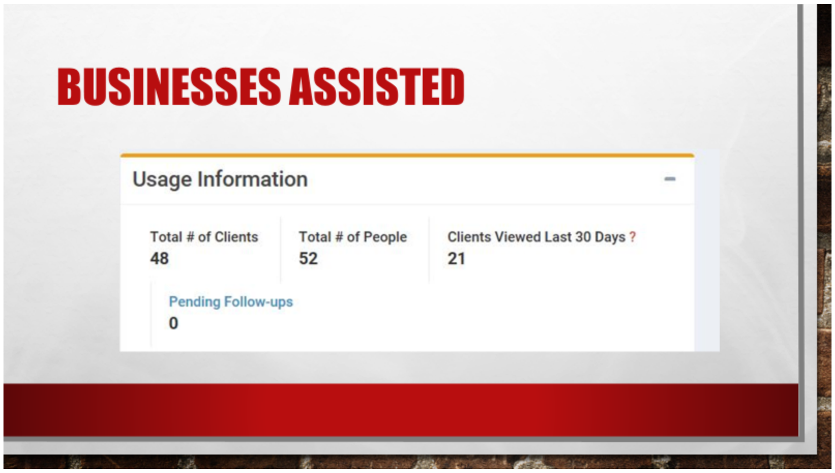
Roll call was taken and there were six "Ayes," Bryant, Walters, Bynum, Townsend, McKiernan, Burroughs.

Chairman Burroughs said we have four more items. We are up against 7:15. We do have budget committee. Staff, what do you propose we do at this time? **Patrick Waters, Senior Counsel,** said I think we need to continue on with the meetings been called.

Item No. 6 – 19851…RESOLUTION: SMALL BUSINESS UPDATE AND AMENDING UG SMALL BUSINESS GRANT PROGRAM

Synopsis: A resolution amending the UG Small Business Incentive Matching Grant Program, submitted by Katherine Carttar, Director of Economic Development.

Shaya Lockett, Small Business Liaison, said I will try to move through quickly. We wanted to come before you to give you an update on the small businesses. When I was last before this committee in January, we were beginning the process of getting software so we could begin tracking the data regarding the businesses that I've been working with. We've received that software at the end of January and began our input at the beginning of February.



Since that time, I've met with 48 different businesses. I do want to state that they're not all businesses that are currently in operation. Those include people who have called inquiring about how to obtain a business license and things of that nature. The number of people, some of the businesses have more than one point of contact and that's kept in there as well. Over the last 30 days, I've spoken with 21 of those businesses, maybe a short question, a meeting and things of that nature.

The primary areas of assistance with these businesses have been: assisting them navigate the Unified Government departments, making sure they are put in touch with the right department that can assist them with their needs, referring them to external resource partners if they have a question regarding something that we don't cover at the Unified Government but we know another agency that can assist them. Also, networking with entrepreneur based organizations as we try to build the eco system of small businesses here in Kansas City, Kansas.

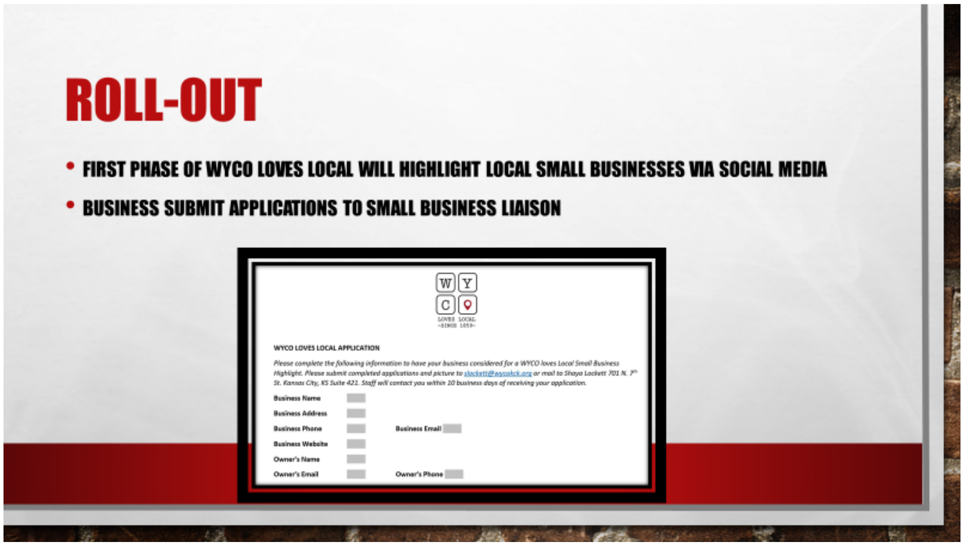
Also, at that January meeting, I mentioned we would be starting our new initiative entitled WyCo Loves Local.

We're excited to announce the new initiative to support local small businesses WyCo Loves Local. The initiative is created in order to encourage continued growth and support small businesses in Wyandotte County. WyCo Loves Local will celebrate the success and diversity of businesses in Wyandotte County.

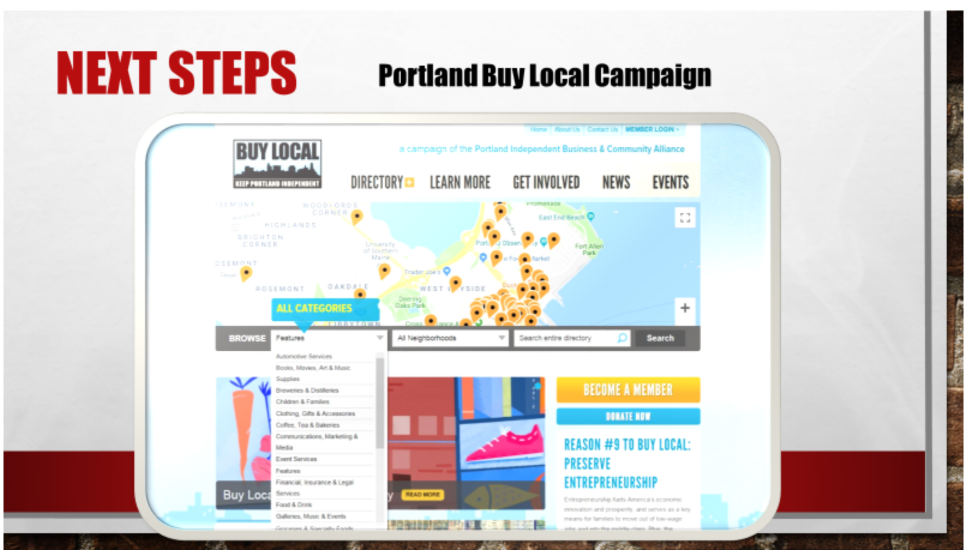
Over the past year working with the small businesses, one of the biggest obstacles that businesses have mentioned is their need for assistance with marketing. This is one of the ways we felt, as a government agency, we could assist them by encouraging the support of local businesses within the community.

We launched a logo design voting contest in which we asked high school seniors to design a logo for this new initiative and we explained it to them. Macy Ortego, who is a junior at Piper High School, was our winner. Our winner was selected by our NBR and other partnering organizations that work closely with small businesses.

The goals of WyCo Loves Local is to connect businesses to small business resources so that we can help them to continue to grow. To also connect our residents to local attractions. There are a lot of smaller businesses that many residents are not familiar with, so this also helps drive those residents to those local attractions. Also, in talking with the Convention and Visitor's Bureau, it will help us introduce tourists to the unique businesses and organizations of Wyandotte County.



Our first phase of roll-out is to begin with the highlight via social media. The businesses have an opportunity to complete an application, submit it to the small business liaison, and we'll promote their business via social media. They have the opportunity to offer a special during that promotion. If people mention that ad, they can get 10% or whatever special they choose. There are certain criteria that they must meet. They must be current on their taxes, no current code violations, and they must have a current business license in order to be highlighted through the program.



Our goal is to eventually take our next step for WyCo Loves Local to do something similar to the Portland Buy Local Campaign, which will create a map of local businesses. We'll be able to search them by category. Any resident of Wyandotte County or even a neighboring community, if they're looking for a tire shop in Wyandotte County, they can find a local tire shop to patronize. That allows us to continue to support those smaller businesses in our area.

We're hoping that WyCo Loves Local can be just as instrumental as our Small Business Grant.

Tonight, I also wanted to give an update on the Small Business Grant as well as recommend changes to the grant program and just to give you an update. The 2018 grantees were Big Grill & More, KCK Dental Professionals, Union Press, Delores Home Training Center, and Miguel's Catering. So far for 2019, we have awarded two grants to Slaps BBQ and Splitlog Coffee Co. There are two pending applications that I'm just waiting on additional documentations to finalize those processes. If those are approved, we will have $10,000 remaining for the rest of the year.

Chairman Burroughs asked, Ms. Lockett, what is the total amount of money available for grants? Do we have a budget item set-aside for grants? What is that total? **Ms. Lockett** said $50,000.

Ms. Lockett said these are the changes that we are recommending to the grant. We want it to be a 50/50 match. There isn't currently a requirement for that. I think it puts businesses in a better position to be able to get the equipment and materials that they need.

We also are changing the amount that they can apply for. They can apply for an amount from anywhere between $1,000 to $10,000. Currently, it's set that they can only apply for $2,500, $5,000, or $10,000. If you have something, a piece of equipment that's in that mid-range, you either have to ask for less money, which can be a struggle for a smaller business, or you're asking for more money and trying to find a way to spend that money. We want to make it as beneficial to the business as possible. That's going to be based upon the need and the qualified matching investment.

I do want to point out that it still will be reimbursable. They still have to spend the funds first and then we will reimburse the grant back to them. Previously, the funding was through the IRB issuance fees. Now it's funded through the general operating budget of Economic Development for that $50,000 annually.

One change is we will no longer cover lease rate subsidies. We want the businesses to be in good standing and moving to the next level of business growth. What we found is helping with equipment and things like that, help promote the business growth and help their bottom line a little more than us covering lease rate subsidies.

The grant also will not require the applicant to hire additional employees. This is simply for tracking purposes. It's difficult for us to go back and track whether or not they've actually hired the additional employees that they said they would.

We are removing payday loans, Hookahs, and vape shops. They'll be added to the list of businesses that are excluded.

We are making an amendment to allow sites with federal or state license for production and distribution of alcohol so that they can be able to apply. It still will exclude bars and establishments that sell alcohol with less than 50% food sale. This is due to the changes in the laws regarding microbreweries.

We also would like to break the grant into two cycles. We will review—the first cycle deadline will be April 1. The second will be August 1. It will be $25,000 each cycle. All applications will be reviewed at the end of the cycle deadline. We're proposing that the business, if once the grant is approved, they have an 18-month timeframe to use the funds.

We are creating a Program Advisory Committee. I do want to make an amendment to this. We will just have Unified Government representatives that will serve on this advisory committee since it will be allocating the Unified Government funds. Our recommendations from this committee will be made to the County Administrator for approval or denial, based on their alignment with the Unified Government goals.

Commissioner Townsend said I'd like to go back to some of your earlier snapshots that showed changes and kind of go through a couple of questions I have. In trying to increase small business and helping them to expand, how is it that requiring a match helps that process? When we started this program, if people had those kinds of funds to start with, they wouldn't be coming to us. How is this an improvement or aid those small businesses that are trying to grow and expand?

Ms. Lockett said one of the things is the business has to have the funds to purchase the equipment to begin with. By changing it to a 50/50 match, it increases their investment into the project as well, and it's allowing them for instance, I'll use a business that's looking for marketing, for assistance with marketing. A lot of businesses, they have some funds available to them to do that, but maybe not to the level that they are wanting to. This allows them to increase their ability to market the project. Or they may have $5,000 for some equipment, but they don't have the full $10,000. This allows them to purchase that equipment that will increase their production as a business to be able to continue to move forward.

Commissioner Townsend asked if some of those businesses have a certain amount of money, but not all that they need, that's great for them. The problem I see is that this, my opinion, would be an impediment, not a help. If someone is already existing, they've made some significant investment because they're an ongoing concern already. They need help in trying to grow. My personal opinion is this may be an impediment. I would not want to see that.

The other question I have was about the timing. What is the benefit to small businesses or this cutoff that's being proposed, to advance? **Ms. Lockett** asked to the cycles? **Commissioner Townsend** said what's the benefit to businesses to that? Of limiting, I'm sorry?

only $25,000 each cycle. **Ms. Lockett** said well, the $25,000 a cycle is based off the amount that were budgeted each year. What we found at the end of last year, and if these two great applications go through that are pending, is that come the end of the year, there may be businesses that could use the funds but aren't able to apply for them because all the money is already allocated. By changing it to a two-cycle period, it allows all the businesses to submit the application and to be reviewed. By changing the amount, they don't have to apply for the $10,000. They don't have to apply for $5,000. They can apply for just the amount that they need.

Commissioner Townsend said ok. I'm perplexed by that. It seems contrary to the limitation or what we said already about how much they have to apply for. I'm not following that. **Katherine Carttar, Director of Economic Development,** said they can apply for anywhere between $1,000 and $10,000. The real purpose of this is to be that kind of gap financing to do something that will move your company forward or your business forward in a more rapid pace. You'll be seeing some catering a company that needs the nicer oven or things like that, that it's overwhelming and not possible for a company by itself.

We're also hoping that by making it a match—and another thing I would mention is we are removing the additional employee requirement. I think the reason that was put in place was to show that that company was kind of putting some skin in the game. The problem with that is, even if we're giving you the match $10,000, that's not enough to hire an employee. That was the real, I think, burden and impediment to a business. We're hoping with a match and removing that requirement for additional employment, that we're actually kind of right-sizing. People will actually apply for the amount that they need and for a very specific purpose.

Commissioner Townsend said, again, just so I'm clear, anyone can apply, an applicant can apply for anywhere from $1,000 to $10,000 within those timeframes. **Ms. Carttar** said yes. **Commissioner Townsend** said that's the most anyone can get is $10,000. **Ms. Carttar** said that's not changing. **Commissioner Townsend** said I do like the fact that you've removed this requirement for another person because I think, as I mentioned before, when this came up, the improvement that the business may need may not really require another body anyway. There again, that was an impediment, I thought.

The other thing, and I've said this before, if people have the wherewithal to put the money upfront, a lot of these businesses would not be coming to us in the first place. I can think of a couple that we did early on that are thriving today. If we insist that they pay and then basically you're having us pay a receipt for money they've expended. Most of these businesses don't have that. I think that's an impediment and should be removed, is my thought. Thank you.

Action: **Commissioner McKiernan made a motion, seconded by BPU Board Member Bryant, to approve.** Roll call was taken and there were five "Ayes," Bryant, Walters, Bynum, McKiernan, Burroughs; and one "No," Townsend.

Item No. 7 – 19856…RESOLUTION: KC FOODIE PARK DEVELOPMENT AGREEMENT

Synopsis: A resolution approving the development agreement for the KC Foodie Park Logistics Center, submitted by Katherine Carttar, Director of Economic Development.

Katherine Carttar, Director of Economic Development, said this is an exciting project. I'm joined by one of our illustrious attorneys in town, Todd LaSala, from Stinson, who works with us on our side and then Curt Petersen from Polsinelli, who is representing Scavuzzo's.

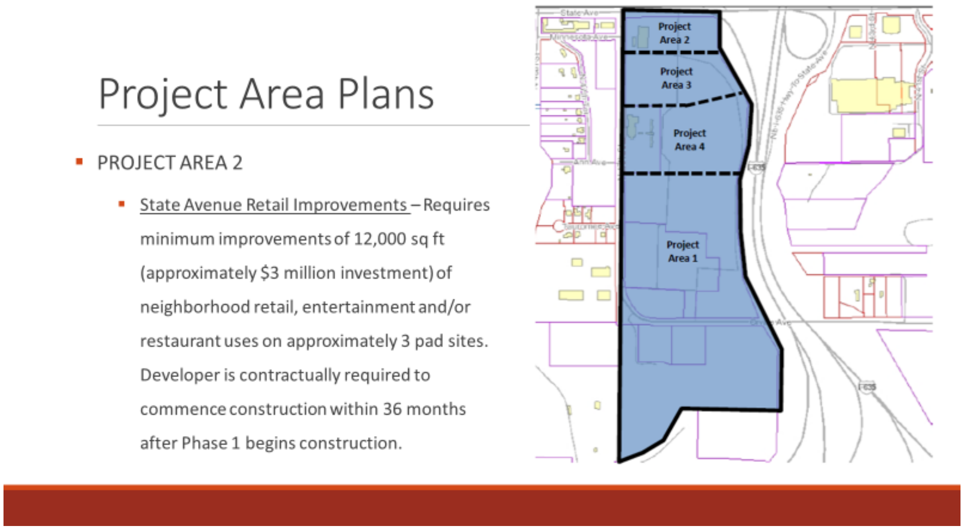
Just a little bit about Scavuzzo's. They are almost 100 years old. They've been in Kansas City. They're currently in KCK on Kansas Avenue. We're excited to be able to work with a company that has such strong roots in Kansas City, and is excited and really wants to invest in KCK as they move forward in the future of their company.

They distribute food, primarily to restaurants. They're in eight states, I believe. If I can figure out on their website and growing. Just a few kind of project highlights and then I'll pass it to Curt.

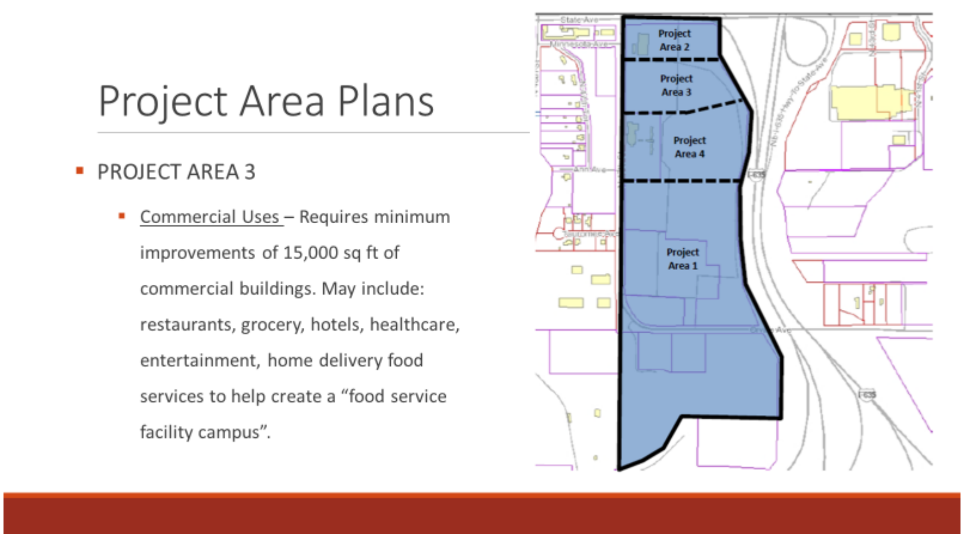
Curt Petersen, Polsinelli, said I know you all have heard this either once, twice, or even more. Some of you I'm looking around, I know you were at the neighborhood meeting, many of you, all of you were at the planning process when we came through both the preliminary and final plan. With that, and I knowing that your tight on time, you can slow me down, but I will be efficient because I know you've seen this several times.

What you see on your screen is approximately, in the green at least, is approximately a 50-acre site which was Indian Springs. Scavuzzo's have a vision to make this a foodie campus. As you've heard before, it's a vision they're dedicated to and have been for more than a year in working with the UG. Through the incentive process, we will divide the site into phases, which would start on the bookends, that would be the—it's hard because the site, trying to fit in on the screen is rotated, but what's labeled as the Renewable Energy Center on your left, is to the south, down towards I-70 in that direction, and then to the north would be State Ave. I'll start on the north side and just quickly remind you of what's on here. The far north side would be what we call kind of first row for restaurants, we hope, and retail. Scavuzzo's clients are largely local and regional restaurants. The wholesale takes everything that a restaurant needs and brings it to their facility and then delivers it on a very personal way to those restaurants as they need those items. With that, they have many, many, deep long standing—this is a fifth-generation company here in

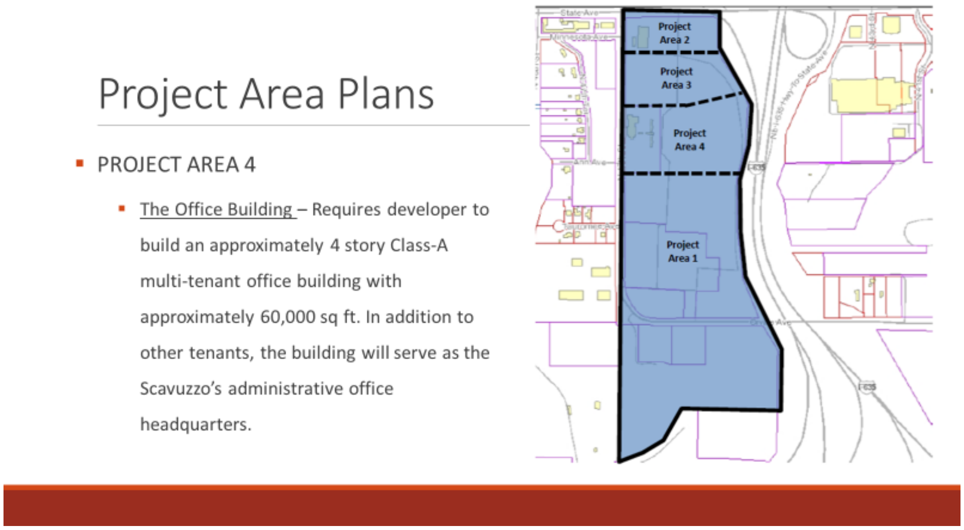
Kansas City and have long-standing relationships with, again, especially, local and regional restaurants.



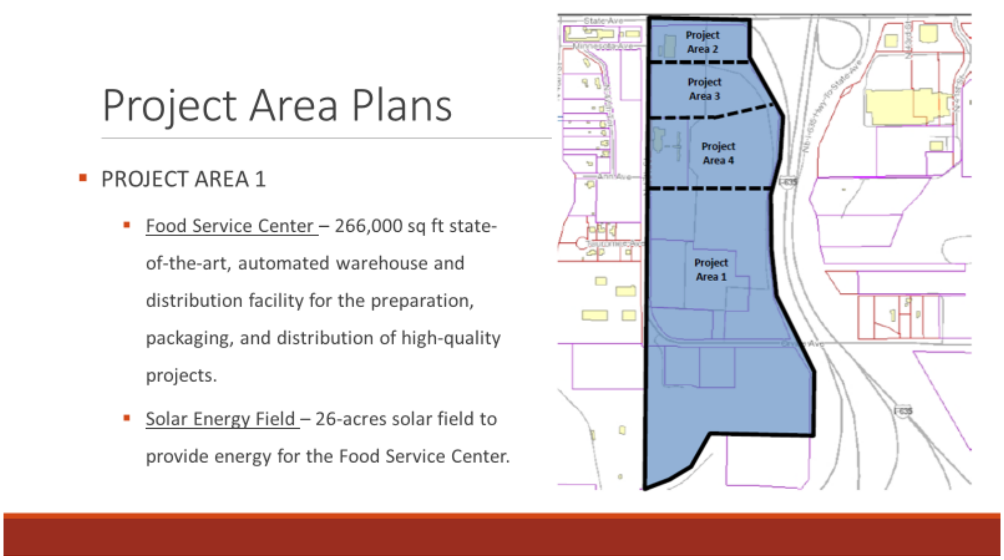
Up in that first row, what's labeled as Project Area 2 on the screen, now we're properly orientated to the north or the top would be really focusing on those restaurants, which we're out in the market doing right now and possibly some other retail, possibly a high-end C-store, something like that.



As you move to the south, you would get to Project Area 3. That is something we call it in short, the second row. This could be a mix of everything from a grocery related to food service-related businesses such as food preparation with delivery services, and just a whole host of other things we've talked to professional staff about. It could even have some multi-family. It's really, it's a flexible area, most flexible for the entire 50-acre site.



Next is Project Area 4. This is where Scavuzzo's will put their new headquarters' building, anticipated to be about a four-story building, probably 60,000 feet or less with Scavuzzo's. What's exciting is some of the other clients that have showed interest in coming and basing their restaurant office, headquarters locations, there with them to co-locate. That's, in a nutshell, what that project area is.



Lastly, you get to the south, which is Project Area 1. This is referred to as the foodservice center.

This is where this amazing automated building will be built that will house all of Scavuzzo's storage and distribution operations.

In terms of timing, it would be the bookends, as we told the neighbors at the neighborhood meeting and are sticking to that plan. It would be this southern phase, the foodservice center which was just on the screen in the southern portion there.

Project Area 2 up on State Avenue, which we're absolutely dedicated, that's the face, right? That's what everybody sees and the neighborhood sees on State Avenue. Those are the two that we want to get going as fast as possible.

In terms of timing, public incentives have always been part of this proposal from the beginning. This is where that process actually starts with you officially.

Incentive Financing Provided

- Tax Increment Financing (TIF)
  - Provides 100% of incremental real property taxes from the TIF District on a pay-as-you-go basis for TIF eligible expenses (i.e. site work and infrastructure)
  - Financing is capped on each phase and tied to delivery of minimum improvements
  - For example: If Developer fails to deliver minimum improvements for State Ave Retail on time, the UG can reduce the CID proceeds and divert TIF proceeds to another fund to be controlled by the UG for other purposes.
- Community Improvement District (CID)
  - Agreement contemplates the creation of a CID sales tax of 1% on retail sales wit proceeds being used for pay-as-you-go financing (i.e. site work, infrastructure improvements, and other hard construction costs for retail improvements)

Tax increment financing exclusively for infrastructure and site development, so horizontal work. Then community improvement district sales tax on all sales that would happen within the 50-acres. That would also be for infrastructure and also some other hard costs construction. The final piece of the requested public/private partnership would be sales tax exemption for the larger portions of the project through industrial revenue bonds. No property tax abatement, just exemption on sales tax associated with construction materials.

With that, back to timing, because that's what both the public, and I assume the leaders here in this room, want to know. This is really the last big hurdle from an approval standpoint because we're ready to go, again, on the foodservice center with permit drawings to the UG. Really, getting this process done, which if all goes as requested and planned, would be going to the full Commission this month after this meeting, coming back before you in August and then finally going to an end of August full Commission meeting.

With that, the public incentives by and large, there's always other little final details. By and large we would hope approved and we are ready to get going. That's what our lenders are asking for, for us to get started to have that done. With that, being sensitive to timing, there's more to talk about, but that's the high points, Chairman.

Ms. Carttar said the next three items in your agenda are all related to this project. The ordinance to terminate the 2007 Midtown TIF Project Plan.

This area that you can see here, plus a little more, was the Midtown TIF that was put in place back in 2007. This was for a project that never actually materialized. It has not actually been put into place. Part of what we're asking tonight is to actually terminate the existing TIF plan and then replace it with a new project plan, as what Curt outlined with those new projects that will materialize if we have anything to say about it.

Just a few other items regarding the financing. We are looking to have a TIF, a lot about the financing. We're making sure that in each phase, there are very specific timing. This is not just one of you got 20 years to kind of do this. We have very specific timing for each of those four phases.

An example is because of the very strong importance of the retail on State Avenue that is very directly tied to both the TIF and the CID proceeds. If the developer does not do what they said they were going to do, and do those minimum improvements on State Avenue, then that actually affects what they would get kind of on the backend from some of the other proceeds that they would anticipate.

Other Provisions

- MBE/WBE/LBE
  - Developer has agreed to follow participation goals for construction of the Project.
- Timing
  - Each phase has specific timing requirements for the start and completion of construction. Each are tied to the amount of accessible incentive financing.

The same with the Community Improvement District. Again, 1% on that for all retail sales. Also, we just wanted to mention that the developer—there are participation goals for this project as well, as I mentioned. There's very specific timing requirements for the start and completion of construction, and they are all tied to the accessibility of the incentive funding.

Commission Actions for TIF Formation

Action Items	Dates
Planning Commission: Consider Project Plan for conformance with Master Plan ED&F Committee: 1. Resolution approving the Development Agreement 2. Ordinance terminating Midtown TIF Project Plan 3. Resolution setting a public hearing for Aug 29	Planning Commission – July 8th ED&F – July 8th
Full Commission: 1. Ordinance terminating Midtown TIF Project Plan 2. Resolution setting a public hearing for Aug 29	Commission – July 25th
ED&F Committee: Ordinance approving amendments to Midtown TIF Redevelopment District	ED&F – Aug 19th
Full Commission: 1. Hold public hearing on amendment to District Plan and Project Plan 2. Ordinance approving amendments to Midtown TIF Redevelopment District 3. Resolution approving the Development Agreement	Commission – Aug 29th

Last, but not least, the TIF formation. As you all know, I like to give you an update. If you're going to see me a lot on one specific project, this is one of those. This is just a snapshot of all the times that I will be they coming in front of you to talk about different portions of this TIF. The first two bubbles, hopefully, we'll get those checked off soon.

BPU Board Member Bryant asked do you know what the plans are for the site at 65th & Kansas Avenue. It happens to be right down the street from my day job. That building set empty for just a short period after Earp left. It sounds like it's going to sit empty again. **Mr. Petersen** said I have several members of Scavuzzo's with me that may be able to elaborate if we need to. What I do know is we're a tenant there now. If that was one of the things on your mind, we don't own the building. It won't be sold to someone else. It will be the same owner. It's not our building. I'm sorry, we don't have an answer for that.

Chairman Burroughs said total build-out time for the completed project. If it was to be completed to total fruition, what's the build-out time? **Mr. Petersen** said the last deadline, Commissioner, is December 31, 2026, for full build-out.

Commissioner Walters said reading this development agreement, the project described here is not nearly as exciting as the project that we've been presented over the past several months. I just have some questions.

I understand Phase I will be a warehouse. It will be started fairly immediately, and it will be completed by December 31, 2021. The next phase, the State Avenue pad site developments, which we really don't know anything about other than they're going to be retail, entertainment, or restaurant uses, I believe you just said it might be a high-end C-store. That's really my fear. That's not committed to being completed until December 31, 2022. For the near term, it's going to be a warehouse site.

The next phase, Phase III, which I picked up during previous presentations, is really kind of what makes it the Foodie Court. That's not going to be committed to be developed until 2025. It's really not going to be a Foodie Court for a long time, at least as I see described in this development agreement.

The office building comes in 2026 though it says right in here that we still incentivize it even if it's five years late completed in December 31, 2031. That timeline really makes this not nearly as exciting and transformational as I had kind of hoped.

I do have some more specific questions about this TIF reimbursement cap. It says here that the TIF cap begins at $11M and then it increases to $19M after the completion of Phase II. **Mr. Petersen** said that's correct. **Commissioner Walters** said there's only a commitment to spend $3M on Phase II, but the cap goes up $8M. Could you explain that to me? **Todd LaSala, Stinson Leonard Street Law Firm,** said I will tell you that there is real emphasis put on those State Avenue pad sites in this development agreement. You're right. It may seem disproportionate, but it is heavily incentivized because it's important to the neighborhood. There is access to TIF revenue that is available from Project Area I, the distribution center. We disproportionately reduced the amount of TIF that was available to that and really shared some of that with Project Area 2 because it was that important. Philosophically, that's what's going on there. You're not wrong at all, but that's where the discussion came from.

Commissioner Walters said if a Burger King and a McDonald's and a high-end C-store are built, they've satisfied their requirements in this. **Mr. LaSala** said if it's 12,000 sq. ft. and a $3M investment, that's correct. Those are minimum thresholds. I think their ambition may be more than that, but those are the minimum, contractual requirements.

Commissioner Walters said I guess I'm kind of wondering why we agreed to such minimum requirements. Does staff have any ideas on that? **Ms. Carttar** said a lot of these, if you're looking at the minimum requirements as well as the timing, they are the absolute minimum required and in terms also with the timing. We're also setting a perimeter as kind of feasible for both sides. Part of this is always making sure that we want to ensure that this project gets done and there is retail out there. Setting up Scavuzoo's to succeed, and hopefully greatly exceed expectations, is what we have organized.

Commissioner Walters said my last question. I guess we've agreed to sell this full 50 acres for $400. Do you know anything about the land value for the warehousing that is being built a couple of miles west at the Turner Diagonal? **Ms. Carttar** said it's more than $400. **Commissioner Walters** said I guess my question is if they can pay market rate for that land and develop a warehouse on spec and expect to make money, why would we give this valuable piece of Wyandotte County away for $400? **Ms. Carttar** said I think we see this as much more than a distribution project. I mean that is one component, but fundamentally, this is a mixed-used project that would bring 60,000 sq. ft. of office space and a minimum retail space. I think very likely, potentially some multi-family or other food companies. **Commissioner Walters** said okay.

Mr. Petersen said again, I'm sensitive hopefully respect the timing here. Commissioner Walters for whatever opinion he likes and can characterize any project how he wants, it seemed liked a fairly pessimistic view of the project. If you let me try for a minute or two because some folks in the audience that would be all that they'll ever hear about the project. **Chairman Burroughs** said I would encourage you to do so.

Mr. Petersen said so it seems like if I had to distill down, Commissioner Walters, what you're saying. It didn't seem like you felt as though the development required the substance of what you'd like and the timing what you'd like. **Commissioner Walters** said the timing. I understand the policy. (Commissioner Walters was inaudible). **Mr. Petersen** said that's right and I'm hearing you loud and clear. To address that, I think one, just for folks that have followed along all the way back to the neighborhood meeting, we have not changed one bit what we proposed as the vision here for the Foodie Park. It was the same more than a year ago, and it's the same today.

In terms of needing flexibility as to exactly what uses go where, Scavuzzo's is putting all their eggs in this basket. This company, again, has been around for more than a century. They're putting their name on this site, the whole site, not just the foodservice center on the southern end. They care about every single pad that is sold.

Again, this is their brand. They're branding the whole site. Scavuzzo's, this is their company. They plan to be here a really long time.

Right now, and I don't have time to go into this, but on State Avenue, with respect to those pads that are so important to everybody, that's what we heard at the neighborhood meeting. That's what the feedback survey from two and a-half years ago said we really care about neighborhood retail. There has been so much work already even though we came out front. It's not our land.

We don't have a development agreement, but we've been out telling people that, that are working with local restaurants. There is tons of interest, but it's hard. A lot of these companies can't afford to pay rent. If it was an easy process, somebody probably would have approached you with some pretty pictures and already done it.

We absolutely are committed to it. We put our money where our mouth is that's why all of these incentives are tied to producing under a certain timetable. We are absolutely devoted to getting the kind of retail and restaurants that you'll be proud of at this site, but it takes a lot of work.

Going to the timing, why do we leave ourselves approximately three years to get State Avenue done. Not because we don't already have—again, we can get into details, but I think seven or eight pretty strong leads. I mean (inaudible) have a lot of work on that. To find the right mix, we don't want to be rushed into it, and you don't want us to be rushed into it. We don't want to just take the first tenant that can probably pay rent. We want to take the best tenants and have time to get it done. That's an outside date, as Katherine and Todd said. We don't want to fail, you don't want us to fail, I don't think. It's a healthy period. Do we plan to take that long? I absolutely hope not, but we all felt like that was probably what we should set out there to make sure we get the best mix.

As to why we left ourselves time to go to Phase 1, Phase 2, Phase 3, and Phase 4 and that stretches whatever that exact amount was, six plus years. There's a huge investment that has to happen to take this very, very troubled, physically troubled site. Tons and tons, millions of dollars of site work that has to be done upfront on the spec. It only pencils as there's a full economic analysis that shows. It only pencils, with a public/private partnership and that's why we're here.

If we go to our lender and say will you help us, as we've put in some of our equity and we ask you, lender, to put in some money, and the lender says, okay, show me your development. How does this work? In their super tight timeframes what the lender thinks might not be achievable, we're not going to get a loan. If we don't get a loan, and we can't pull off this deal.

Some of what you see in those, I'd say solid, generous time periods, don't indicate how long the Scavuzzo's think it's likely it will take, but if you don't do it, you'll never get the financing.

I could go on and on. I just wanted to hit a few of those points. We are super excited about the content here, the substance of what's going on this site. It absolutely will take time whether it's Scavuzzo's or somebody else that would come along.

Commissioner McKiernan asked could you go back to the CID slide please. I have two big things that are causing me some heartburn right now. One is the CID. CID is going to depend on Phase 2, right? **Mr. Petersen** said yes. **Commissioner McKiernan** said it means that there's going to be no revenue in this CID for how many years? **Mr. LaSala** said if it took all the time, it wouldn't start until December 31, 2022. **Commissioner McKiernan** said you built your Performa based on no revenue out of Project Area 2 until that time. **Mr. Petersen** said when the Performa shows businesses coming online both in Project Area 2 and Project Area 3, just south of that, then it shows, just based on the sales for that building, it shows the 1% sales tax. **Mr. LaSala** said keep in mind, that CID is not like TIF where you have to start the day that you're approved. You can set a date to start collection a couple of years out. **Commissioner McKiernan** said that's very correct, but if we are, speculating is not the right word, but we are estimating how much sales, at what time, because that gives us then the basis on which we're going to take this 1% and apply it toward project costs, and I'm concerned. Frankly, I would like to see a little bit more detail what we're anticipating in terms of the timing of these and how much money we're estimating is going to go in to all of these things.

The other thing that really does cause me some concern here is the land sale price. I think Commissioner Walters is entirely correct that although this particular site has been vacant for some period of time, there are other sites that are similarly vacant that have recently sold for much more than this and are being converted into very productive developments that I believe even have a little bit of a PILOT built into them. There's an escalating PILOT built in so that we are getting just a little bit of something off of this land. Now granted, we did not own that particular land, but it is land. One of the things that I'd like to know is, and I'm almost inclined to say that I'd like to see a little bit more and talk a little bit more about this before I take a final vote on it, but I'd like to know what room do we have in terms of this sale price of this land? It has been vacant, but it's prime land in a prime location. I would just like to feel better that this is in our best interest to set at that sale price and then move forward for what I'm confident would be a very productive and very useful development. I'm confident. I just have a couple of qualms about the financing going in.

Ms. Carttar said the only thing I will say, and we can certainly provide additional projections on the revenues and all that, just in terms of—one of the things that makes this land particularly challenging as opposed to, for example, the Turner Diagonal where NorthPoint is going is all of the community interest and input which is excellent, but it makes this—we were very aware when looking for a company to partner with as we developed this property that it would not just be an industrial park. This really needed to be a mixed-use site and providing direct benefits to the neighbors, especially with retail. In the situation it is currently, that's a tougher sale than you would anticipate.

Mr. Petersen said I would just say those are much different, much different projects, entirely different. In fact, others that proposed something similar to that here, were not supported. Looking at this as just the foodservice center would be missing, by far. Scavuzzo's would say the whole vision. I'm not saying anybody here is missing the vision. I just caution to make sure that the whole picture is looked at because this isn't just about a foodservice center.

Commissioner McKiernan said if I could follow back up. The vision here is to start with Project Area 1 and use it as a slingshot to make sure that 2, 3, and hopefully 4 will go after that. **Mr. Petersen** said if they didn't, then this development agreement—I would say holds the feet to the fire; incinerates the feet of the developer.

Mr. La Sala said this one is not like some other development agreements we've done over the years where Phase 3 and Phase 4 are optional. It's not that. There are penalties attached to not completing Phase 4. It is truly a mixed-use project from that perspective.

Commissioner McKiernan said the vision here is that this may be less neighborhood-oriented Phase 1 is the driving force that runs 2, 3, and 4, which then will be turned over to the benefit of the neighborhood and surrounding. **Mr. Petersen** said simply playing their flag right is just another way to say that right is in the beginning putting all their eggs right there on the south side, and again, having to put their money where their mouth is. On the land sale that's interesting because that hasn't been talked about for at least for while on the staff side. I think, and staff will speak for themselves, but I believe when that stopped—because before we traded Performa's and everything there was plenty of talk about what the land was going to cost and once we put our detailed financial performa with and without public/private partnership, and it was scrutinized by staff, and it was seen that this isn't Turner Diagonal, whatever other project you want to compare it to, this is tight, but these folks aren't here just to make a buck. This is where they're putting their headquarters. They'll take a lower return, but they can't lose money, that's how we backed into the $100, the nominal sale price for the land, that is exactly how we arrived at it. There's a process.

Commissioner Townsend said I must admit I had some pause when I saw what both my fellow commissioners have already identified with what was the cost for the sale price, so that does give me some concern. I know that this has been challenging and we've had people to looked for it. We're happy that someone wants it, but that is of some concern. I'd like to look at some more or digest it some more.

The other issue and I'm not sure where it is in here, or that it's in here at all, but if this project moves forward, will the UG have any input in terms of the thumbs up or thumbs down on any of the other vendors that come in. **Ms. Carttar** said we have put a restriction, a radius restriction, so there are a number of, in particular, fast food restaurants on states fairly approximate to this project. We have put a radius restriction to ensure that, let's say McDonald's, builds a brand new building at this location and then leaves their other location empty. They are not permitted to put a business—a restaurant or business that is within, I believe, a mile from that location.

Mr. LaSala said there are also restrictions—you're not approving tenant-by-tenant. There's also a restrictions section, Commissioner, in 7.2 that goes item-by-item against some of the noxious uses you might fear including Hookah Bars and painted on facilities and flea markets, precious metals facilities stores and businesses that use street marketing and the guy with sandwich board out on the street. There is a section that is entirely focused on things that you just can't do. **Commissioner Townsend** said would you direct me, counselor, to the page on that. **Mr. LaSala** said it's on page 26 of your development agreement, 7.2. **Commissioner Townsend** asked what was that page again? **Mr. LaSala** said 26, 7.2C and you will start seeing a whole bunch of romanettes one, any use that's offensive by reason of odor No. 2 is a car wash unless and to the extent they do it in connection with a C-Store. You'll see there a list of 26 uses that are restricted. It carries over all the way to page 28. **Commissioner Townsend** said those types of businesses are excluded.

What about the UG's opportunity to analyze, comment on, give a thumbs up or down on something not on this list that may come? Even though that's not in my district, it borders that district and some of my constituents had very strong opinions about what might be there, particularly retail. **Ms. Carttar** said we do have also exhibit N, so some of the minimum requirements have to be in certain categories as you can see here. We are looking for—you really hit those minimum requirements with their high-quality retail and then if you go above and beyond that, then you can kind of mix and match, but we're making sure that there is the minimum level of quality for that minimum requirement.

Commissioner Townsend said what I'm getting at though is if this development agreement is approved, let's say two years, in the subsequent phases from now, there's a proposal for a particular type of eating restaurant, will that be totally Scavuzzo's call or will the UG have input into? **Mr. LaSala** said the former. We talk about assignment and the UG's in approving sales and leases and so forth in all of these, but as is the case in most of our development agreements, the UG does not have the right or the ability to micromanage which hamburger place they would pick. Scavuzzo's is going to be able to do that on their own. What we really do with the development agreement on exhibit N for Project Area 3 for the whole side in that restriction section I was pointing to, is we really give them perimeters and say you can go do the leasing for this project on your own as long as you stay within the perimeters. This development agreement would not give the UG the right, Curt would probably say micromanage their leasing activity in picking which tenant goes on which site, we do not get to do that here. Frankly, we haven't done a lot of development agreements where we have done that in retail centers where a developer wants to go out and put some money in and take some risks. There are precious few that would let us ride sidecar and decide you can pick this tenant or that tenant. We haven't done a lot of that.

Mr. Petersen said if Rich Scavuzzo was here, who you may remember, he is the CEO and has been at every single meeting we've had on this project for over year. Of course, long before this meeting was scheduled, he was scheduled to be out of town. Pam Scavuzzo is here and Amy Scavuzzo, respectively, the President and owner and the Finance Director are here, but Rich would be grabbing the mic right now if you've met him and would be saying I am fine. We've been fine. He'd tell you that we're taking all these restrictions and perimeters, as Todd said, because you have to trust me. I'll tell you why there's teeth and not just trust. Trust me, we will not let this happen.

What's different about this project then just the developer saying—because were lawyers we have those documents that and have teeth, and we do in here, but what's different here is you have this 5th generation company that's putting everything on this site right, at the back of the site, so the front door is everything people are going to pass. If they don't do what they say they're going to do here, there are teeth that sink very, very deeply. The difference here is you have, and I should add, and you all this probably from reading the memorandum or the development agreement, if Scavuzzo's ever didn't, because the premise in what I just said is Scavuzzo's are putting everything on this site. That's their company, that's their headquarters, that's the flag nationally. What happens if Scavuzzo's changed that. What if Scavuzzo's went across to Missouri or somewhere else, this whole thing blows up. Again, they said that's fine because this is our home, because this is where we want to be for the next, whatever, multiple generations. In some, while this is important that the legal teeth are here and they are, you also have a very unique situation, not your normal developer that says everything goes away if I'm ever not planted here with my family business on the south side. As long as I'm planted there, I'm not going to let not desirable looking or uses go on this site. It's different. It's a different deal.

Chairman Burroughs said Scavuzzo's is an LLC though, correct? **Mr. Petersen** said Scavuzzo's Inc, is a corporation which employees all the employees and such, but as, and you know this, I know, but for this project we formed an LLC that's owned by them for liability reasons and things like that so, yes sir. **Chairman Burroughs** said the property was taken under eminent domain, if I remember correctly, by the city. I do remember the business that was there that was impacted by the eminent domain taking of the Unified Government. I just wanted—having not had an opportunity to visit with the Scavuzzo's directly, I want to thank them for their interest in our community. I truly do. I do hope that this ongoing development agreement will come to fruition to the extent that the Scavuzzo family can look back at Wyandotte County and we can look at them as partners 25 years from now and see the great work that we put into the foregoing effort that we're doing this evening so that we can have long-term viability and an opportunity to reinvent and reinvest in an area of our community that's been crying out for jobs and additional, I'll call it leisure entertainment opportunities whether it be a restaurant. I'm really excited about a corporate headquarters in our community. I know on the state level I'd like to see an incentive for corporate headquarters that would allow corporate headquarters that want to establish in communities, that additional incentives be available. Unfortunately, that's not here today.

I do know that in this contract it does discuss eminent domain proceedings that could occur. I think that allows the Unified Government additional teeth as you just stated. I just want to thank the Scavuzzo family. I do want to welcome you to Wyandotte County and I sincerely want to thank you for your patience and investment in our community.

Commissioner Bynum said I know that's it late and that we have more work to do. I want to echo Commissioner Burroughs comments. We are excited about what could happen at this property with the Scavuzzo family, there's no question about. I don't want there to be any question about it. It's probably incumbent on me that I never reached out to you, or you, or any of the Scavuzzo family for a one-on-one meeting. I'm sitting in at this committee. This is not the committee I sit on, so this is all news to me, which I have to say as the At-Large Commissioner of this district is a little bit concerning. I'm going to make it a point to ask each and every one of you for a personal meeting so that I can have the details of what your brought forward. It's all brand new to my eyes unfortunately. That would be fine on any other day, but today I'm a voter on this committee and right now because of everything I just said I'm going to make a motion that we table this at least one month for further discussion, further exploration, further understanding of what's in these documents.

Action: **Commissioner Bynum made a motion, seconded by Commissioner McKiernan, to table for one month for further discussion.**

Ms. Carttar asked is that just for the resolution for the development agreement. **Commissioner Bynum** hold the item for a month and that may pertain to the items two and three behind it, I don't know.

Mr. LaSala said I would only say that procedurally there are some moves that we probably should make tonight to keep the thing moving forward. I agree with Catherine, if the concerns are about the structure of the deal and the development agreement, I think it would be fine, obviously, to table. You can do whatever you want, but I think Curt and the Scavuzzo's would probably ask if we can preserve the procedural calendar on some of these other things. As you know with a TIF, you've got to give notices, you've got to set hearings. I think they might ask you if we could continue to keep that procedural stuff alive tonight and continue to talk about the development agreement. That might be their strong preference.

Mr. Petersen said the project is, and again, this is part of the process, but it's held off until, even on this schedule until the end of August. As Todd said, the development agreement wasn't even getting voting on this schedule until later in August. What would be wonderful is these other items, if as Todd said, would allow us to at least move towards calling a public hearing at the end of this month. Have the hearing at the end of August, if you know what I mean, with the discussion, plenty of discussion between now and then.

Commissioner McKiernan said procedural items are Items 8 and 9 on this agenda, correct? We are only voting right now on number seven. What I would say, in seconding this, I really (1) I want this to be wildly successful. (2) I recognize the enormous investment that the Scavuzzo family is making in this project, but (3) because it is a public/private partnership, we are similarly making a big investment in this project. I think it's incumbent on us to just take a breath and slow down and thoughtfully consider all of the aspects of this deal and come back in a months' time much better prepared to have a productive discussion and take a protective vote.

Commissioner Townsend said a third isn't required, but I'd like to add comments from my other commissioners and also, I don't want the Scavuzzo's family to think anything that was asked by me is done so out of anything other than my obligation the people I represent and as a UG Commissioner. This has been a challenging site. I want it to succeed. I would appreciate the time to better understand it and possibly come up with some more questions and then deal with it in a more knowledgeable perspective in another month.

Chairman Burroughs asked at this time I would ask if there is anybody from the public that would care to comment on this particular issue.

The following appeared:
Michelle Franks, 3936 N. 108th Terr., KCK, 66109, said I guess the concern as a consumer and a person who is paying property taxes, could they not even just say the property tax that you

would assess me on 50 acres of land? I'm not trying to be funny, $400 from a person who is paying $6,000 for a little bitty piece of land that a house is on, I understand I have a house on there. I'm just saying the property value for—if the word got out that you sold 50 acres of land, in a prime area, you sold because I've gone to the auctions, I've gone to the Land Bank auctions, you've sold land inner city that was vacant for much more than you're selling this. It just seems like unbelievable that you could get land on State Avenue for $400. I guess as a consumer, that would be my concern. Will the property value increase? If you started at $400 once they get the structure built, are you going to assess them the appropriate property tax based on, not just the revenues from the sales tax, but actually the assessment, will it go up?

Chairman Burroughs said that's usually the process. Once a project is finished, it's not any different than a home being built under construction. It's appraised at its original value of the purchase of the property and then the value goes up as the project is completed. There is a whole new reassessment, I believe that is correct, if it's not, staff please correct me?

Ms. Franks said I just want to know because it says something about providing financing for it. Are we going to finance some more property tax after we've given them the land?

Mr. LaSala said, Commissioner, what you said is exactly right. In fact, the whole under pending of the TIF is reliant on those tax values going up. It's that increment that really pays for the TIF.

Ms. Franks said that was just my question. I just wanted to know why it was just so cheap. It's like unbelievable.

Ms. Carttar said I would just add one thing. Part of the reason, part of the incentive is the land value. One of the things we are getting out of this not only are amenities, but also $150M of investment. **Mr. LaSala** said it's estimated at $140M. **Ms. Carttar** said it's hard to do kind of an apples to apples comparison. **Mr. Petersen** said in the last little bit there is so much to talk about, but this is a relevant piece, if the development doesn't happen on any given piece as promised, the UG gets to take it back. It's something we didn't mention, but it's important.

Roll call was taken on the motion and there were six "Ayes," Bryant, Walters, Bynum, Townsend, McKiernan, Burroughs.

Item no. 8 – 19858… ORDINANCE: TERMINATE 2007 MIDTOWN TIF PROJECT PLAN

Synopsis: An ordinance terminating the Redevelopment Project Plan for the Midtown Redevelopment District, repealing Ordinance No. O-29-07, submitted by Katherine Carttar, Director of Development.

Catherine Carttar, **Director of Economic Development,** said this item is solely terminating the 2007 Midtown TIF Project Plan that never came to fruition.

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

Item No. 9 – 19859…RESOLUTION: SETTING A PUBLIC HEARING DATE REGARDING MIDTOWN REDEVELOPMENT DISTRICT

Synopsis: A resolution setting a public hearing date of August 29, 2019, to consider the following actions, submitted by Katherine Carttar, Director of Economic Development.

- Division of the Midtown Redevelopment District into four redevelopment project areas.
- Amend the redevelopment district plan.
- Adopt Project Area 1 Redevelopment Project Plan.

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

Adjourn

Chairman Burroughs adjourned the meeting at 6:32 p.m.

tk