ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, June 1, 2020

The meeting of the Economic Development and Finance Standing Committee was held on Monday, June 1, 2020, at 6:15 p.m., remotely via Zoom. The following members were present: Commissioner Burroughs, Chairman; Commissioners McKiernan, Townsend, Johnson, Walters; and BPU Board Member Jeff Bryant. The following officials were also in attendance via Zoom: Gordon Criswell, Melissa Sieben, Emerick Cross, and Alan Howze, Assistant County Administrators; Patrick Waters, Senior Counsel; Katherine Carttar, Director of Economic Development; Stephanie Moore; Management Analyst for Economic Development; Kathleen VonAchen, Chief Financial Officer; Wendy Green; Assistant Counsel; Debbie Jonscher, Deputy Chief Financial Officer; and Bridgette Cobbins, UG Clerk.

Chairman Burroughs said before I call the meeting to order, I want to announce that due to COVID-19, the committee members, staff, and public are attending remotely via Zoom. All participants joining by phone should mute their phones when not speaking to avoid any background noise.

During the meeting, please make sure that you announce yourself by name and title every time you speak so that the public that is observing knows who is speaking. This is critical given the number of remote participants and is current guidance from the Kansas Attorney General.

Also, due to COVID-19 requirements, public comment has been suspended unless otherwise required by law. The public has been allowed to submit comments by email prior to the meeting and those comments will be included in the recording of this meeting.

Chairman Burroughs called the meeting to order.

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

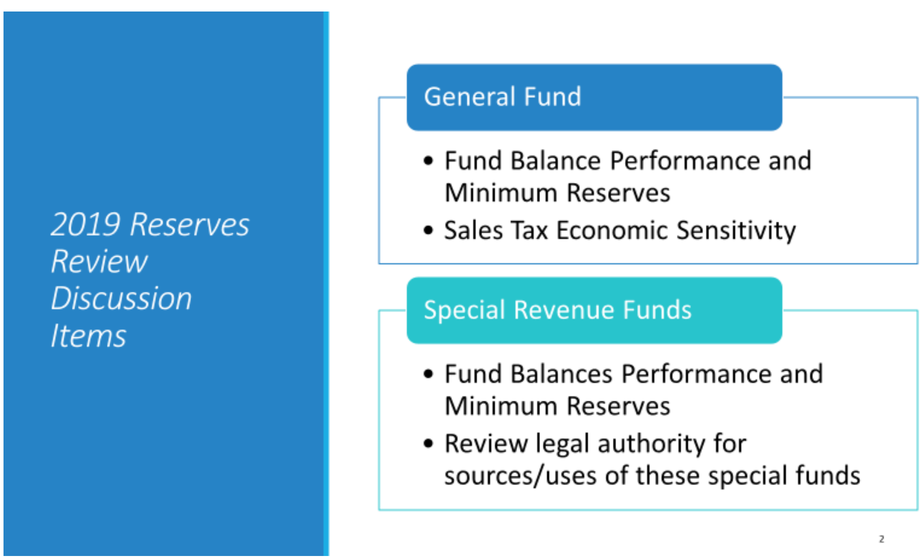
Approval of standing committee minutes from April 6, 2020. **On motion of Commissioner Townsend, seconded by Commissioner McKiernan, the minutes were approved.** Motion carried unanimously. Roll call was taken and there were six “Ayes,” Bryant, Walters, Johnson, Townsend, McKiernan, Burroughs.

Chairman Burroughs said I don't believe we have a revision to tonight's meeting. **Bridgette Cobbins, UG Clerk,** said there are no revisions.

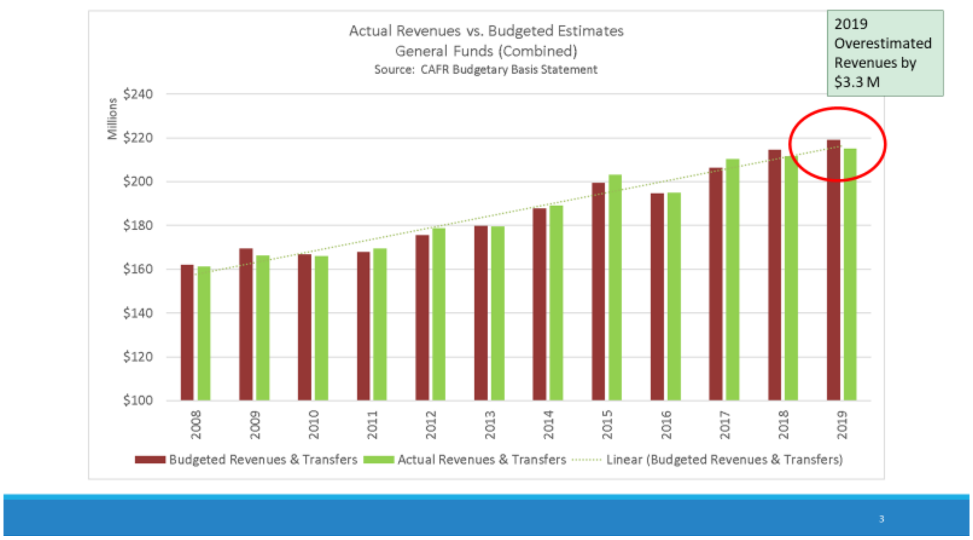
Committee Agenda:

Item No. 1 – 20167…REVIEW: YEAR-END 2019 FUND BALANCES

Synopsis: Review of the 2019 Year-End Fund Balances for the General Fund and Special Revenue Funds and legal restrictions for said funds, submitted by Kathleen VonAchen, Chief Financial Officer.



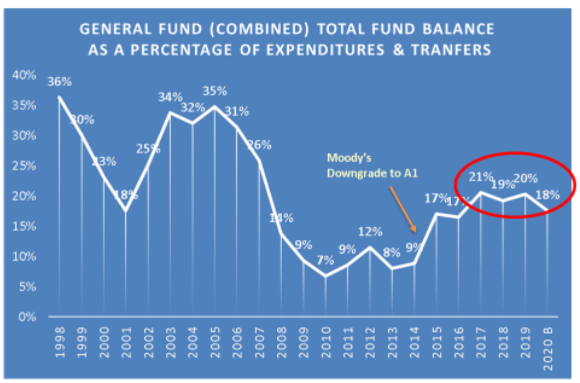
Kathleen VonAchen, Chief Financial Officer, said tonight we're going to be presenting how the year-end balance—how the Unified Governmental Funds performed during 2019. I'm going to share my screen. This is for information only and we're providing this information to provide you basis from which future decision-making can be made regarding the Unified Government budget. At the end of 2019 we ended with what we call reserves. That's the amount of money that has accumulated that was unspent in the prior years, plus revenue brought end in '19, that's how much we spent so. This evening we're going to first talk about the county and the parks combined General Fund and we're going to talk a little bit about how sales tax is economic sensitivity and then we're going to talk about the other Special Revenue Funds. We have about 30 different funds. Some of them are what they call Enterprise Funds, but the remaining ones are Special Revenue Funds. Those are the ones we're going to talk to you a little bit about along with their legal authority of how to be spent and what the resources are restricted for.



Right off the bat, we just wanted to give you an overview of the City General Fund just to give you an idea how the actual revenues compared with budgeted estimates for the Combined General Fund. The Combined General Fund is the City, the County, and the Parks Consolidated City/County Parks Fund combined. Over the past ten or so years there's a graph here, the green is that actuals and the brown or red color is the budgeted number. A lot of finance directors will tend to underestimate revenues and then hoping that they will come in higher than predicted. Of course, I was hoping for that too, but in the past year, and that too, that hasn't taken place.

At the end of 2019, the budgeted revenue estimate was about $3.3M higher than the actual coming in. I can tell you straight up that's because the electric PILOT came in a much lower than I anticipated and that's because if you looked at the consumption level for the electric utility at the BPU and it was quite a bit lower last year. It just kind of took a turn toward the later part of the year so that's the reason for that.

On the expenditure side for 2019, we estimated our budget to be $8.5M greater than what we actually spent in the general fund. You can see, typically, the Unified Government's General Fund underspends its budget. You can see all those brown bars over the past years being higher than the green. In fact, that's true for all the years.



FUND BALANCE PERFORMANCE GENERAL FUND (COMBINED)

2019 Actuals Estimate has fund balance at 20.3% of total General Fund (Combined) expenditures and transfers out. The Adopted 2020 Budget has the UG using $3.5 million of reserves during 2020 as part of the Adopted Original Budget. This was before the COVID-19 pandemic hit.

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The net between revenues and expenditures, and then you add in how much balances you had in the prior year and you come up with a new fund balance. This is a graph of the general fund, combined general fund, total fund balance on a CAFR basis using GAP as a percentage of total expenditures and transfers. As you can see, when we first consolidated, we were at 36%, dropped down to 18% during the dot com kind of recession. It came back up to 34% and then as the great recession hit, it dropped down to a low of 7% in 2010 due to the decline in real estate values. It kind of hoovered around this area. In 2015, Moody's downgraded the Unified Government to a single A. S&P still has us AA. Since then, since 2015, thanks to your prudent financial management and the work of the administration, we've been able to build that fund balance back up to around 17% level. The past three years it's been at around 20% and that's where it ends. In 2019 roughly at 20.3% of expenditures. The total in '19 actual estimate has a fund balance of 20.3, 20% total expenditures and transfers. In 2020, the budget assumes a use of reserves of $3.5M in reserves and that's part of the original budget, but that was before the COVID pandemic hit. Right now, we're looking to basically redo the current year budget in the middle of the year.

Chairman Burroughs asked, Kathleen, the $3.5M of reserves, can you share with the public as to why we chose to take the $3.5M? **Ms. VonAchen** said, well, the quandary with a local government is that typically the revenues do not grow as fast as the expenditures. We have a lot of obligations and overtime, it's difficult to keep the revenue base high enough to support all of our obligations.

In general, I believe that the Administration and all of you on the Commission felt that typically our vacancy rate on salary and the level spending is typically less than what is budgeted, as you can tell from this chart here. That frequent five sort of banks in the expectation that we'll spend under our budge. Let me go to the next Chart. I will show you. Like for example, in 19, well, we will get there. In 2019 we actually grew our fund balance because we spent less than we anticipated in almost every year.

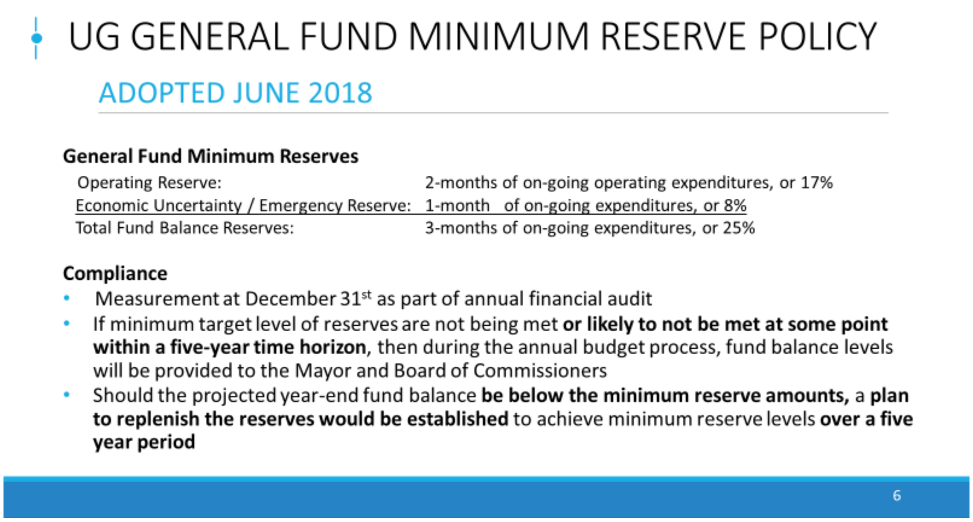
Commissioner Johnson asked, Mr. Chair, can I ask a question before we go to the next slide? **Chairman Burroughs** said yes, please, by all means, I have no way of knowing who's raising their hand. Please don't hesitate to let me know if you want to speak. **Commissioner Johnson** said thank you so much. I appreciate it. Kathleen, you notate on that bar graph that, on that chart rather, that the Moody's downgrade to A1 happened in 2014. Can you tell us what our grade is now relative to the improvements that we've been making over the course of time since then? **Ms. VonAchen** said it happened in February 2015, the downgrade. Moody's had us on negative watch for a number of years. When they saw this 9%, that's when they went ahead and downgraded. Since then, Moody's has not changed their rating even though we have made a lot of progress. The reason for that is they have concerns about our—the market value of the residential and commercial properties in our community are less than would be anticipated for a community of our size. It's generally the income level, the economics of the community in general that will really convince them that we're due for an increase. **Commissioner Johnson** said thank you.

Bridgette Cobbins, Unified Government Clerk, said Commissioner Walters hand is raised. **Commissioner Walters** said a simple question. Why are we looking at a combined City/County Parks Department graph instead of individual? **Ms. VonAchen** said we're looking at the City

General Fund combined because that's how the credit rating agencies judge our financial performance. They look at the entire City/County and Parks General Funds combined. That's how we discuss the reserves in the Reserve Policy that you all adopted several years ago. We're happy to provide information in the future as part of the budget process with each general fund separated out.

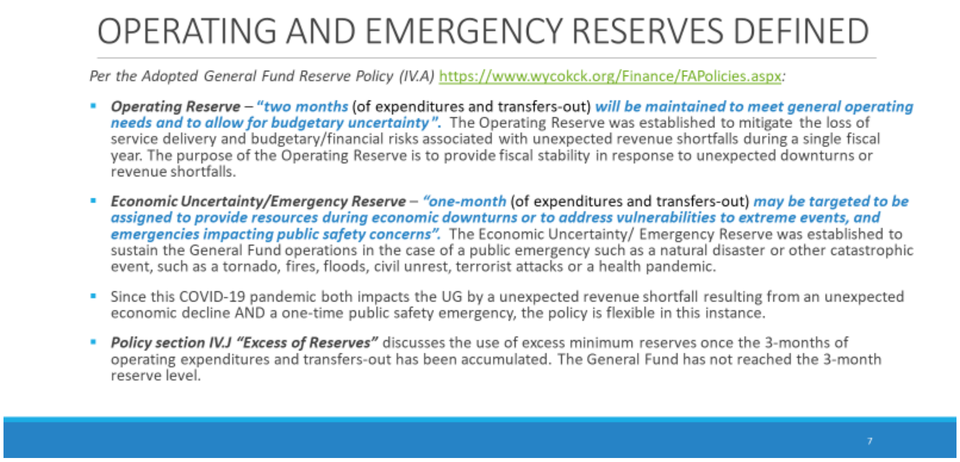
Chairman Burroughs said any other questions committee? If there's no other hands raised, Commissioner Walters did you get your question answered? **Commissioner Walters** said I got the question answered. I do think it's more meaningful to look at the individual fund. We manage those funds independently. We look at mill levy increases and decreases on each fund which ultimately determines the reserves in those funds. This is interesting and I will watch it, but I'm really more interested in the individual funds. **Chairman Burroughs** said thank you Commissioner Walters. I appreciate the statement. I believe you and I run very parallel on those issues.

Ms. VonAchen said well as part of the budget process we provide information on each fund. This is just the year end balances.



As a reminder, we have a Unified Government General Fund Minimum Reserve Policy. The reserve policy is a reminder, which was adopted in June 2018, is that we retain in our reserve an operating reserve of two months of ongoing operating expenditures and two months equates to roughly 17%. If you divide two into 12, you get 16.7% and so we round up to 17.

If you add—then the policy also hopes to achieve over the future in additional months to address economic uncertainty and emergency reserve which one into 12 is roughly 8%. The two combined results in a total minimum fund balance of 25%. What we do is we measure as of December 31 as part of the CAFR Financial Audit and that's the thing is our CAFR Financial Audit combines all three of the funds together to further answer Commissioner Walters question. One thing just as a reminder, given the current situation with COVID, I just wanted to remind you that if a minimum target reserve is foreseen to likely not to be met, at some future or within the next five years, than during the annual budget process we will bring that to the attention of the Mayor and all of you commissioners and then we're going to provide you with a plan of how to replenish the reserves over a future five-year period, if our minimum reserve hits below the two months.



Just as a reminder, we're providing this for information. There's a lot of words on this page, but in the policy itself it defines the difference between an operating reserve in an economic uncertainty in the emergency reserve. The operating reserve is defined to be maintained to meet general operating needs and to allow for some budget uncertainty such as the revenue estimates that I have in the PILOT.

The economic uncertainty or emergency reserve is recommended and may be targeted to be assigned to provide resources during economic downturns or to address vulnerabilities to extreme events, and emergencies impacting public safety concerns.

When I was looking at these two definitions, the current circumstance with COVID-19, the pandemic, it's sort of a cross between the definitions of both of these. It certainly was an unexpected revenue shortfall that we're anticipating, but it is also a one-time public safety kind of emergency. I think the policy is a little flexible in this instance.

General Fund Reserves

Increased 2019 year-end by $2.72 million

Combined General Fund Reserves ($ millions)	Reserves
2018 Ending Fund Balance - Reserves	$39.99
FY 2019 Change in Fund Balance (net operating margin)	$2.72
2019 Est. Ending Fund Balance - Reserves	$42.71
% of 2019 Expenditures and Transfers-out:	20.3%

2019 Year-End Estimated Reserves at 20.3% of expenditures and transfer-out, or 2.4 months. Operating Reserve, or 2-months of expenditures & transfers-out (16.7%), equals $35.1 million of the total $42.71 million. Remaining reserve balance for "emergencies" totals $7.7 million.

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In 2019, as I mentioned, we actually added to our reserve. The reserve amount that was at the end of 2018 and compared to 2019, it's now $2.7M greater. At the end of 2018, it was roughly $40M and we added $2.7M, now it's at $42.7M which is 20.3% or 20% of the expenditures and transfers. The two months of expenditures and transfers or 16.7% equates to $35M of that $42M. The remaining $7.7 is essentially what would be in the emergency bucket. We haven't really talked about that in that way, but just seeing how that's the two buckets.

Chairman Burroughs asked, Kathleen, the emergency reserve instead of going with the 3 months reserve this Commission chose to install the emergency reserve, at any one time will that emergency reserve, in total, meet a one-month reserve criteria that would take us up to 3 months. **Ms. VonAchen** said well, so, I haven't done the math off-hand. As you can see, we're at 20%. The operating reserve is roughly 17%. The extra one month, you're sort of halfway there is my point. If we had another roughly $7M or $8M in our reserve, we would likely be at that 25%. **Chairman Burroughs** said thank you, Kathleen. I think that I wanted to bring that point up specifically because we didn't go with 3 months reserve, we went with a 2-months reserves in emergency reserve. It allows us at the same time to one, have our stable reserve that we know will be 2 months, but it allows us to put additional reserves aside without cramping the budget to the extent that we feel we need 3 months budget and an emergency. I appreciate your statement. Thank you. Any other questions from the committee in reference to this.

Jeff Bryant, BPU Board Member, said, Kathleen, so it's roughly $17.5M a month of expenditures, transfers, and operating reserve. I know the biggest hit has to be sales tax revenue for the last couple of months. As far as revenue overall, what level, percentage level of revenue are we still receiving? Of the expected 100%, are we still getting 60% of it, 70% of it, do you have a feel for what just in the last couple of months where we struggled the most. **Ms. VonAchen** said for sales tax I'm projecting as part of the budget that our sales tax revenue, which is the second largest revenue source of the general fund, it's going to be declining by 20%. That was made in the presentation I gave as part of the budget workshop number one and several presentations previously. Your question, what am I seeing most recently, the problem is that we don't receive that data until two months after the actual transaction has occurred. At the end of—a few days ago we received our main distribution from the state of Kansas and that was for transactions through March or basically the March transactions. As you know, the closure occurred roughly the second or third week of March. There was a lot of stock up buying especially at grocery stores and various places. Not all retail activities ceased as part of the closure because some of those stores were deemed essential, especially some of the larger box stores.

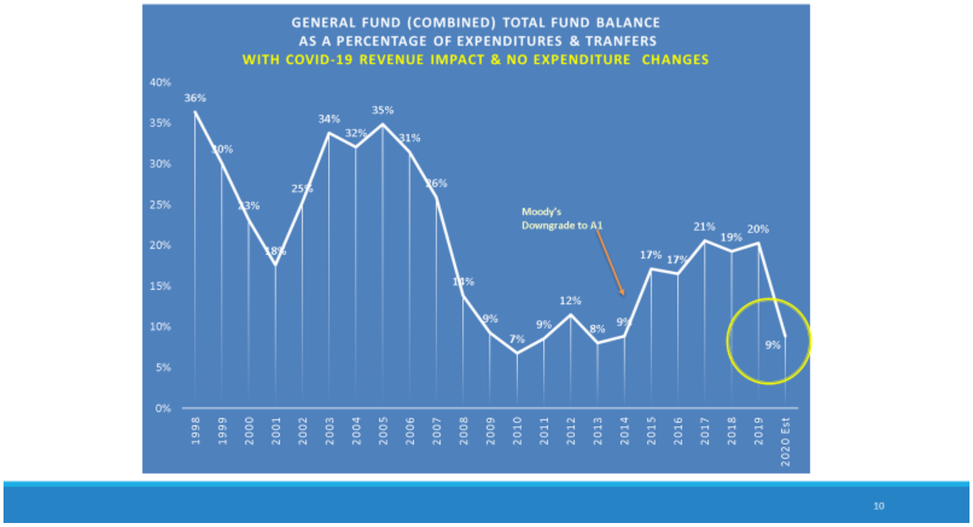
What we found and I was just looking at the sales tax data for the distribution we received two days ago for the March activity, is that the 2%, which is the 1% city and county sales tax, actually performed very consistently with last year, last year's March winter activity. The sales tax that is derived from the Legends area, the STAR Bond money, that area, the sales tax dropped 37% compared with the prior year. **BPU Board Member Bryant** said if you're anticipating roughly a 20% drop or decline for at least the two months and you say the sales tax is the second largest revenue source, what percentage of our overall revenue is sales tax? Is it 40%? **Ms. VonAchen** said my 20% reduction is actually for the entire year. It includes the really solid performance of the past four or five months, but also anticipates a prolonged reduction in revenue in the future. Sales tax is roughly around 25% of the total revenues from the General Fund. It's about 25%. **BPU Member Bryant** said I'm just trying to gage, if it's $17.5M a month of expenditure, what length of time the fund balance has before it gets down below less than 17 or 15% where I think it was critical. We've done that analysis, that isn't actually the purpose of this presentation, but I think I have a slide coming up that's shows the impact.

Ms. Cobbins said, Mr. Chair, Commission Johnson has his hand raised.

Commissioner Johnson said, Kathleen, thank you for this presentation. Just dovetailing off of what Mr. Bryant was just talking about, I think what your response really gave me at least a sense of how important it is that we keep the Legends moving forward. Just the percentage drop, as it relates to the overall sales tax drop, how much of it gets related to the Legends speaks to the fact that how important that is for our community for sure.

My other comment or question was relative to the two months versus the three months that you all had before I came on this committee, where do our peers and the industry standard speak to in terms of the levels that we need to maintain? I can recall back to my banking days, you know the numbers were much larger, but of course, the economy was much better at that particular time. Years ago, we would talk about 3 to 6 months, now we're talking about 2 to 3 months. Where do our peers line up with regard to that and what is the typical industry standard relative to those predictions in those metrics? **Ms. VonAchen** said the Government Finance Officers Association is a national organization of all the local governments and state government municipal public folks, they recommend—they have a number of recommended practices and they recommend that when operating reserve that you have two months ongoing expenses set-aside in order to meet basic liquidity issues which is you're not bouncing any checks throughout the year, so you have enough liquid assets to pay your bill.

The emergency reserve is actually based on a risk assessment. The likelihood and the costs that is expected if you were to be in a pandemic and a tornado and flood, and if you suddenly—other catastrophic events. The likelihood that all three or four of those things is going to happen all at the same time is pretty unlikely, but there's a statistical risk assessment that's done. I did that risk assessment. I went through the analysis to perform that risk assessment. What it told me was that an additional one month will cover all the likelihoods that any of those things would happen. When I did the risk assessment I was really thinking about floods and tornadoes. I was not thinking that a pandemic would close the economy for two months. This is a very unusual and unexpected event that has occurred for not only ourselves, but the entire country. All local governments in the country are in it. **Commissioner Johnson** said I agree and certainly for the country as well as the world, so I totally agree with what you're saying.

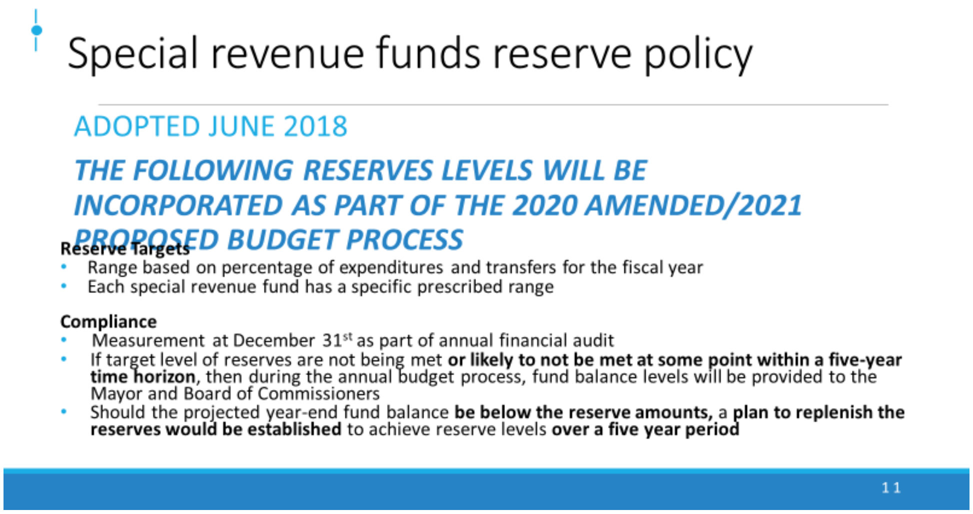


Ms. VonAchen said I don't think we need to harp on this, but the sales tax is very volatile. There is some risk on relying on it too much. There's risk in just relying on it. It's 23% of the General Fund revenues. Our reliance is greater now that we shifted six mills downward from the City General Fund, so the reliance on sales tax increased since 2016 slightly. It was 21% in 2016. Also, there is some sensitivity to collection methods. The sales tax base could change and then just generally the stock market impacts the economic conditions. It impacts consumer confidence. There's interest rate hike by the fed or reductions, there's international trade disputes, so a lot of things impact consumer confidence. This goes to the question I think BPU Board Member Bryant was asking. If we were to—given the COVID revenue impact and if we did not change any of our budget, we would end up with a fund balance for the combined General Fund of 9%. That's how much lower it would go.

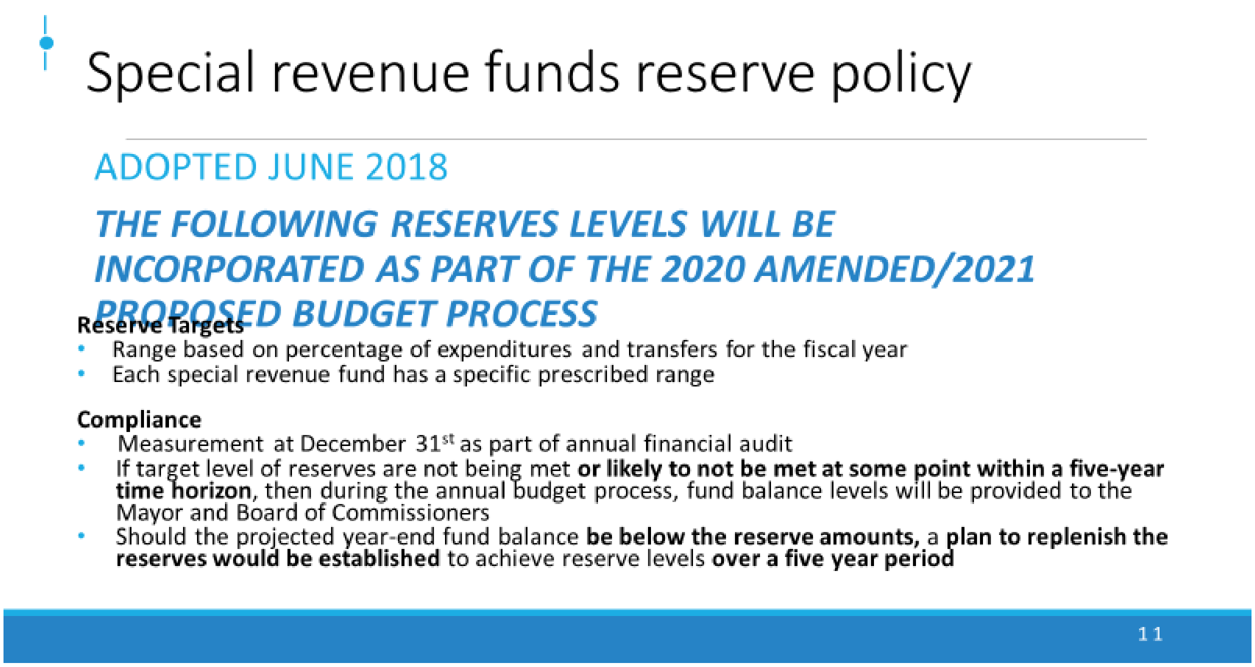
Chairman Burroughs said the report from the state was that sales taxes were up .5 basis point more than what they anticipated. I believe that goes to what you stated early on in your presentation that the people stocked up, there's still people out there purchasing. You had your essential businesses that were utilizing sales so the state itself has seen a half basis point increase in their sales tax when they were looking for a lot more, but still half a basis point. The challenge we have with the local sales is just that. It's our local sales tax, but I truly believe that some of the things you talked about that could affect our sales tax, we may be immune from, but it can affect us. I don't think that our sales tax is as dire as some of us might believe it is. At least that's not what the report is from the state that I received today. **Ms. VonAchen** said it is real tempting to be hopeful. I think it's best to plan for the worst and hope for the best. It is very tempting to be hopeful. The base sales tax did perform okay in March, it did. **Chairman Burroughs** said through the end of May. **Ms. VonAchen** said but April all of those businesses were closed, and we don't have information on April, so I don't know, we'll see.

Chairman Burroughs said my report came in through the end of May that shows as I stated, the state, even though it was down overall from what they had projected, it had still performed a half basis point above what they had anticipated after they came back and made the cut. We're very fluid in all of this. I just wanted to share that with others. I'm reading the report at the same time I'm talking to you. The state made cuts just like what we were proposing to do here and found out that the cuts weren't needed as deep as they thought they would, which is a good sign, and this is through the end of May. These are the latest numbers that came out today. I wanted to run those numbers before we had a chance to have this meeting tonight. **Ms. VonAchen** said those numbers from the state that you're talking about, they came out the end of May, but those were April transactions, right? If I'm understanding you right, what you're saying is they're half a percent better than the reduced number that they revised for that month. Is that right? **Chairman Burroughs** said that's correct. All those sales tax receipts for the month of May were $27.3M less than those from the same month from 2019, fiscal year-to-date receipts. Now remember, their budget runs different than our budget. On the state side it runs to the end of June, starts the 1st of July. We run through fiscal year. The forecast was reduced in April by $95M not withstanding the fact that receipts through March had run $22.5M above the previous estimate. Sales tax receipts through the end of May continue to show positive growth of .6%. I said half a basis point, I was being conservative, above the 2019 receipts.

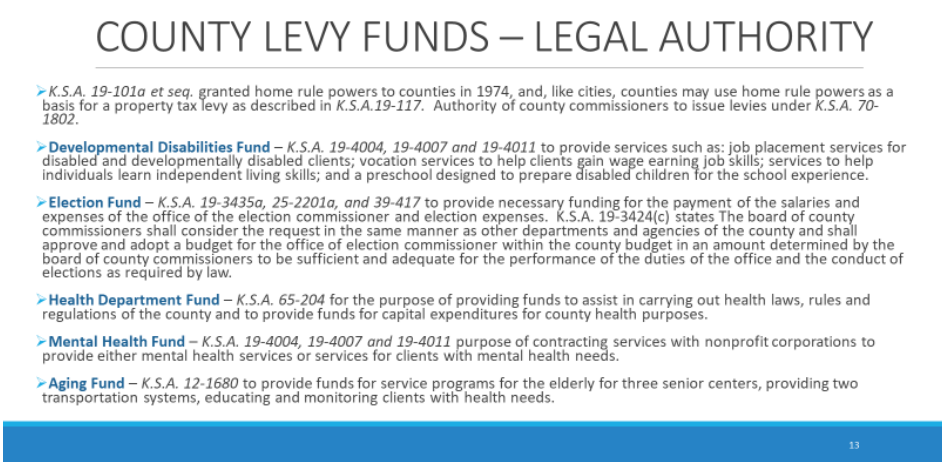
Ms. VonAchen said if there aren't any more questions about that, I wanted to move on to the Special Revenue Fund.



Just as a reminder, we have a variety of special revenue funds and the currently policy which we are going to be discussing and revisions to this policy in the next agenda item, but the current policy basically delineates a range of target minimum reserves, depending on the fund. It follows the same situation where if the minimum reserves are not met, then at some point if we foresee that there's a problem, then we develop a plan to replenish and so forth. That's the same provision as the General Fund.



There's four categories to these Special Revenue Funds. A lot of this presentation you have seen in prior years. There's kind of a lot of legal jargon in here in some of these slides. Honestly, I just provided them as a means for you all to kind of refer to. I wasn't necessarily going to revisit each of the legal provisions of each of these funds, but I'm providing it just as a reference. **Chairman Burroughs** said, Kathleen, I appreciate that very much. I believe as you stated and as a number of committee members have talked about these special funds. **Ms. VonAchen** said we have the County Levy Fund, we have a two Debt Service Funds, and then we have funds that are restricted by state statute and then funds that are created by the Unified Government have been created in the past and have some under the authority of the state statutes provide us.



The first one, the County Levy Funds, generally we are granted home rules powers, the counties in 1974. We can set up various property tax levies for various purposes. These are the property tax levies that we currently have. The Development Disabilities Fund, the Election Fund, the Health Department Fund, the Mental Health Fund, and then the Aging Fund. Each of these have specific restrictions on how to spend the money and so based on the state statute.

2019 Expenditure and Transfers & Fund Balances for Special Revenue Funds						
Special Revenue Funds' Resources Dedicated for Legally Authorized Uses (refer to CAFR for details of dedicated/ restricted uses)						
Source: 2019 Draft Non-Major Governmental Funds' Financial Statements						
	FY 2019 Expenditures & Transfers-out	FY 2019 Ending Total Fund Balance	Fund Balance as % of Expenditures & Transfers-out	Target Reserve Range (as a % of Expenditures & Transfers-out)	Fund Balances in Excess of Highest Reserve Target Range	Notes Regarding Revenue Sources and Obligations of the Outstanding Fund Balance
Developmental Disability	$ 436,679	$ 479,547	110%	10% to 15%	$ 414,045	Resources from annual 0.346 County property mill levy rate
Elections	$ 1,303,089	$ 432,790	33%	10% to 15%	$ 237,327	Resources from annual 0.873 County property mill levy rate
Health Department	$ 3,185,965	$ 334,532	11%	10% to 15%	$ (143,363)	Resources from annual 1.559 County property mill levy rate
Mental Health	$ 659,000	$ 63,620	10%	10% to 15%	$ (35,230)	Resources from annual 0.425 County property mill levy rate
Special Programs for Elderly	$ 1,882,162	$ 48,417	3%	10% to 15%	$ (233,907)	Resources from annual 1.027 County property mill levy rate
Totals	**$ 7,466,895**	**$ 1,358,906**	**18%**		**$ 238,872**	

Here is the balances for the funds in this category. Each one of those categories is presented the same way. The first column, remember, it's the expenditures, its not the fund balance. It's how much was spent during 2019 including transfers and then the blue column is the fund balance at the end of 2019. These are based on the CAFR, so this is the CAFR fund balances as prescribed in the policy. This next column is basically taking the fund balance and dividing it by the expenditure level and so you can see, for example, Developmental Disabilities, it's fund balance of $479,000 is 110% of the amount it spent in 2019. It's a pretty healthy fund balance. Whereas, the current policy we have in place, as I mentioned we have a range and it prescribes a minimum reserve of between 10 and 15%. The last column is how much in excess of the highest number it is. If we only have 15% of the expenditures in a reserve, then this is how much more we have in excess of the 15%. These are the mill levy rates. You can see that the Developmental Disability Fund has quite a bit of fund balance.

The Elections has quite a bit of fund balance. I should point out that Elections, you know, their cost kind of vary from one year to the next, depending on whether there is a general election. Sometimes they need to have a little bit more money because when that presidential election happens, they often spend more money in that year. There's a little bit of variability for them. The Health Department is at 11%. Mental Health is at 10%. The Aging or the Special Programs for the Elderly are only at 3%.

Chairman Burroughs said the committee has discussed this. I'm really pleased that you brought these forward as we've had much discussion in reference to the target reserve range in reference to these funds. As you can see, we do have—even though the mill levy has been set for those particular funds, we did find three of them that the reserves are in the negative category. I guess my comment would be, when we do the budget, do we give guidance as to what the mill levy should be on those, or is that guidance given that we want to keep the mill levy the same and then the Administrator makes the mill levy adjustment. **Ms. VonAchen** said so what's missing, again, from this presentation, is how much we plan to spend in 2020 and how much we plan to spend in 2021. Of course, those amounts plus how much is coming in, those amounts impact the reserve. As part of the budget process, we individually look at each and every one of these funds and we monitor whether the reserves are too low or too high, and we make adjustments accordingly. What I mean by we, I mean that the County Commissioner in conjunction with say the Election Commissioner, we talk about whether the mill levy should be shifted among these funds slightly.

As I mentioned in the prior slide here, I wanted to tell you that these reserve levels are going to be incorporated as part of our discussion in the 2020 Amended 2021 Proposed Budget process. We're certainly going to be very closely watching the reserve levels to see whether there's opportunity for shifting mills around in order to make sure that the programs that are being provided are—that it makes sense for example.

Chairman Burroughs said I sincerely appreciate that statement. This is something since I have come on as the commissioner that we have identified that our reserves are out of whack with our mill rate. We sincerely need to give consideration to proposed mill rates to make sure, at the very least, that we meet the policy in place and we haven't done it with the three negative categories here on the three funds, the Health Department, Mental Health, and Special Programs for the Elderly. Either we're not raising enough money or it's costing us more money and we need to balance that out. As far as the excess in reserves, when it comes down to making sweeps and/or utilizing those funds for something else, we are mandated because of the mill rate to spend those dollars accordingly. I did want to bring that to your attention. I wanted to make a public statement that something that many of us have talked about over the last couple of years and we see it again tonight that we are under water in reserves on three of these funds and two of the funds have a tremendous amount of money. I just wanted to bring that to the committee's attention.

Ms. VonAchen said I failed to share earlier that as part of the 2020 Budget, we shifted .4 mills, maybe .04 mills, I'm not remembering exactly, but a small millage we shifted out of the Developmental Disabilities Fund and into the Health Department Fund. You all approved that as part of the 2020 Budget and at the moment the administration is thinking about keeping that in place. **Chairman Burroughs** said just for transparency sake, this goes back to my original question, we approve a standard mill levy when we approve our budget. I don't know who had come forward and talked about moving a half of percent of something around. I would like to have that disclosed when we're having our budget discussion because, in my opinion, that was a sweep when we pulled some money down, but that's just my opinion. I want to watch those dollars. If we're pulling money out of the Developmental Disability Fund at a half percent a mill and that mill went into something else, then we need to ensure that whatever monies are there for Developmental Disabilities that is spent properly and accordingly. That's what the mill levy was set to do. To come in later once those funds have been identified as being excess, which we as a committee members have done that, only to find out that they were shifted later once we approve the entire mill structure. I want to know who has the authority once we approve the mills to go in there and change those around to collect the excess dollars in revenues. I just don't believe that's transparent to the public and I don't think it's fair to the disability group, the election group, or any of those who have been taxed or have a mill levy rate associated to those particular entities that those monies sit idle and/or go in reserve only to be moved somewhere else without public discussion. That's my comment.

Ms. VonAchen said so the next budget presentation we're going to be presenting what they call the maximum mill levy presentation and in that presentation is when each of the mills for each fund are presented. Any shifting that is recommended by the administration would be presented at that time for the entire Commission comment and approval and vote. That's coming up in the next two weeks.

Commissioner Townsend said, Mr. Chairman, I had my hand raised, but this is a little bit challenging. **Chairman Burroughs** said it is. Please never hesitate to speak up. **Commissioner Townsend** said before Ms. VonAchen proceeds, I would like to remain on this slide 14 and get a really primary understanding of what we're saying here. For instance, let's look at the Health Department, Mental Health, Special Programs for Elderly. If you look at the columns in the blue, those are all positive numbers indicated. Those are the remaining balances in those funds. That's correct, Ms. VonAchen? **Ms. VonAchen** said, that's right. **Commissioner Townsend** said explain to me what we're saying about those balances. Again, when we look at the column that says fund balances in excess of highest reserve target. If you look at the Health Department, you've got a negative of $143,363. What are we saying about that number? That's an ending balance, should be at least that amount added to the $334,502 you have in there to be in a compliance state. **Ms. VonAchen** said right now, the policy prescribes or recommends that you keep between 10 and 15% of the expenditure level. Right now, this fund is within that because it's at 11%, which is between 10 and 15%. This is just an example here. If we were shooting for high one, the 15%, this fund reserve of $334,000 would need to be $143,000 higher in order to meet that 15%. **Commissioner Townsend** said at the highest range. We're looking for the highest range. **Ms. VonAchen** said well, it's just to give you an example. I could have picked the lowest as well.

Commissioner Townsend said one other thing I wanted to go back to your slide before we go any further that showed the general fund, combined total fund balance, where we see that nosedive of the fund balance going down to 9%. When we're looking at that 20% in 2019, is that number inclusive only of the two months of ongoing operating expenses where we should be around 17% or does that 20% also take into account the one month of emergency reserve so we really should be comparing that number to 25%? **Ms. VonAchen** said we hit the two months which is 17%, and then any amount above 17% is going toward the extra month. **Commissioner Townsend** said alright. Well, I guess what I'm saying is that—okay, you're saying we're 20 looking at 17 with 3% being extra. **Ms. VonAchen** said yes, that's right. That extra equates to $7.7M. **Commissioner Townsend** said I'm always going to be pretty careful from here on out to make sure that I fully understand if we're talking about the reserves when you quote a percentage inclusive of or not inclusive of the emergency, which would be the 25% watermark. Thank you.

Ms. Cobbins said, Mr. Chair, I see Commissioner Johnson with his hand raised.

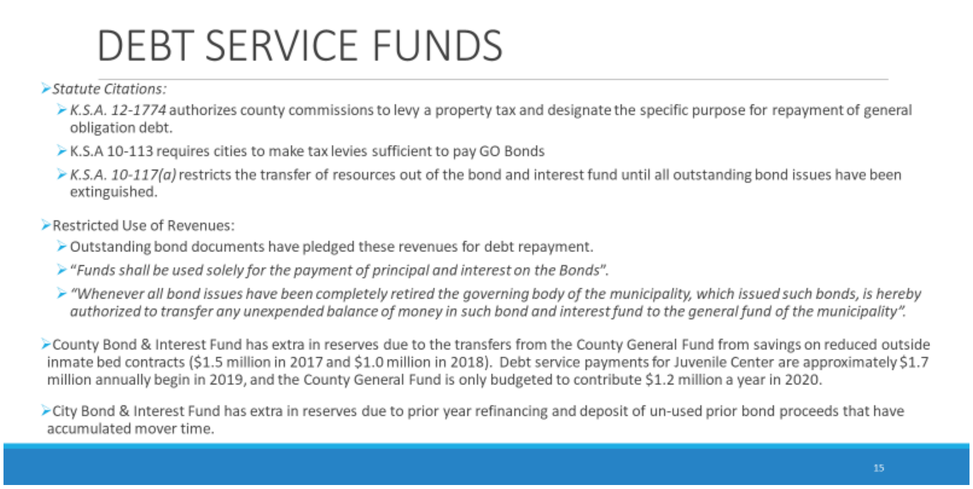
Commissioner Johnson said I have a pretty short tension span for better or for worse, so I jumped ahead throughout the presentation. From what I can tell, these are the only three funds that have a fund balance less than what we have prescribed and I'm speaking of specifically the Health Department, Mental Health, and Special Program for the Elderly. **Ms. VonAchen** said actually the only one is the elderly. These other two or within the range. **Commissioner Johnson** said yes, I stand corrected on that. We only have one fund out of I don't know how many funds you have in this presentation that is out of sync so to speak. The only question I have of that is, for that one fund, historically, has it been lower than what we had prescribed, or can you give me some historical context for this particular fund? Everything else, as I can tell, Chair, looks like they are at or above what we have prescribed or the state has prescribed or whoever has prescribed these particular percentages.

Chairman Burroughs said, Commissioner Johnson, you are correct in that statement, but we also made a change in the policies last year that allowed some of those monies to be moved around for the technology fund and a few other things which lowered and impacted some of those reserve funds. My point all along has been, lets be transparent in the mill levy requirement that we're putting on it because those mill levies reflect in our total mill levies that we assess our ratepayers. It's important that even though these are only 1.2 mills or 2.4 mills, it's important that we utilize that mill levy to pay for those services and not utilize them to build reserve. Our reserves that are set aside, are they inclusive of these reserves in reference to the two months that we are putting aside or are they excluded? That's a discussion for us as a committee, but I really appreciate you bringing those up and looking at those. I'd be more than happy to visit with you about some of the other discussions that have gone on in reference to these mill levy reserves.

Commissioner Johnson said I agree with you, every mill counts right now in this environment. I completely appreciate the scrutiny with which we have been applying to these funds. Particularly, what we are expecting right now and coming into the next year or two. Every fraction of a mill counts, so I appreciate the work that you and Commissioner Walters have already put into this. I don't need to be brought up to speed on it. I just to make sure that I was understanding this properly.

I guess it's back to my original question. Historically, on the Special Programs for Elderly, has that typically been out of whack, Kathleen, or is this just a one-off situation? **Ms. VonAchen** said the Special Programs for the Elderly have a lot of needs. They pretty much are always a little short. In fact, every year we not only collect this property tax, but we also transferred $260,000 from the County General Fund to this fund in order to augment the number of meals that we can distribute to our aging population. **Commissioner Johnson** said with that being said, and again, I don't want to take too much time in the weeds, that's not where I really need to stay at. Does it make sense, back to what Commissioner Burroughs has been talking about, for us to at least address those areas that are below the prescribed percentages of which I see one right now, so that we don’t have to continue that process of having to transfer funds over when we might just need to make an adjustment in the fraction of whatever mill that we are assessing to that fund. That’s the only thing I would add to the comment.

Ms. VonAchen said that is one opportunity. I would also like to point out that Developmental Disabilities, generally they build within their budget, expenditures that are unexpected kind of emergency needs, but they also often don’t know exactly what the grant level is going to be for their services in the grant fund. What happens is, their budget, for example, typically is around let’s say $550,000 or maybe $600,000, but then they end up only spending $436,000 because that emergency money that they planned for wasn’t spent. That’s how the reserves got started building in this fund because some of the contingency money that they have to set-aside wasn’t needed. Just so you know, that’s why this fund balance is higher. **Commissioner Johnson** said I appreciate that. There’s always a narrative that comes with all of these percentages. I’m always saying I’m a bottom line kind of guy. I only see one fund right now that might need some adjustment, but other than that it looks like everything else is at and/or above where it has been prescribed either by the state or by us or agencies might be. **Ms. VonAchen** said by us. **Commissioner Johnson** said I’m talking about the other funds going forward that you are going to identify in the presentation. I’m going to shut up so we can move on. **Ms. VonAchen** said I really appreciate your comments and questions.



Ms. VonAchen said the debt service fund is reported as one single fund in the CAFR, but in reality, there’s a City General Fund, I’m sorry, a City Debt Service Fund, the Bond & Interest Fund and then there's a County Bond & Interest Fund. Then there's a whole variety of about 15 tax increments, separate tax increment financing funds.

Special Revenue Funds' Resources Dedicated for Legally Authorized Uses (refer to CAFR for details of dedicated/ restricted uses)
Source: 2019 Draft Non-Major Governmental Funds' Financial Statements

	FY 2019 Expenditures & Transfers-out	FY 2019 Ending Total Fund Balance	Fund Balance as % of Expenditures & Transfers-out	Target Reserve Range (as a % of Expenditures & Transfers-out)	Fund Balances in Excess of Highest Reserve Target Range	Notes Regarding Revenue Sources and Obligations of the Outstanding Fund Balance
City Bond & Interest Fund	$ 50,760,125	$ 6,033,955	12%	5% to 10%	$ 957,943	100% restricted for debt service payments
County Bond & Interest Fund	$ 5,047,244	$ 4,490,167	89%	5% to 10%	$ 3,985,443	100% restricted for debt service payments
TIF Debt Service Funds	$ 2,789,928	$ 4,156,888	149%	5% to 10%	$ 3,877,895	100% restricted for debt service payments
Totals	**$ 58,597,297**	**$ 14,681,010**	**25%**		**$ 8,821,280**	

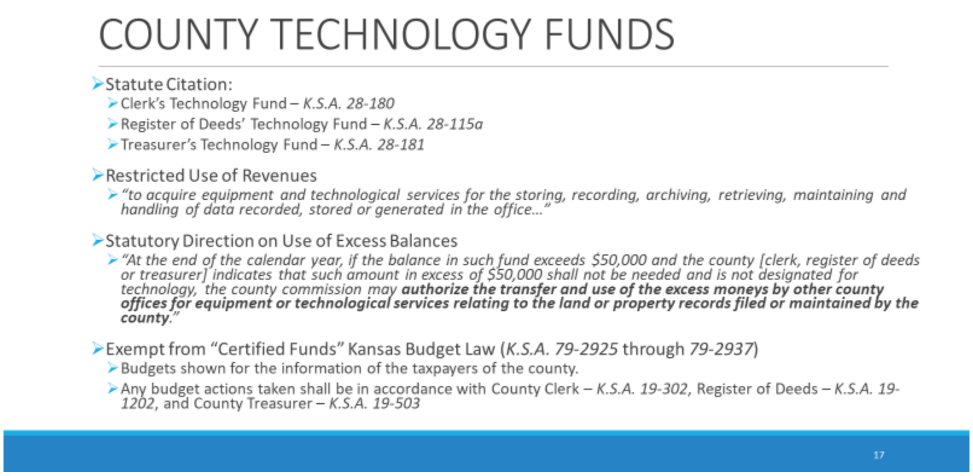
We're going to focus on the City and the County Bond & Interest Fund. You've seen some information, quite a bit of information, about the financial performance of those two Debt Service Funds as part of the CMIP presentation so I'm not going to belabor that. I did want to share this with you, we have the City Bond & Interest Fund ending the fund balance with $6M and the County Bond Interest at $4.5M. Then, all of the TIF Debt Service Funds combined equal $4.1M. That's a total of $14M. All of these are 100% restricted for debt service. State statutes are very clear on that. If you want to spend this money, you have to issue debt and then pay off the debt with them, those reserves. **Commissioner Johnson** asked, Kathleen, on this excess funds—I'm sorry, Mr. Chair, forgive me for that, Chairman Burroughs. **Chairman Burroughs** said go right ahead, Commissioner. **Commissioner Johnson** said the $8.8M are we achieving any kind of positive arbitrage on those funds since we are obligated to keep them in the fund and not able to spend them. Can you speak to that and any of the other funds as well to that degree? Are we able to receive a positive arbitrage on those since we accrue debt service? **Ms. VonAchen** said we have a policy, an internal accounting policy related to which funds receive interest income and these funds do receive interest income on their balance, if that's what you're asking.

Ms. VonAchen said I wanted to mention, the County Bond & Interest Fund, the reason it's fund balance is higher is because all of you approved as part of the budget the past two years, I think began in 2017, 2018, and again now in 2019, we transferred roughly between $1 and $1.5M amongst those years, each of those years, from the County General Fund to the County Bond &

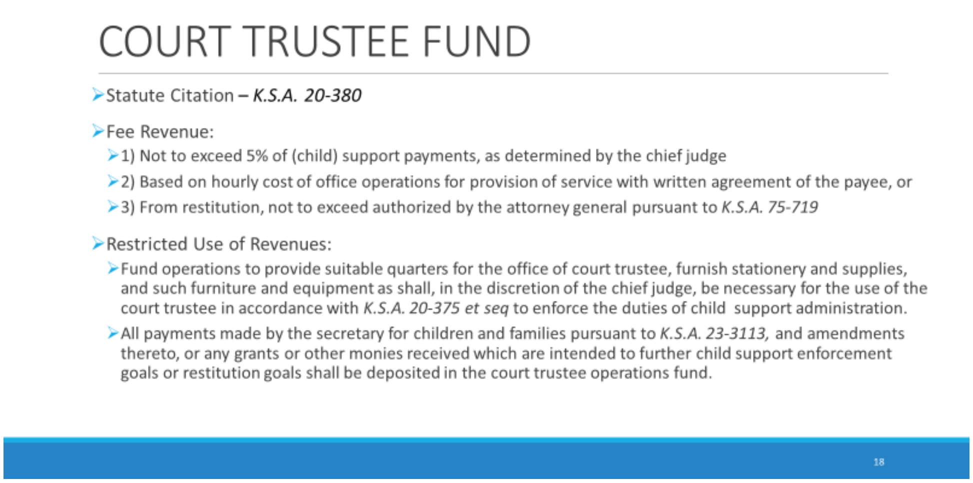
Interest Fund in anticipation of the debt service that we're going to be paying for the Juvenile Center. The debt service on the Juvenile Center is about $1.7M. That was something that we did in order to kind of set aside money in the County Bond and Interest Fund to make sure that we have enough to make that debt service payment. That's why that fund balance is higher.

The TIF Debt Service Funds are basically—there is debt service, well basically, sales tax and property tax over the course of the life of the Tax Increment Financing District exceeded the amount of debt service that was required and there is a number of funds in there is and that's what that is. As the bonds become callable, then we're able to pay off those TIFs earlier with those reserves.

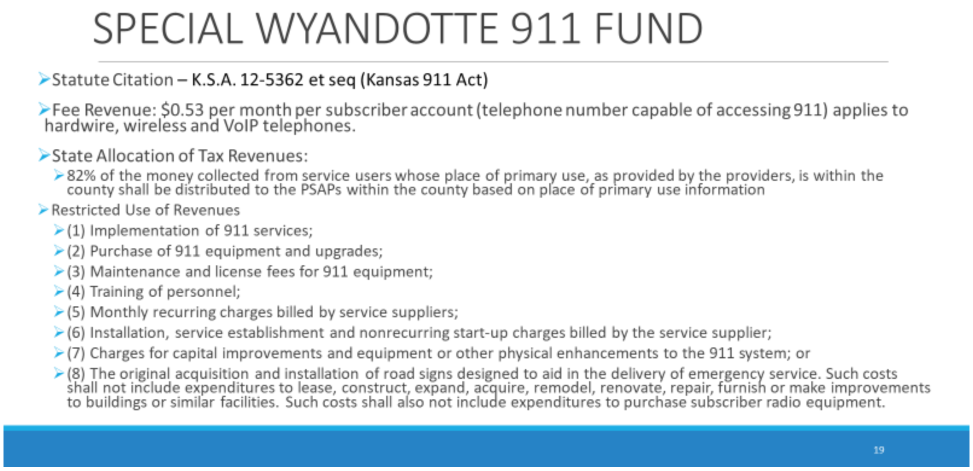
City Bond & Interest Fund, it's holding at $6M. As I mentioned during the CMIP presentation, because over the course of, especially the last five years, we have refinanced bonds, a number of bonds. Every year we refinanced bonds so that the debt service is less than what we were paying previously. Also, when we permanently finance bonds, sometimes we overestimate how much is left for the project cost and the cost ends up being a little less than what we bonded for. The difference in those proceeds are required to be deposited back from the project account to the debt service account so that those balances have been growing. That's why that $6M is in there. As you know, these funds don't necessarily need a great deal of liquidity and that's because we have set mills—the TIF probably needs some liquidity, alright. The City & County Bond & Interest Fund, they probably don't need very much liquidity because we receive ½ of the property tax payment the first month of the year. The first debt service payment made in February is for interest, not principal. The largest debt service payment typically happens in October for principal and interest.



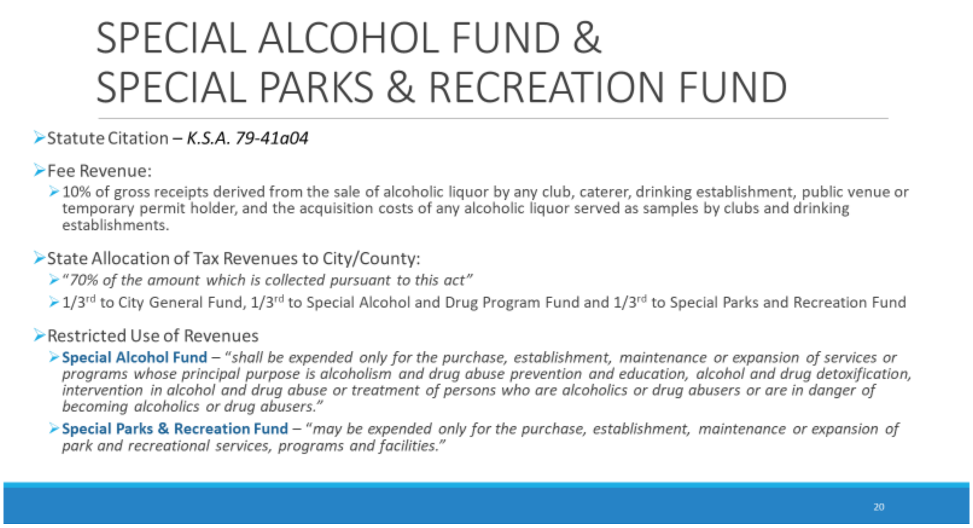
Commissioner Burroughs mentioned the County Technology Fund. By statute we have three of them set up for the Clerk, Register of Deeds and Treasurer. They are restricted for these purposes that are discussed here. I'm not going to go into the detail of it. Generally, they're for acquiring equipment and technology services. There is some provision for the use of the balances in these funds once they exceed $50,000. The use of those balances have to be authorized by the respective people in charge of these funds, so the UG Clerk, the Register of Deeds, and then the County Treasurer.



The Court Trustee is restricted for the use of supplies, and some furniture suitable for the Court Trustee Office, but also to assist families and children with child support enforcement.



We have a 911 Fund, it's a fee per prescriber on accounts and telephone numbers. It's very restricted. You can only use the money for these purposes; you can't even put personnel in here.



We have the Special Alcohol Fund and the Special Parks and Recreation Fund. The revenue from these funds are from the sale of alcohol, clubs, and drinking establishments, but not liquor stores. The purpose of those funds are specified here.

SPECIAL STREET & HIGHWAY FUND

- Statute Citation
  - K.S.A. 12-1,119 creation of street and highway fund by ordinance
- State Allocation of Tax Revenues:
  - Revenues are received from the State of Kansas from motor fuel tax collections. Allocations are based on population of the city and county
- Restricted Use of Revenues
  - Funds are to be used for the construction, reconstruction, alteration, repair and maintenance of city streets and highways.

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The Special Street & Highway Fund is a gas tax fund. This fund was negatively impacted due to COVID. It's basically restricted for construction alterations of city streets and highways.

Special Revenue Funds' Resources Dedicated for Legally Authorized Uses (refer to CAFR for details of dedicated/ restricted uses)
Source: 2019 Draft Non-Major Governmental Funds' Financial Statements

	FY 2019 Expenditures & Transfers-out	FY 2019 Ending Total Fund Balance	Fund Balance as % of Expenditures & Transfers-out	Target Reserve Range (as a % of Expenditures & Transfers-out)	Fund Balances in Excess of Highest Reserve Target Range	Notes Regarding Revenue Sources and Obligations of the Outstanding Fund Balance
Jail Commissary	$ 2,363	$ 288,030	12189%	8% to 12%	$ 287,746	Restricted to inventory cost of sale to inmates for clothing, food, etc
Special Dedicated Sales Tax	$ 9,836,028	$ 4,856,128	49%	5% to 10%	$ 3,872,525	Resources committed for prior year capital projects & equipment acquisitions
Special Assets Fund	$ -	$ 2,282,700	0%	5% to 10%	$ 2,282,700	100% assigned for future projects at CAO and Commission direction
Tourism & Convention	$ 2,535,744	$ 6,709,672	265%	3% to 5%	$ 6,582,885	100% assigned for future projects
Environmental Trust	$ 1,002,689	$ 1,450,165	145%	10% to 15%	$ 1,299,762	100% assigned for future dedicated projects / potential landfill risk mitigation
Totals	**$ 13,376,824**	**$ 15,586,695**	**117%**		**$ 14,325,618**	

CREATED BY UG COMMISSION WITH AUTHORITY OF STATE STATUTE

22

Here's the balances. The Jail Commissary Fund is, if you do the math, it has a significant percentage compared with those expenditures, but that's because the expenditures are so low. They were only $2,000 last year. There is some excess revenue in there. These are the funds created by the UG Commission. I think I got those turned around. **Chairman Burroughs** said something is not adding up there Kathleen. **Commissioner Johnson** said you show the actual of balances ahead of the description of the funds themselves.

Debbie Jonscher, Deputy Chief Financial Officer, said, Kathleen, the last slide you have in the PowerPoint I think has the funds that you just went over. **Ms. VonAchen** said I got turned around.

I'm so sorry about that. Somehow the slide got—let's go back to that slide then since we talked about it.

Special Revenue Funds' Resources Dedicated for Legally Authorized Uses (refer to CAFR for details of dedicated/ restricted uses)
Source: 2019 Draft Non-Major Governmental Funds' Financial Statements

	FY 2019 Expenditures & Transfers-out	FY 2019 Ending Total Fund Balance	Fund Balance as % of Expenditures & Transfers-out	Target Reserve Range (as a % of Expenditures & Transfers-out)	Fund Balances in Excess of Highest Reserve Target Range	Notes Regarding Revenue Sources and Obligations of the Outstanding Fund Balance
County Clerk Technology	$ 2,375	$ 162,565	6845%	5% to 10%	$ 162,328	Accumulating resources for future equipment/software acquisitions
County Treasurer Technology	$ 84,432	$ 81,564	97%	5% to 10%	$ 73,121	Accumulating resources for future equipment/software acquisitions
Court Trustee	$ 451,917	$ 688,392	152%	8% to 12%	$ 634,162	Resources restricted for child support enforcement activities in future years
Register of Deeds Technology	$ 126,222	$ 235,431	187%	5% to 10%	$ 222,809	Accumulating resources for future equipment/software acquisitions
Special Wyandotte 911	$ 974,450	$ 460,996	47%	5% to 10%	$ 363,551	Resources from a statewide 911 fee on hardwire, wireless, VoIP phones
Special Alcohol Program	$ 430,705	$ 1,045,242	243%	5% to 10%	$ 1,002,172	Resources from a portion of UG's allocation of State liquor tax sales
Special Parks & Recreation	$ 420,494	$ 301,328	72%	3% to 5%	$ 280,303	Resources from a portion of UG's allocation of State liquor tax sales
Special Street & Highway	$ 7,649,050	$ 1,687,775	22%	3% to 5%	$ 1,305,323	Resources from UG's allocation of State motor fuel taxes
Totals	**$ 10,139,645**	**$ 4,663,293**	**46%**		**$ 4,043,767**	

FUNDS RESTRICTED BY KANSAS STATUTES

28

Here is the Technology Fund, all of the three technology funds are here. The County Clerk is accumulating resources for future acquisition in software. She does plan to have to engage in some projects in the coming years, so you'll see that as part of the budget process.

The Treasurer made a significant investment this year in the technology needs of the Motor Vehicle Registration and Property Tax Administration area. He spent down his fund balances although they're still at 97%. The Court Trustee is administered by the courts. Here's all the balances here.

Ms. Cobbins said, Mr. Chair, Commissioner Johnson has his hand raised.

Commissioner Johnson said I think I might have got a little confused here, but I guess what I'm trying to understand, and I'm just looking at that, you talked about the County Technology Funds and I think Commissioner Burroughs you may have already spoken to this. It sounds like there is some level of discretion that can be utilized for that particular fund if it is in excess of $50,000 above what it needs to be or whatever the case may be. Is that true? I know it's true, I just wanted your perspective on that. **Ms. VonAchen** said that's true, yeah.

Chairman Burroughs said, Commissioner Johnson, I appreciate you raising that question. It's not to make accusations or to negatively point in anyone's special direction, but those funds are there for specific reasons. Either they're not being spent to address those reasons, or they are sitting there and accumulating a large reserve and we do know that technology is not cheap.

We're sitting at, as you can see, the one at the top, 68% of reserves, we should have a report as to why those reserves are growing—have grown to the extent that they have. What I would caution us about doing, is seeing those reserves grow and then seeing diminish with no expense put into the County Clerk technology. Ideally sweeping those funds to go somewhere else in the budget. We need to be mindful that funds that are restricted by Kansas statute, as Kathleen has stated, if they're just being sent into reserve and not being spent, what services are we not providing and what is our timeline to update the County Clerk's technology to ensure that we can be more efficient and more effective in dealing with the needs of the County Clerk. If the reserves are too much, then we need to look at some of the costs of the County Clerk. That's just one example.

As you can see, you have a number of them there with a 46% at the bottom. We can talk about these. This is something that members of the finance committee have been trying to bring forward in the past. There's a tremendous amount of reserves sitting here. As I stated, they should be utilized for what they are designated for or we need an explainer to us as to why they continue to sit there within the budget in the reserves. That's just my point to the committee and it's members.

Commissioner Johnson said I would add or question to that extent as well, are these excess funds receiving interest also, Kathleen? **Ms. VonAchen** said some of these funds receive interest, but not all of them, no. It's based on our accounting policy. They follow the state statute. We only give interest to funds where we're required. The rest of the interest goes to the County or the City General Fund. **Commissioner Johnson** said that's to say that all of the funds are receiving interest. Some of the interest is going to the General Fund. **Ms. VonAchen** said, yes. These Technology Funds aren't receiving interest. **Commissioner Johnson** said not at all.? **Ms. VonAchen** said it's not statutorily required. **Commissioner Johnson** said just because it's not statutorily required doesn't mean that we shouldn't be acquiring or putting them into interest bearing accounts though, right? **Ms. VonAchen** said well, we invest all of our reserves. It's just that the interest is allocated either—in this instance to the County General Fund. **Commissioner Johnson** said that's what I wanted to make sure. They're all receiving interest; it just comes down to the matter of whether or not they're required to go into the General Fund or not. **Ms. VonAchen** said right.

Ms. VonAchen said the next category, is that the next category, because I'm getting confused here. **Chairman Burroughs** said, Kathleen, what you have been able to propose this evening, the majority of the committee has had a chance to review the documentation. Might I suggest, are there any questions of Kathleen in reference to any of the materials that were received or put forward? I do know that we have two other items that are action items this evening and I don't want to take away from our time to address those. As Chair, I would ask the committee if there is anything pressing to these numbers that you might have any questions in reference to them. **Commissioner Johnson** said I'm good Mr. Chair.

Commissioner Townsend said I have no further questions Mr. Chair.

BPU Board Member Bryant said my questions have been answered.

Ms. VonAchen said, I would like to mention, Mr. Chair, that as part of the upcoming budget workshop we'll be presenting to you the status of all of those funds and the fund balance that we are projecting through 2021 so you can see what the plan is. **Chairman Burroughs** said the committee would be most appreciative of that Kathleen. Thank you. We'll look forward to seeing what those proposals are in reference to not only the mill rate, but how the reserve funds will be utilized and/or stipulated as to how they shall be utilized. I know some of them fall under ordinances, statute. We will address those through the budget process.

If I may committee, are there any other questions, Commissioner Walters, Commissioner McKiernan. **Commissioner Walters** said I'm good. **Chairman Burroughs** said, Kathleen, thank you very much for your presentation. Should you have any questions committee, please don't hesitate to reach out to Kathleen and/or to other members of the Commission to have any of those questions or any of the concerns you might have. Be mindful these calls need of to be limited to a very small group, but Kathleen and staff are there to help with any questions you may have. I'll look forward to having that discussion during the budget process.

Action: **For information only**

Item No. 2 – 20168…RESOLUTION: FINANCIAL POLICIES/REVISIONS

Synopsis: A resolution adopting revisions to the Special Revenues Funds Operating Reserve Policy and the Capital Asset and Equipment Investment and Management Policy, submitted by Kathleen VonAchen, Chief Financial Officer.

Kathleen VonAchen, Chief Financial Officer, said I don't have a PowerPoint for that. I've presented as part of the packet, the draft of two policies for your consideration as well as resolutions to adopt those policy revisions. The first one has to do with the very subject that we were just talking about which is the Special Revenue Fund. Basically, the only change presented, in the draft that you have in front of you, is that we would actually change the range because right now the current policy has a range. The minimum reserve is a range, which doesn't make a lot of sense to me and to some of us. We think that if you have a minimum, it should be a minimum percent. We have a number of conversations about that and what we, you know, individually and many of us concluded that in order to be consistent we should just keep them at between—keep many similar to the General Fund.

The other item that I added to this policy was a reference to the actual statutory requirements and restrictions of those various funds. There's a lot in there to talk about and we're already getting kind of late in the evening, so I don't know.

The second policy that I have in front of you is to have you approve the revisions to the Capital Asset Policy. That policy was already approved by the Public Works Commission. This is what you need to do—basically it's formalizing the provisions for you.

Rocki Mayes, Administrator's Office, said Commissioner Burroughs, Commissioner Townsend has a question.

Commissioner Townsend said, Ms. VonAchen, I think you answered one of the questions that I had already and that was with respect to move from the range of percentages to 2 months. That was chosen to be consistent with how we're looking at the fund balance expenditures. **Ms. VonAchen** said yes, that's right. **Commissioner Townsend** said I did have a question about something that was not proposed as a change. It appears, I don't know what page this is, but it's Item G in the policy, and it talks about fund balance classification and in it, the policy talks about in what order we could reduce restricted fund balances and/or unrestricted fund balances if such a need arose. As I'm reading it, I was confused as to why we're saying in the policy that we could restrict the fund balances first followed by unrestricted fund balances. You lost me there because we spent quite a bit of time and explanations talking about the restrictions on some of these funds and why we would if we had to reduce restricted fund balances first.

Ms. VonAchen said that language was in the original policy that was adopted. Actually, what it's saying is that it's important to spend the funds on the resources on expenditures for which it was restricted for. That's what that's meaning. If there are any monies beyond that, then if there are expenditures that are not specifically specified in the fund that are specifically restricted, then you would spend that last. It's an accounting—it's a good question. I will need to study it again. I'm forgetting now why that was in there. **Commissioner Townsend** said that's okay. I'd appreciate some more clarity on that because as you read through the policy, if we were in a position where we were looking to go to some reserve fund for extra money, it just seems to me the plain language of this, as I read it, was saying we can go and look at the restricted funds first and then go to the unrestricted. To me, it just seems like it would be exactly the opposite and it goes to what I think the point the Chairman was making that we want to give services and use the money, but it seems like we should use the unrestricted first. **Ms. VonAchen** said it's actually not applicable with most of these funds because all of these funds already have 100% restriction is my point. That statement is applicable to you know, funds that, for example, in the General Fund. There are a number of revenues that are specifically restricted and others that are not. These funds that you're looking at—Special Asset Fund, is not restricted at all. **Commissioner Townsend** said I wasn't looking at any of them. I'm just looking at the language here that says we go to restricted funds first, then the unrestricted fund balance and just on the face of it didn't make sense to me at all. If you could look at it later and further clarify, I would appreciate it just so that I understand that better.

Commissioner Johnson said I was just going to say, if you could provide that explanation to the whole committee, I'd be interested on that as well.

Chairman Burroughs said, Kathleen, I appreciate you sending these changes out, but if you remember correctly when we proposed those changes a couple of years ago, the committee took a tremendous amount of time and energy and effort to address these concerns in the policy changes in our financials. Tonight, I would highly recommend that committee members look over those policies position. Kathleen, I just want to state this is an action item. There's been some questions raised. My question to you is, do you want to go ahead and take a vote on this this evening with the questions that are there? Commissioners, is that what you want to do? If that's what you want to do, we'll go ahead and take the vote. I anticipate this is going to a point of discussion come budget. **Ms. VonAchen** said I would recommend that we table this for next month given the hour. **Chairman Burroughs** asked, any other comments from the Commission.

Commissioner Townsend said I agree with Ms. VonAchen's recommendation only because we, as this committee, needs some clarity on what it is that's actually going forward before we vote, at least that's my view.

Chairman Burroughs said I'm going to ask guidance from staff. Staff, what action do we need to take to table this this evening? **Patrick Waters, Assistant Counsel,** said, Commissioner, I think just a motion to table for one month. **Chairman Burroughs** said thank you for that guidance so, with that, I would entertain a motion to table.

Action: **Commissioner Townsend made a motion, seconded by Commissioner Johnson, to table this item for one month to the next meeting of this body.**

Chairman Burroughs asked, any comments from the committee before we take a vote. Staff, do I need to ask the public if there's any comment being this is a table. **Mr. Waters** said yes, this is an action item, we'll go ahead and see if there anyone wanting to comment.

Chairman Burroughs asked, staff, did we have anyone stepping forward or presenting information. **Ms. Cobbins** said no request was submitted to the Clerk's Office regarding this item. **Chairman Burroughs** said let the record show no one came forward. With that we have a motion and a second on the table to table for 30 days.

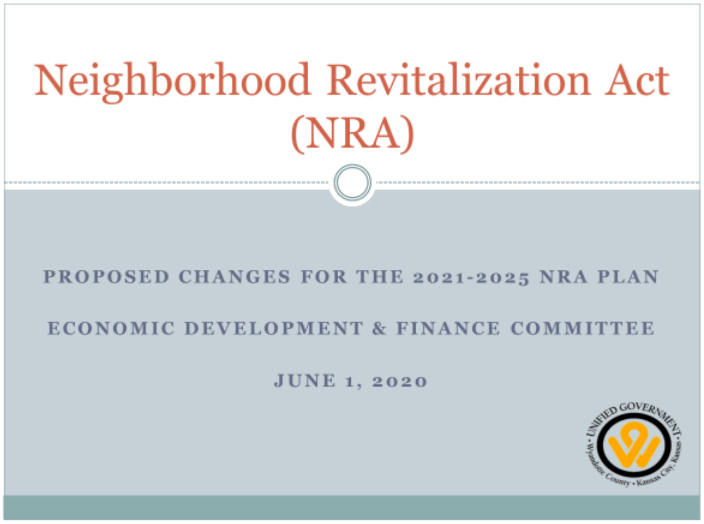
Roll call was taken on the motion and there were six "Ayes," Bryant, Walters, Johnson, Townsend, McKiernan, Burroughs.

Chairman Burroughs said thank you committee. I think that was the prudent thing to do. Kathleen, thank you for your patience with us being these are important items and I really commend the commissioners for taking them seriously.

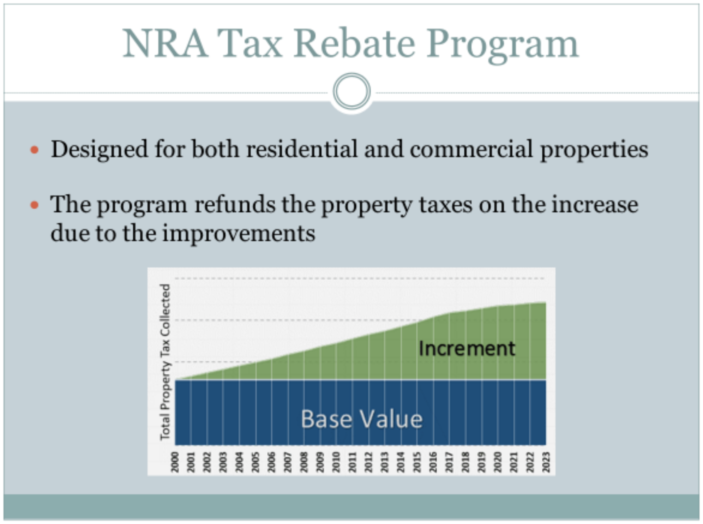
Item No. 3 – 20169… PRESENTATON: 2021-2025 NEIGHBORHOOD REVITALIZATION ACT PLAN REVISIONS

Synopsis: Presentation of the 2021-2025 Neighborhood Revitalization Act Plan, submitted by Kathleen Carttar, Director of Economic Development. The current 2018-2020 NRA Plan expires at the end of this year. Approvals from all affected taxing jurisdictions will be sought prior to approval by the UG Commission. The 2021-2025 NRA Plan changes will go into effect January 1. 2021.

Katherine Carttar, Director of Economic Development, said there's a decent amount of information to go through, but we will try to be pretty expeditious going through this knowing that it is already 7:40 p.m. It's been an evening already for you all. Just a quick update on what this is. Every three years we go through and have the Neighborhood Revitalization Plan revised and then reapproved by all the different taxing jurisdictions. Today, just kind of making sure from the jump today is not for approval. This is really for you all to see the improvements we think that we will be taking to the other taxing jurisdictions and making sure that we have your kind of (inaudible) approval, your kind of approval in concept and then once we speak with the other taxing jurisdictions, we will come back and request formal approval from you all, if that works. Stephanie Moore in Economic Development will also be assisting. She manages this program on a day-to-day basis and will presenting with me.



Stephanie Moore, Management Analyst, Economic Development, said, Commissioners, some of this may look familiar to you. As you will recall, we were presented some of this with the Finance Committee a few weeks ago. Like Katherine said, it's time to renew the program. The NRA started 20 years ago actually, so it's been around awhile. It's a very successful program in promoting and revitalizing Kansas City, Kansas to new construction and rehab. We are asking for jurisdictions to approve it so that we can be the ones to approve projects and they don't have to recome to all the jurisdictions. It's just an easier and faster way to get those projects rolling.



Ms. Carttar said this is one of those projects, and we'll get more into the nitty-gritty here in a minute, but this really is one of those programs and tools that we have that is able to really focus on those smaller projects. This is not one where you're going to need to pay for development attorney and all of that. This is a program that someone, your neighbor or you, can use if you're rehabbing your home or business. This is really meant to be a very user-friendly program. This is for the folks watching on UGTV or YouTube. Just kind of a quick explanation of how this tool works. It's for residential and commercial. What it does is it actually refunds the property tax on the increase of your property taxes due to whatever improvement you've put into that property. I always like to have a graphic, sometimes it helps folks. If you think about your property today, there's kind of base value, that's the property tax that you pay today, that blue kind of base value, before you've done anything to it. Then you make some improvements. To be qualified for this program you have to have an increase of 15% of appraised value. It's not a huge amount, but it's enough that you've really made some significant improvements on your property.

Basically, that piece that is in that orange color, that is what the increase of your property tax due to whatever improvement you made to your property. You can see that that's for ten years. During that time, when you pay your taxes, you have to pay your taxes every year, but then that additional amount will get refunded to you. You'll get a check back for that amount. We, as the UG, and the other taxing districts we're not losing any money in this. The goal of this is to have long term growth and encourage people to invest in their properties. After 10 years, you can see the increment and the base value, all of that would come to the taxing jurisdiction. Hopefully, if you're going to be investing in your property, you would keep doing so. We're really looking for long-term good residents and folks who are going to keep their properties up.

Ms. Moore said here some examples showing investment in our community versus abandonment. It's really like the but for test to make projects, especially commercial projects passing that but for projects or test to get them to make them possible.

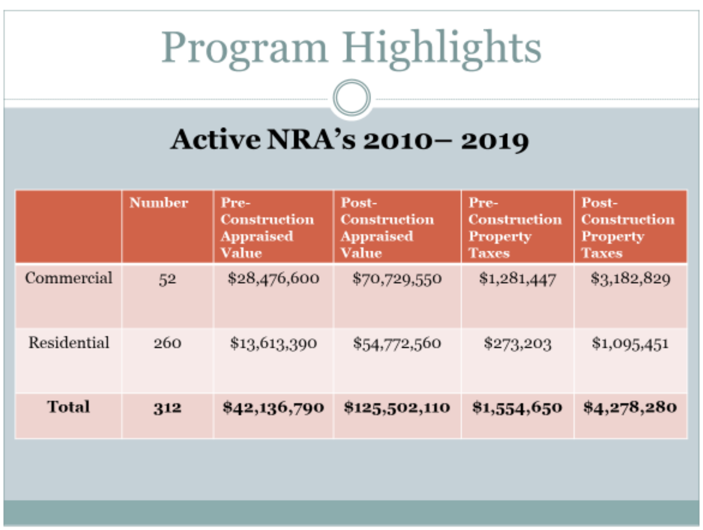
Here is some great examples, residential rehab. This is area one where these are located.

Next slide is new construction so you can see those infields happening. Those are excellent examples.

This is our commercial rehab and it's over in Fairfax.

This one is a new construction. It's helping the small businesses and hope they will continue to invest in our community and also helps out tremendously with residential new construction projects for single like residents working on their home.

Here's just a breakdown of the taxes NRA projects. We have 312 going on right now. That's just a breakdown of the 260 in residential and 52 in commercial. One that I think stands out a lot here is that pre-construction appraised value of $42M versus you get three times the bang for your buck on the post-construction value. It's doing what it's intended to do and it's a great program for the community.



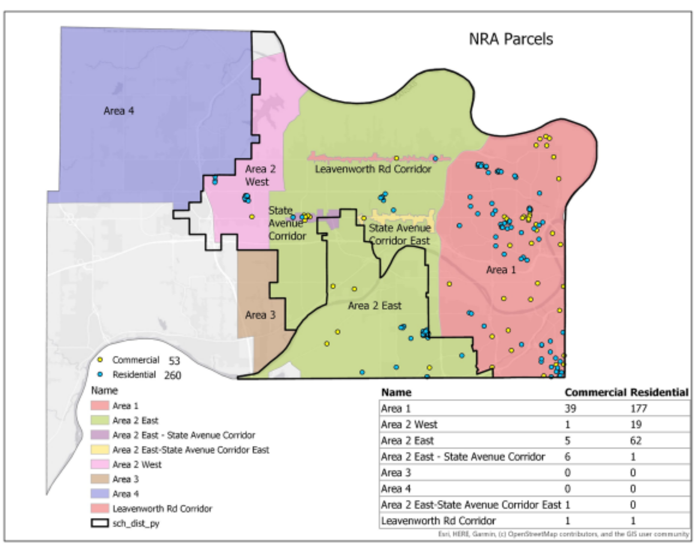
	Number	Pre-Construction Appraised Value	Post-Construction Appraised Value	Pre-Construction Property Taxes	Post-Construction Property Taxes
Commercial	52	$28,476,600	$70,729,550	$1,281,447	$3,182,829
Residential	260	$13,613,390	$54,772,560	$273,203	$1,095,451
Total	**312**	**$42,136,790**	**$125,502,110**	**$1,554,650**	**$4,278,280**

Ms. Carttar said this chart just kind of breaks it down a little more. Looking at breaking out commercial versus residential and really what that translates to in terms of tax value. As you can see, the commercial property is obviously taxed at a bit of a higher rate. We're looking at, if the folks who applied for the NRA, if they had done nothing to their property, we'd be getting about $1.2M a year of taxes, but now as they're starting to roll off and that's another thing, so this is kind of a snapshot of all the active projects, but every year we have projects rolling off so its kind of a moving target. Every year we're getting additional—more of these projects are coming on to the tax rolls at their full capacity. You can see that what is estimated that once these projects are all off of the NRA, then we'll have over $3M. It's a fairly significant number and then as you can see that the totals go from about $1.5M, which is you know not nothing, but we certainly prefer $4M coming in in taxes.

Again, I just want to reiterate that this is a program that we really try to target those folks that may not make these improvements on their property otherwise, and by adding this rebate, that is the thing that actually gets them to invest and to make that continued revitalization in their neighborhoods.

Ms. Cobbins said, Mr. Chair, Commissioner Townsend has her hand raised.

Commissioner Townsend said, Ms. Moore, before we get too far gone with this, is this available to any property owner throughout the city or county? Are they eligible to get this tax increment benefit for improvement to their property or does the property have to be located within a certain region in the city or county? **Ms. Carttar** said you're just teeing me up for the next slide Commissioner. **Commissioner Townsend** said, oh, okay.



Name	Commercial	Residential
Area 1	39	177
Area 2 West	1	19
Area 2 East	5	62
Area 2 East - State Avenue Corridor	6	1
Area 3	0	0
Area 4	0	0
Area 2 East-State Avenue Corridor East	1	0
Leavenworth Rd Corridor	1	1

Ms. Carttar said there are actually a few changes that we are going to recommend to this, but really this program started in that Area 1 so that's kind of east of I-635 roughly. The real goal again is revitalization. We're really trying to target different areas. In that Area 1, this is eligible for 10-years, properties are eligible for 10-years and you get a 95% rebate on that increment.

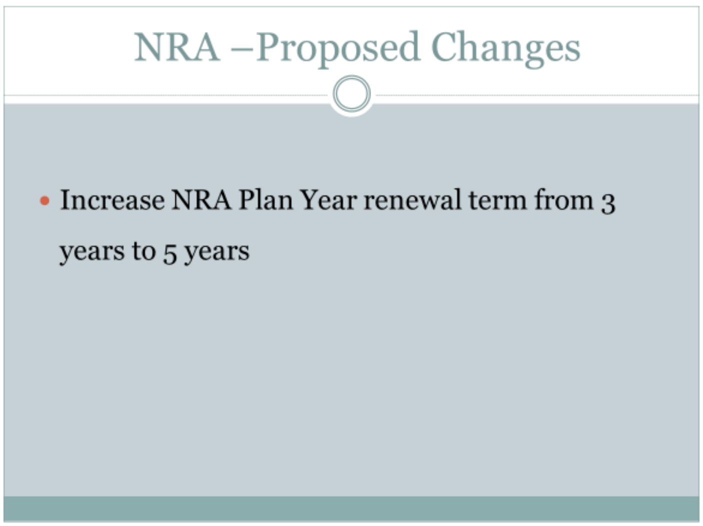
As you get into the green section, Area 2, it goes down a little. So, it's about 5 years, still that 95% rebate. There are some different—kind of these different corridors become special areas. It is a complex program, one of the things we're trying to do is make it a little more user-friendly. Currently, it is the entirety of KCK. Now, we did receive an opinion from the Attorney General that actually says that we are in violation and that the Neighborhood Revitalization Plan cannot cover the entire municipality. We are going to be recommending removal of parts of the city for kind of this next phase of the plan. As you can see, it is a program that is heavily used in the Area 1, a little less in Area 2. We have not received a single application in Area 3 or Area 4. Bonner Springs, and I believe, Edwardsville have their own plan, so they have their own requirements and it's a little bit similar but a little different. Does that answer your question?

Commissioner Townsend said, well yes, but it raises another one with your last comment about that some entity has declared we were not in compliance with the plan. As we look at the plan that's on the screen now, is the semantics we see now in violation of any NRA requirements? **Ms. Carttar** said it is the Attorney General's Office that gets us the authority—Patrick jump in if I'm misstating anything, but—**Mr. Waters** said it's not that they declared we're in violation. AG's office said that it's their opinion that municipalities should not cover their entire jurisdiction just because the plan wasn't really intended to do that. You're really looking at areas that need it the most. To declare that your entire municipality is in need of this plan, just wasn't what this statute was intended for. The AG's office did approve, they've always approved each plan and we send it for their approval, but it was their opinion in the last time around that we should remove some portion and reduce the area. We've always gotten AG approval on the plan.

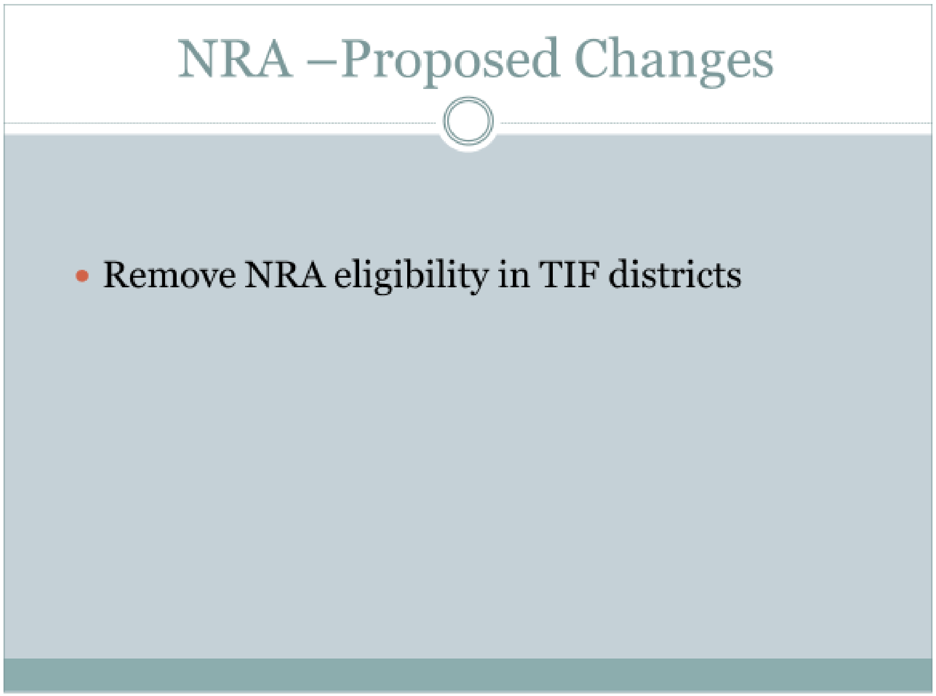
Commissioner Townsend said, Counselor, are we talking about state AG or we are talking about the US. **Mr. Waters** said the state Attorney General's office signs off after we approve the interlocals. **Commissioner Townsend** said so the plan as is shown on the screen would be within their recommended suggestions or outside of it? **Mr. Waters** said, Katherine, can you talk about it. Is this the old map or the current? **Ms. Carttar** said this is what is currently in place. The plan that will expire at the end of 2020. As we go, we're going to head into recommendations here now and we'll show you what we're recommending that we do moving forward. **Commissioner Townsend** said thank you.

Chairman Burroughs said, Commissioner Townsend, I appreciate you bringing that issue forward. I don't want us to be confusing because this is an item that we can absolutely use to encourage people to invest in our community. We just want to make sure that we one, comply and two, that it sets off what we anticipate it can do. I appreciate you bringing that question forward.

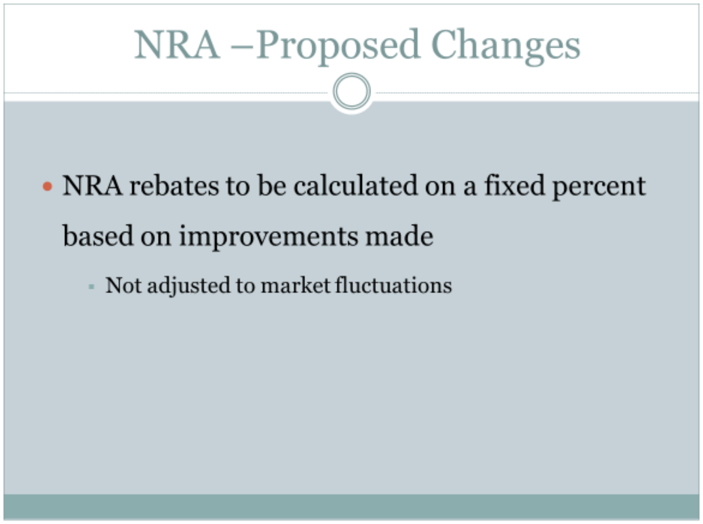
Ms. Carttar said right now we are going to jump into a handful of recommendations that we are proposing that we hope will make this a more effective, as well as user-friendly program.



Ms. Moore said right now the renewal term is three years and I'd like to increase that in 5 years. The staff time in multiple departments is quite excessive as it is a 12-month process to get it all the way through the system. If we could save some time on that and make a good plan, it's worth that 5-year timeframe. That's my first recommendation.



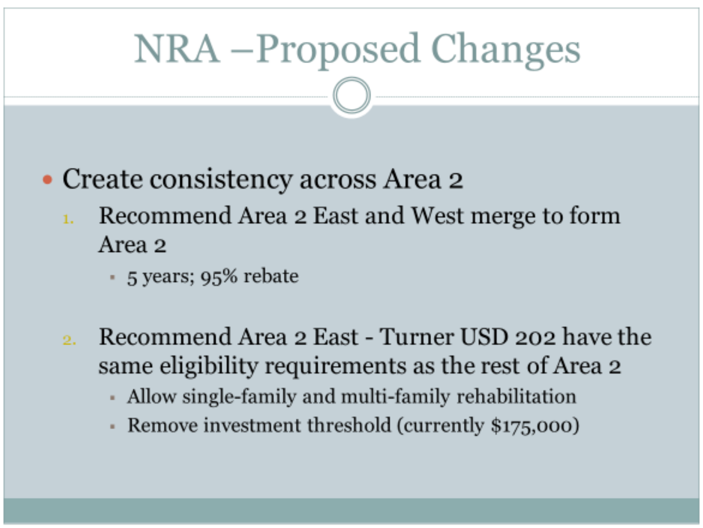
Ms. Carttar said our next recommendation, one of the changes that was made, I believe in the last one—it might have been in a couple plans, I'm not entirely sure, it actually made, in Project Area 1, so again, that is the most eastern part of our city; it allowed for some amount of NRA eligibility in TIF districts. Now, the issue with this is that you are using the same increment. You're using the same property, the same increase in property tax. You can't actually use both tools as intended. What was approved in a previous plan was that in order, I think this was primarily after the previous downturn at the end of the last decade, that trying to get additional development in areas that a TIF district was put in place and a desired development did not happen, so adding an NRA kind of hoping that would kind of move forward. The problem with this is that we are taking to pay the rebates for the NRA, that's coming directly of our General Fund. It's been utilized a couple of times, but in our opinion not enough to justify having it as part of our policy.



Currently the NRA rebates are calculated based on market fluctuation. You have that base set and then whatever is increasing over the course of that 10 years or 5 years depending on the term, that is the amount that is rebated. What our Appraiser and our Treasurer's Office have suggested, and I believe what a number of other municipalities do in our state kind of make it 6% so it really is based on what those improvements made. What that would look like is where you have your base, you make the improvements, the appraiser goes out to see what the new value is and then that's the amount that you would be rebated for the next 10 years. What we understood that was actually the original idea for the program and to also assist in having to manually go in and override for our Treasurer's Department.

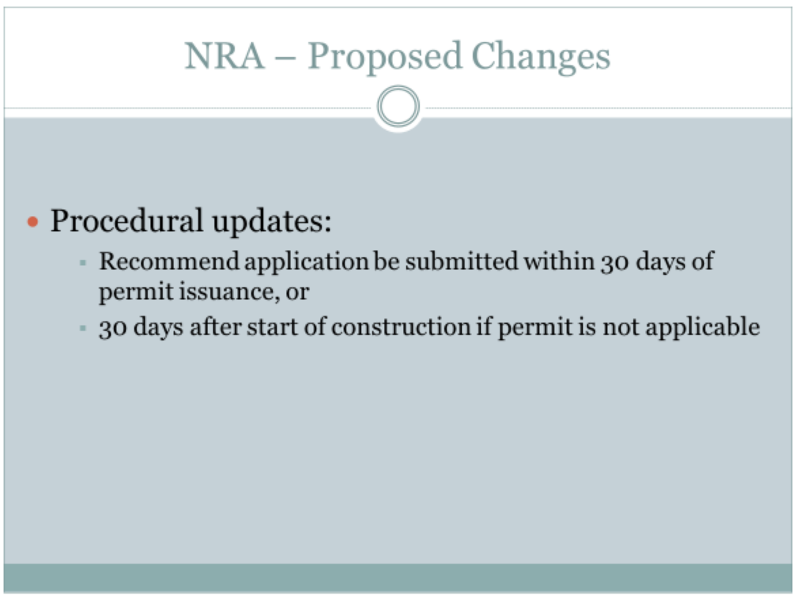
Chairman Burroughs said, Katherine, if I may, and Stephanie don't hesitate to chime in. Just what you had stated, do we have criteria set forth in this policy that would limit commercial percentages versus residential percentages so that we wouldn't—if we were to set a capital investment, hypothetically $1M of monies available through tax incentives, and if commercial projects came in and took advantage of those and we wouldn't be able to allow the residential to bust that cap, do we have something in place for consideration as to setting a cap as to how much residential can use and how much commercial can use or a percentage of that cap so that everyone has a fair opportunity to receive the monies necessary to invest in their projects? **Ms. Carttar** said at this time we don't have a cap. We have a cap in terms of the size of the project. It has to basically be under a $3M project. There are some outliers, but those would have to come in front of the Commission and go through a full process. Because most of these are very small projects, we have not felt the need to put some kind of cap on this. I think that if, for example, going back to the last one, if that were something that you all were interested in retaining, than I could see potentially putting some kind of cap since this is directly coming out of the General Fund, but otherwise we have not considered that. **Chairman Burroughs** said the purpose of asking that question was budget stability moving forward. That's why I wanted to present that, but thank you for that comment.

Commissioner McKiernan asked, historically have we recalculated the increment every tax year and taken let's say 90% of that new calculation. It's been a fluctuating increment and now we're proposing that at the time that the NRA is executed, we will assess on that value and that's the rebate that will apply for the life of that particular NRA. **Ms. Carttar** said that's correct. **Commissioner McKiernan** said I like that.



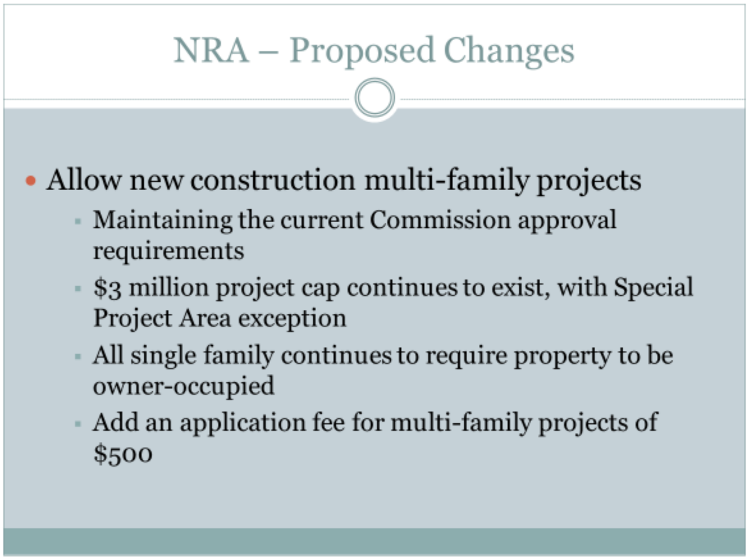
Ms. Moore as you recall from the map that Commissioner Townsend pointed out, Area 2 is quite complex and confusing. I don't know if you guys saw we have Area 2, areas east and west and it's in Turner and USD 500 in that area. We're proposing to simplify Area 2 and just make one Area 2, so getting rid of that 2 west and 2 east and just keeping and having it near everything so it's simpler to understand, easier to administer and less confusing. Even our Legislative Auditor noted the complexity of our program and suggested simplification. That's one of our other suggestions.

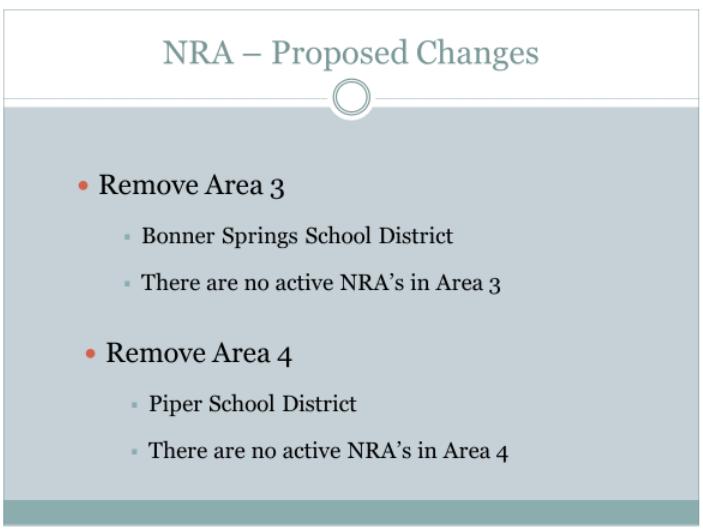
BPU Board Member Bryant said does that also mean we would kind of roll in the State Avenue corridors and Leavenworth Road corridors? **Ms. Moore** said those are considered special project areas within the plan and they're submerged in the plan. Those are to spurr commercial development along those corridors. **Ms. Carttar** said the thought would be to continue to have those be special areas so we're trying to get additional development, particularly commercial. **Ms. Moore** said it would be more of the pinkish purple to the left. Then Turner, it's not really designated on here, but Turner has their own stand-alone requirement so we're going to ask them to mirror the rest of Area 2. It would still be 5 years, 95%. Right now, Turner does not allow for rehab, so we're trying to allow for that and also remove that threshold. They had a minimum threshold, $175,000 for new construction. We'd like to get rid of that cost increase, decrease so we want to kind of make it user-friendly for them for the next 5 years.



Ms. Moore said this is one I have a lot experience with. People don't find out about our program until they're holding their application or right after they've started which makes them ineligible currently. We're trying to give them that 30-day leeway to give them some time to submit their application and increase participation in that way as well.

Chairman Burroughs said I truly appreciate that. I think it's part of the education transparent part of our programs we put forward. Anything that we can do to ensure that our public knows what offers are available to assist them in rehabbing or building or remodeling, I think is a very good point to start with. **Ms. Moore** said yeah. This is one that I have a lot of experience with, so I don't like telling people no, they can't participate. I really want them to get the application. **Chairman Burroughs** said I commend you for that. **Ms. Moore** said thank you.



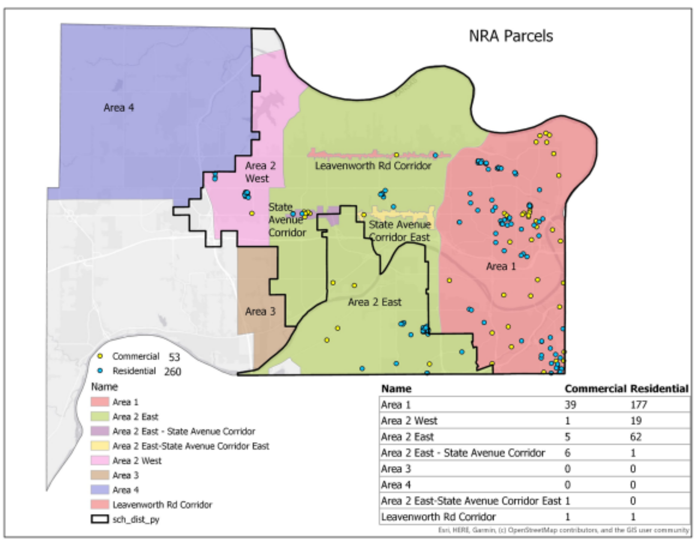


Ms. Carttar said the next one, I think could be one of the more controversial ones. At the moment the only multi-family that is eligible is rehabilitation multi-family. You can do new construction if it's a duplex, but that's the extent of multi-family new construction. The problem that we've run across is again, we're talking about small projects. This is not your behemoth of 100-plus units. We're talking about your six-plexes, your four-plexes, and when we are wanting to add additional density into our community, there are areas where it does make sense to have mixed-use as well as multi-family in these areas. At the moment there is nothing we can provide. We have basically zero tools that would help us encourage high-quality, multi-family of that kind of size. This is one that

I'm very interested to hear your thoughts on, but again, we're talking about kind of very community, kind of scale multi-family. This would be an area that is zoned correctly. They would have to go through that whole process. This does not allow them to get through that. Additionally, we are still keeping the single-family requirements that they have to be owner-occupied. Hopefully, we've reached kind of a balance where we can keep everyone happy and still allow for new quality development to increase density.

Chairman Burroughs asked, any questions. **Commissioner McKiernan** said no questions, but from my point of view, I think that this is appropriate given the total cap we still have on the price, given the fact that single-family is still supposed to be owner-occupied, but it would help us with, as you said, those 4 and 6 plexes, for example, that would fit underneath the $3M cap, but allow us to build some gradual density. I like it. **Ms. Carttar** said thank you.

Chairman Burroughs said anything else? **Ms. Carttar** said we have one more.



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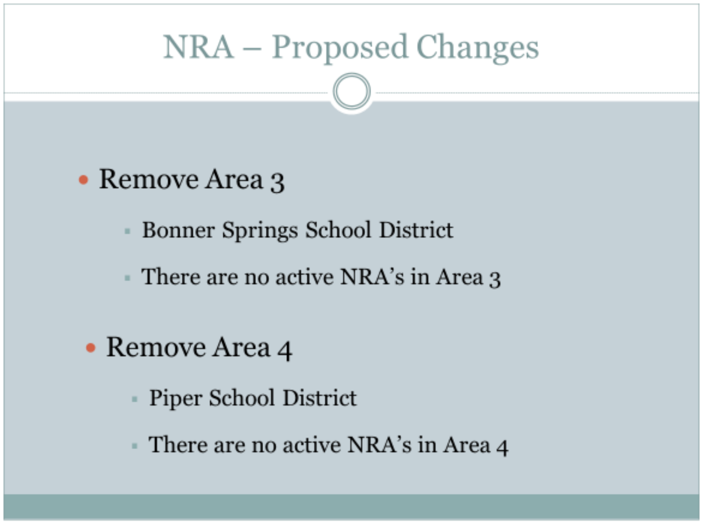
Leavenworth Rd Corridor	1	1



Ms. Moore stated circling back to the map from earlier and what we were talking about the Attorney General and the state statute not allowing the whole area to have the eligibility. We're suggesting to remove Areas 3 and 4 since there is no active NRAs in those areas. There's no participation at all. Those would be the western portions of the county. We're moving those so we can be in compliance and the Attorney General will like our plan this year.

BPU Board Member Bryant said over the life of this program, have there been any projects in Area 3 and 4? **Ms. Moore** said I would have to look back to see first when we added 3 and 4 into the mix and if we've had any. I can look back at the expired ones. I'd have to do some research on that. **Ms. Carttar** said my guess is, I don't know about Area 3, I'm not sure when that one was added, but Area 4 is a fairly recent, certainly within the last 10 years, addition. This map is showing what is active, which means the 10 years, so I think it is unlikely we've had any projects in that area. **BPU Board Member Bryant** said, Stephanie, don't waste your time on it then.

Commissioner Walters said I have a comment. We just added Area 3 very recently. It was at the request of city of Edwardsville so that the entire city of Edwardsville would have consistency. Area 3, as I understand it, expanded the NRA requirements or opportunities that Edwardsville has adopted for their city into what we're calling Area 3, which I think we just did that within the last 24 months. **Ms. Carttar** said it's possible that was, unlikely, that was an addition in that last plan. As you can see on this map, here's the Edwardsville line. **Commissioner Walters** said I think it was to do with the school districts boundaries versus the Edwardsville city limits. I think before we change that, somebody needs to do some research. **Ms. Carttar** said okay.

Ms. Mays said Commissioner Townsend has a question.

Commissioner Townsend said my only concern, I guess, and I just need a better understanding of it was the proposal to remove NRA eligibility in TIF districts. I'm thinking back to probably about 4 or 5 years ago when I toured some of the new houses in the Douglas/Sumner district off of 7th & Oakland around that area. I distinctly recalling that the real estate agent who was showing me the property made mention of the fact that those homes would qualify for this NRA tax advantage. I'm not sure if the TIF was developed there. Where I was going with this is, it's one less tool to make development attractive. I really want to understand why, again, you're proposing we not do this. I don't know—I think this was prior to Commissioner Johnson's time. I would certainly appreciate his chiming in if he's aware of the project that I'm talking about was TIF or any of the other Commissioner's. That was my only concern with the recommendation. **Ms. Carttar** said there is not a TIF in the Douglas/Sumner area. There is a TIF in new St. Peter's/Waterway. That might be another spot that I know they have utilized this. Our real concern is just the constant layering of tools. While it is helpful, so in Project Area 1, that's the only area that a TIF and an NRA can coexist. What the current plan says is that you would be eligible for 5 years. Our real concern is that comes directly out of the General Fund. It's been unclear if that's been a real catalyst to actually encourage development or revitalization putting additional work into your house. Because, again, you're looking a TIF and NRA, they're both feeding off of the same funding. It's both coming off of the property taxes. Technically, you can't have an NRA and a TIF, but for our agreement in previous years we've paid that out of the General Fund. **Commissioner Townsend** said we're talking about new builds as well as rehabs, correct? **Ms. Carttar** said, correct. **Commissioner Townsend** said, again, my only caveat or concern is that in that Area 1 for the NRA, it seems like we would want to use whatever we could to spur new development or improvement. That was my only concern. It seems like we want to keep whatever incentives we have instead of removing them.

Ms. Cobbins said Commissioner McKiernan has his hand raised.

Commissioner McKiernan said coming a little bit off of what Commissioner Townsend's comments and going to the whole TIF/NRA, I completely get it. It is the same inclement. Don't we run the risk, Katherine, that if we layer a TIF in an NRA, the NRA gets a 90% abatement, there's only 10% of that increment left. If you TIF that out, then we get zero increment into our General Fund for the provision of basic city and county services in that area. Isn't that a possibility? **Ms. Carttar** said I would go a step further and say we're basically paying them. The TIF is first. Most of these TIFs, most of the residential TIFs are 100%. These TIFs take the entire 100% of the increment and then to pay back, to do that rebate, that is 100% from the General Fund. We are actually spending money, which again, this is a policy decision, so we are just laying out the facts. I want to make sure that that's understood. This is money coming from the General Fund. **Commissioner McKiernan** said that's even more aggressive than what I thought, where the NRA rebate then comes on top of 100% abatement for the TIF. I would suggest that we not have NRA and TIF coexist. That would be my thought on this. I do think that even though we want to incent new development and want to encourage new development, we also need, as a Unified Government, to have every new development contribute at least a little something more to our General Funds so that we can provide the additional layer or level of city and county services that are going to be required to support that new development. Even if it's only 10%, if we have a 90% NRA for 10 years, at least that project is paying 10% more and it is contributing to a higher level of provision of city services. That's just my position on that.

Commissioner Townsend said, Mr. Chair, Commissioner McKiernan has made me think about this in a different way, so I appreciate that. Is it possible then that on maybe new development or rehab, one or the other, you don't do the layered, would that make sense?

Ms. Cobbins said, Mr. Chair, Patrick Waters has his hand raised.

Mr. Waters said I was just going to suggest if we do want to continue some type of incentive program for properties within a TIF, I think we should look at structuring a separate economic program. I just don't think it's really even accurate to say that falls within the NRA. As Katherine explained, we've already taken that increment. It's really almost a fiction to say that it's an NRA the same way that these other properties are. We could look at some type of separate incentive program, but I just think legally and factually to say—like Katherine said that money has already been taken. To dip into a General Fund, we're really kind of creating our own, a new incentive program. I think it would be better just to call it something different. **Commissioner Townsend** said I appreciate the information.

Ms. Cobbins said Commissioner Walters has his hand raised. **Commissioner Walters** said the more I think about this, I'm still struggling a little bit with Area 3. I understand Area 4 may not need incentives and it's been in existence for a long time and there haven't been any applications. Area 3 is completely different in my opinion. It is probably an area that could use incentives to foster development. As I said, it's fairly new so I don't know why there haven't been any applications. I would really recommend that we not remove Area 3. **Chairman Burroughs** said I don't disagree with the statement. I think what we're getting an opportunity to do this evening is to hear any proposal, to raise any questions we may have and advise staff to go back and review some of the recommendations and discussions that we've had.

I do have a point of clarity, be it Legal, or Katherine or Stephanie can respond, when we talk about the 90% that we abate, does that involve our school districts, our libraries, and our community college; all those other taxing entities, are they getting their portion from us on that 90% or are they getting monies from us, from our General Fund to make up for that different.

Ms. Carttar said no. This kind of approval process that we do every 3 or, hopefully, 5 years, is to talk to you all and get the Unified Government Commission's approval on that. That kind of approves your piece of the city/county piece of the puzzle. Stephanie and I are going to go on a road show here and go speak with USD 500, USD 202. As Commissioner Walters has suggested, we add that additional spout, we will go speak with USD 204 as well as KCK Community College and we get interlocal agreements for each of their pieces of the puzzle of that tax, so they're basically giving the UG authority, in these very specific situations, as outlined in this plan, to give away kind of their portion of their taxes. **Chairman Burroughs** said thank you. That community needs to hear about that. Those entities are—do have a vested interest in our community and the development of our community; however, they also have a vested interest in revenue that they're foregoing to ensure that development may occur. I think it's important that those entities be included and I appreciate you sharing that with us. Thank you.

Ms. Carttar said we encourage any of you who are interested to join us at any of these meetings. It should be some lively discussion, some maybe not, but it's always a good time to see what the other taxing jurisdictions are up to.

Chairman Burroughs asked are there any other questions. I know this is information only. I do want to ask, were there any questions from the public in reference to tonight's presentation on this item. **Ms. Cobbins** said the public did not submit any requests. **Chairman Burroughs** said thank you. **Chairman Burroughs** asked, ladies, anything else you want to say before we close. **Ms. Carttar** said that's it. We appreciate it. I mentioned we're going to go speak with the other taxing jurisdictions, get their approval, and then come back to you all probably in August or September. **Chairman Burroughs** asked, are there any other questions. Seeing none, this is for information only. I do offer my (inaudible). We're happy to (inaudible) any of you to hear the comments in our community.

Action: For information only.

Public Agenda:
No items

Adjourn
Chairman Burroughs adjourned the meeting at 8:21 p.m.
tk