ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Tuesday, January 21, 2020

The meeting of the Economic Development and Finance Standing Committee was held on Tuesday, January 21, 2020, at 5:43 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner Burroughs, Chairman; Commissioners McKiernan, Townsend, Johnson; and BPU Board Member Jeff Bryant. Commissioner Walters was absent. The following officials were also in attendance: Melissa Sieben, Gordon Criswell, Emerick Cross, and Alan Howze, Assistant County Administrators; Patrick Waters, Senior Attorney; Katherine Carttar, Director of Economic Development; Jenna Hillyer, Delinquent Real Estate Manager; and Jay Doleshal, Sergeant-At-Arms.

Chairman Burroughs called the meeting to order.

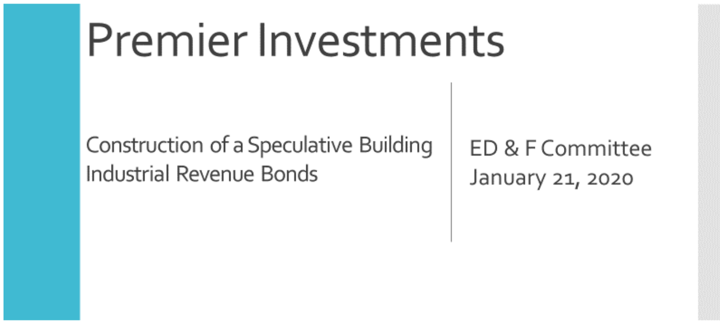
Roll call was taken and members were present as shown above.

Approval of standing committee minutes from October 28, 2019. **On motion of Commissioner McKiernan, seconded by BPU Board Member Bryant, the minutes were approved**. Motion carried unanimously.

Committee Agenda:

Item No. 1 – 1912…RESOLUTION: ISSUANCE OF IRBs FOR PREMIER INVESTMENTS LLC

Synopsis: A resolution of intent to issue IRBs in an amount not to exceed $5,5000,000 for the benefit of Premier Investments LLC, submitted by Katherine Carttar, Economic Development Director. An IRB application was submitted by Premier Investments to finance the costs of acquiring, constructing, improving and equipping an industrial facility located at 1101 S. 5th St. for the benefit of Premier Investments LLC.



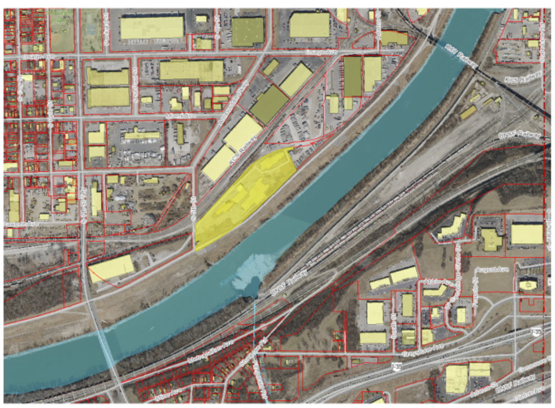
Katherine Carttar, Director of Economic Development, said I'm here with two representatives from Premier Investments: Bill Wilhite and Jim Butler. I will go through kind of a brief presentation and then open it up if they have additional comments, and they are here, of course, for your questions.

So, a couple of things, and feel free if you have anything else to add. So, Premier Investments is a family-owned and managed company. They're headquartered here in KCK. They have over 3M square feet of industrial space in Armourdale, as well as additional space elsewhere in Wyandotte County. Their last major project that you all have seen was the 170,000 square foot building at 500 Osage. Generally, their buildings go for distribution, which should be "or" manufacturing, not "of" manufacturing.

500 Osage, Kansas City, KS

Here's just kind of an example. This is their 500 Osage now that's up and running and has been for a bit. I'm sure you all have seen many of these buildings with the blue strip and always very nicely well maintained and have great tenants.

1101 South 5th Street



What we are looking at today is 1101 S. 5th St. You can see that there highlighted. This is, and I'll get into this a bit, but this has been a problematic site for many years.

Previous Use – Midwest Cold Storage

You all may recognize this lovely gem. This was the old Midwest Cold Storage. It has been vacant for quite some time. As you can see, it is falling apart. This is a unique kind of—the site is not ideal. It is somewhat landlocked, as you can see here. It presented a lot of challenges, and we'll go into some of those.

What the Wilhite's have done, they've purchased the property and actually tore down that building; initially put quite a bit of investment into it just to get a space to even see what was possible.

What they are proposing is an 80,000 square foot speculative building that would result in about 100 new jobs. We're looking at about $5.5M in capital investment. I will say there is an adjacent business park that has been all Premier Investments and had some very nice buildings so we'd like to be able to expand that.

Some of the site challenges, as I've mentioned, is the previous building requiring a significant amount of demolition cost as well as there's an active rail line that crosses the site; sorry, crosses so that you have to cross to get to the site, as well as an active metal recycling facility. A fine facility, but not the most attractive when you're wanting to attract additional tenants, as well as, I mentioned, the site dimensions and setbacks. There's not room for expansion. It's kind of an interesting site in that respect.

Project Overview and Impact

Type	Project Totals	Impact
Capital Investment	$5.5M	$5.1M Building Construction $400K Land Acquisitions
Permanent Employment	100 New jobs	50 Initially with an additional 50 created ultimately
Blight Remediation	$750K	Demolition of the previous building on site

80% abatement for 10 years

What we're looking at today, as I mentioned, $5.5M would be the project total; 100 new jobs. There's been significant amount of blight remediation as they will be using—they have set WBE/MBE/LBE goals on this project.

Based on those kinds of site constraints, typically we like to stay within policy, which is 75% abatement for 10 years. Because of those site constraints and just what it means to us to get this problem property into good use and on the tax rolls eventually would be really, really quite significant. We suggest or recommend the additional 5%, which would make this project move forward, so 80% abatement for 10 years.

Tax Impact of Expansion Project

Overview	Tax Impact
Current Taxes Collected Annually	$16,023
Projected Annual Taxes during Abatement (Years 1-10)	$50,739
Projected Annual Tax after Abatement (Year 11)	$253,696

Taxing jurisdictions receive an average 23% return on investment.

Currently, just kind of a little snapshot of what we're looking at in terms of tax impact. Currently, they were collecting $16,000 on this property as it has been vacant. Even during the abatement period, so that's for the next 10 years, we'll see approximately $50,000 coming off this project. That's a nice addition. Once the abatement rolls off in year 11, we're all the way up to $250,000 annually.

I would also like to mention that all taxing jurisdictions—with all property tax IRBs, we do go through a cost benefit analysis. All taxing jurisdictions in this area will benefit from this. It's an average of 23% return on the investment, which is not bad.

For Consideration:

- Public Hearing
- Resolution of Intent to issue IRB's in the amount not to exceed $5,500,000 for the benefit of Premier Investments, L.L.C.

What we're looking for today would be calling a public hearing at the full Commission on January 30th. Then we request your approval for the resolution of intent to issue bonds not to exceed $5.5M.

I will turn it over to the property owners to add whatever.

Bill Wilhite, Premier Investments, said we plan on building, like she said, an 80,000 square foot building. It's going to be 20 dock doors, 2 drive-ins. Right now, we're working with the KCS to add rail to the building. The demand for rail service to buildings seems to be up there.

What makes this building, we think, marketable too is that with the land that goes with the building, we think we can—and where it's located it's behind so it won't be an eyesore. Hopefully, we can get some company that would need some outside storage.

Like she said, the real problem is, the first thing the tenant sees, or a perspective customer sees, is a train blocking the tracks. We're hoping that the benefit of a marketable priced building and with the land that comes with it, that we can fill it up. We have all the confidence in the world in doing that.

I sent her some drawings. I guess the site is too big. If you want to see them, I can show them the old fashion way. I can show them to you or leave them with you. **Ms. Carttar** said no.

Chairman Burroughs asked, any questions of Mr. Wilhite? Mr. Wilhite, I'd just like to say that I want to echo the comments—go ahead, Commissioner Townsend. I'm sorry. I didn't see.

Commissioner Townsend said two questions. One, how long did you say the property had been vacant prior to their acquisition? **Ms. Carttar** said I could look it up, but it's been at least—**Mr.**

Wilhite said '08, I believe. **Ms. Carttar** said yes, it's over a decade. **Mr. Wilhite** said yes, it was 10 years.

Commissioner Townsend asked, the nature of the use that you have in mind for the building? **Mr. Wilhite** asked, what? The nature of use? Industrial building for, hopefully—**Jim Butler, Premier Investments,** said warehousing—**Mr. Wilhite** said warehousing, light manufacturing, kind of like the whole area is.

Commissioner Townsend asked, at what point would you be marketing your building? Who do you see going into the building? **Mr. Wilhite** said people that would need industrial buildings for storage, distribution typically is what we see. A lot of times we're seeing in that area are suppliers for construction. People, maybe lumber, that needs outside storage of that kind of commodity. **Commissioner Townsend** said all right. Thank you. You don't have any tenants right now? **Mr. Wilhite** said no, ma'am. This is purely speculative.

Commissioner McKiernan said I really appreciate this. I want to say that I really appreciate and value this offer coming forward. I'm very supportive of it. On the day that you tore down the old Midwest Cold Storage, you improved that lot 1,000%. That was a significant source of blight and a significant source of crime for that neighborhood. Eliminating that building was an immediate improvement on that site. I'm very supportive of this.

People who have talked to me lately know that I am really not in favor of any project receiving 100% incentive or 100% abatement. This project does not ask that and I very much appreciate that. Any new development, no matter how good it is, is going to put a strain on the infrastructure around it. This project will materially contribute to that infrastructure from day one by tripling the amount of taxes we get off the property from day one, and then going up substantially when the abatement period is over. So, I really appreciate the fact that you are contributing both in terms of the building and the jobs, but also contributing in terms of our ability to support the building and the jobs.

The other reason that I'm really supportive of this is because of the developer, because of the property owner here. This is a family, this is a company that's been in Armourdale since mid-50s, if I remember. **Mr. Wilhite** said yes. It's been there quite a while. **Commissioner McKiernan** said if not mid-50s, at least early '60s. You are a company that has stayed with Kansas City, Kansas. You have consistently invested in Armourdale and Kansas City, Kansas.

You always have really high quality developments that you support and take care of and employ a lot of folks in Armourdale and some other areas. For that, I very much appreciate your long-term commitment to us and this plan for this, which I fully support.

Mr. Butler said for information for the committee, this is a second generation Wilhite. Mr. Wilhite's father commenced this so that's why he can look at it and say it's been there for a long time.

BPU Board Member Bryant said I just have kind of a logistical question. Looking at it from a satellite view, is the only access to this property coming from 5th St.? **Mr. Wilhite** said correct. **BPU Board Member Bryant** asked, so they won't be able to come in through Osage? **Mr. Wilhite** said no, just 5th St. **BPU Board Member Bryant** asked, from that direction, they'll be able to come in with the tractor-trailers, right? **Mr. Wilhite** said yes. There's another industrial building just up the street that have tractor-trailers. **BPU Board Member Bryant** said all right. Thank you.

Chairman Burroughs asked, any other questions, comments? Mr. Wilhite, I just want to say, again, thank you. Your buildings are well maintained. As Commissioner McKiernan clearly articulated, you have demoed an eyesore, which is something that expedited the re-use of that property. You were willing to confront some of the site challenges.

The only question I would have is, how large is the building compared to the footprint? **Mr. Wilhite** asked, the one I tore down or do you mean for the site? **Chairman Burroughs** said the one that's proposed. **Mr. Wilhite** said the site is 13 acres. The footprint of the building is 80,000 square feet. It's sitting on 13 acres. We would have liked to build a bigger building, but the setbacks and it's a narrow property, it wasn't a possibility. **Chairman Burroughs** said thank you for that.

BPU Board Member Bryant asked, in comparison to the cold storage that was there, how big is it? **Mr. Wilhite** said the cold storage was multiple stories. **BPU Board Member Bryant** asked, but the ground floor, what was the square footage on it? **Mr. Wilhite** said the ground floor, probably 180. **BPU Board Member Bryant** said so it's about half the size of that. **Mr. Wilhite** said yes.

Action: **Commissioner McKiernan made a motion to approve as submitted, seconded by Commissioner Johnson.**

Chairman Burroughs said there's been a motion and a second. I do want to be mindful that if there's anyone in the audience who would care—anybody from the public care to speak to this issue? As you approach, please state your name and point of residency.

Greg Kindle, Wyandotte Economic Development Council, resident of Kansas City, said it looks like this is going in the right direction. This year, 2020, I made a resolution that we would be much more vocal about our support, or not, of projects. This is one that we have been very much involved with, with Katherine, the Wilhite family, and Premier Investments.

We are obviously very supportive of this, but I think I should explain probably why. We would be in support of going above the traditional 75% property tax abatement policy and that's because largely because of reasons that are already laid out.

I think it's also important to note that this facility has been sitting there for over a decade not paying any taxes, largely in arrears. We have very few developers who would have spent as many years, literally years, trying to get this property obtained to knock it down and clean it up. Frankly, if this property were in any other location, I don't know that you would spend as much time trying to get it cleaned up and making your part, as well as the rest of that part of Armourdale, look as good as it does. All of your buildings look fantastic.

One of the things that we do, as you know, is survey companies on a regular basis. Consistently, the clients that are inside the Premier Investments business park rate their services: the quality of the park, the quality of the services, higher than anywhere else in rest of the county on a regular basis. That's to be commended.

The other thing that I think should be commended and one of the reasons that we supported this idea of a higher property tax abatement, in light of all the other issues of spending $750,000 to begin with to demolish the site, to have a constrained site for construction, is the fact that they are, in fact, locally owned.

We do not anticipate that this building will ever be sold to a reed or somebody outside of the community and that means a lot to all of us. I think if nothing else, it's worth supporting our local companies and our local investors. I appreciate what you all are doing.

I just want to go on record this year of saying we are supportive of this kind of project.

Ms. Carttar said if I could just add onto something that Mr. Kindle mentioned. We actually do have the third generation of Wilhite's here in the audience. I think we are fairly confident that this is going to remain a very active KCK family-run company.

Chairman Burroughs asked, do they have any future plans they want to bring forward tonight? I will speak for myself personally. I truly believe that this is what partnerships are all about when you have the kind of developments that you have put forward in our community, those working relationships, the respect you have for our community, and the respect we have for you. It's a shared mutual respect, and I believe our policies reflects that in the design of your building and your commitment to do it in Wyandotte County reflects that.

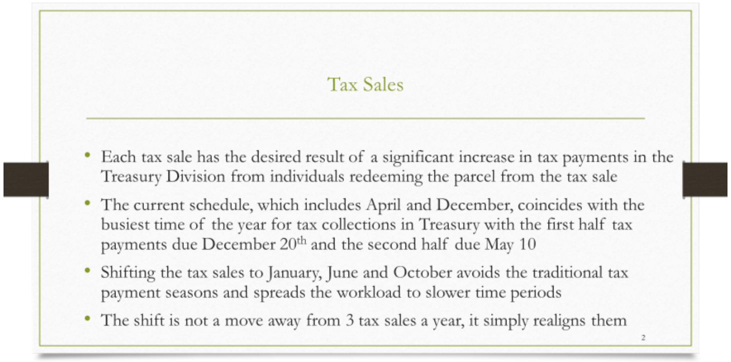
With that, we had a motion and a second. I'd ask the Clerk to call roll.

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

Chairman Burroughs said thank you for that, committee. Mr. Wilhite, thank you. **Mr. Wilhite** said thank you all.

Item No. 2 – 191070…PRESENTATION: DELINQUENT TAX SALES

Synopsis: Presentation on delinquent tax sales and adjustment of tax sale dates beginning in 2020, submitted by Jenna Hillyer, Delinquent Real Estate Manager.



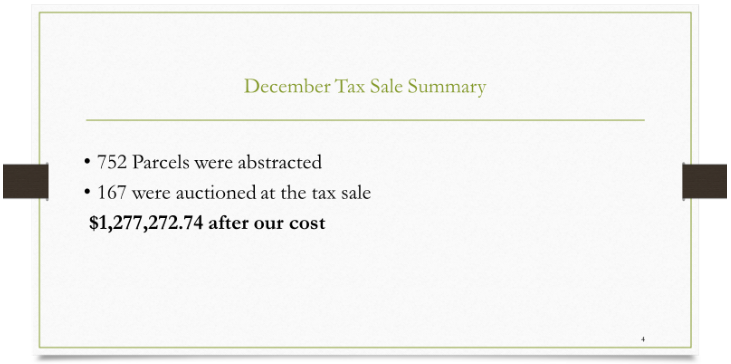
Jenna Hillyer, Delinquent Real Estate Manager, said basically, what we discovered in the last year that I've been the manager is that there is an overlap between the tax sales that we have set up and two times a year the taxes are due. This is putting an undue strain on the Treasury Department because they're getting customers who are coming in and paying their taxes and also who are coming in and trying to redeem so they get out of a sale.

We have made a decision to move the sales back a month so that there's not that overlap with those two sales. What would have been April and then August and December is going to be January, June and October. What that's going to mean for this upcoming year is there are only going to be two tax sales in 2020. We're going to have the one in April and then we're going to have one in August.

We're going to proceed in 2021—this is our new schedule, with one in mid-January. This would be the new schedule from here out. There won't be any overlap with taxes that are due in December or taxes that are due in May. We're hoping that will take off some of the strain with Treasury and deliver better customer service.

That is our plan.

Chairman Burroughs asked, any questions? I just have one question. Will this have any bearing at all on the Commission working on their yearly budget proposals? **Ms. Hillyer** said I don't believe so.



Just a quick update, if you're interested. This is a summary of our December tax sale. We had 752 parcels that were abstracted, which just means they were delinquent in taxes. Only 167 of those went to the tax sale. That was our revenue after the sale. So, people are coming in and paying taxes. This is demonstrating that there is a burden being placed on Treasury because people are actually showing up and doing this and taking care of these things. That's a lot of work between both offices.

Here is where we stand currently with our April tax sale; brand new. We are just, today, we finished up our certified mail that's going out. We already had over $100,000 come in in delinquent taxes before people were even notified. People are catching on to something they need to do. I think this is a really good move for us. It's just going to delay one sale this year and then we're back on track with three.

That is it from Delinquent Real Estate. Any questions?

Commissioner McKiernan said just a couple of comments. First of all, it makes sense as to why you're doing this, especially as it relates to the timing of this relative to the other tax payments, both from the residents' part in terms of paying those taxes and Treasury's part in terms of collecting those.

What I have come to find out, and you correct me if I'm wrong, but for some people, this is a good reminder that the agreement they made when they sought to own property was that they would pay property taxes. Many people use this as the reminder to go fulfill that obligation. If we can shift that to a time that is neither so busy nor so financially constrained for anybody involved, I think it makes great sense.

From my perspective, so be it that we happen to miss one sale. If I remember correctly, we used to only have two and went up to three. **Ms. Hillyer** said correct. **Commissioner McKiernan** said so, it's not that we're falling below our historical schedule. For all the reasons that you put out, I fully endorse this. **Ms. Hillyer** said thank you.

Chairman Burroughs asked, is that a motion? This is for information purposes only. You were just on a roll there, Commissioner. Are there any other questions or comments? Does anyone from the public wish to address this item? Seeing none, this is for information purposes only.

Action: For information only.

Adjourn

Chairman Burroughs adjourned the meeting at 6:06 p.m.

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