SPECIAL MEETING
ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, January 25, 2022

The meeting of the Economic Development and Finance Standing Committee was held on Monday, January 25, 2022, at 5:00 p.m., remotely via Zoom and on-site. The following members were present: Commissioners Davis, Townsend, Stites, McKiernan, and Burroughs; and BPU Board Member David Haley (joining at 5:14 p.m.). The following officials were also in attendance: Emerick Cross and Bridgette Cobbins, Assistant County Administrators; Kathleen VonAchen, Chief Financial Officer; Patrick Waters, Deputy Chief Counsel; Alley Porter, Commission Liaison; Katherine Carttar, Director of Economic Development; Ashley Hand, Director of Strategic Communication; and Brett Deichler, Unified Government Clerk.

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

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

The public is allowed to participate by Zoom or submit comments by email prior to the meeting, and those comments will be included in the record of this meeting. The public also will have an opportunity to provide brief comments from the lobby of the Municipal Office Building.

At this time, I will now call the Special Meeting of the Economic Development and Finance Standing Committee to order. I'll ask the Clerk to announce the meeting and call the role.

Brett Deichler, UG Clerk, said you are hereby notified that I've called a special meeting of the Economic Development and Finance Standing Committee of the Unified Government of Wyandotte County in Kansas City, Kansas, to be conducted virtually on Tuesday January 25, 2022, at 5:00 p.m. regarding the Homefield Development Project.

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

Chairman Burroughs said I will ask at this time if there are any changes or revisions to the agenda. I don't believe there are because this is a special session, special meeting. So, I would ask if there are any revisions, but I don't see that there are. **Mr. Deichler** said, Commissioner, you're correct. There were none. **Chairman Burroughs** said Committee, we have on our agenda this evening one item, and it is an important item—Homefield Development Project. This evening this item is a resolution for an amendment to the Assignment and Assumption and the Development Agreement for the Homefield Development Project.

Committee Agenda:

Item No. 1 – 211274…RESOLUTION: AMENDMENT TO ASSIGNMENT AND ASSUMPTION AND DEVELOPMENT AGREEMENT FOR HOMEFIELD DEVELOPMENT PROJECT

Synopsis: This Amended Agreement contemplates the Unified Government issuing $130M in STAR bonds and the Developer, HFS KCK, LLC, constructing a new multi-sport Homefield development project with certain sports-focused assets and a themed hotel. The primary change is that the original agreement provided for a first issuance of $75M with a second issuance of up to $55M **–** for a total of $130M. The amended agreement would combine them for a single $130M public issuance. Additional changes include the new themed hotel and a new baseball partner focusing on high-tech data capture and analytics, submitted by Katherine Carttar, Director of Economic Development.

Katherine Carttar, Director of Economic Development, said this evening, we are, as Chairman Burroughs mentioned, looking at a single item. This is an amendment to the assignment and assumption agreement, as well as the development agreement for the Homefield Development Project. This committee previously reviewed and approved both of these agreements back in November of 2020. There have been a number of changes in that time that we will detail quite thoroughly this evening and make sure that everyone is comfortable with the direction we're going. But suffice it to say, we feel like this is a better deal and it provides the residents of Wyandotte County with more amenities as well as a larger attraction.

So, with that, I will give a brief overview of the history, how we got here, kind of high level, what the project is and the deal. Then I will turn it over to the Homefield Team, Robb Heineman, I believe, will be leading that team and they'll go through kind of their vision for this project and then we'll turn it over to Todd LaSala, our outside counsel for the Unified Government from Stinson Leonard Street, and he will kind of go into more of the detail of the deal points. At that point, open it up for questions. I assume there will be a number.

HISTORY/BACKGROUND

- STAR Bond District created for the Schlitterbahn Project in 2005.
- This STAR Bond District has 6 different project areas.

So, as you all know, the background and history of this project. This was originally the Schlitterbahn area. There was a STAR bond district that was put in place in 2005 with six different areas. That's 1, 2, 3, 4, 5 and the 2 is actually 2A and 2B, which we may mention later, so that's kind of worth noting. We've not changed any of these areas, the actual boundaries or anything. We're still working with those, that's why this is an amended agreement to this original district.

HISTORY/BACKGROUND (CONT.)

- The UG issued two series of STAR Bonds for the Schlitterbahn Project in 2015.
  - 2015A Series – $72.9M
  - 2015B Series – $12.2M (2015B bonds backed by a UG annual appropriation pledge)
- Schlitterbahn closed and sold the property to Homefield
- In November of 2020, the UG entered into a Development Agreement with Homefield to demolish Schlitterbahn and replace it with a new project

Back in 2015, there were two different series of STAR bonds that were issued for the Schlitterbahn Project as Series A and Series B. This is another thing that will kind of keep coming up. The Series B, in particular, is very noteworthy to the Unified Government because these bonds are backed with an annual appropriation pledge by the Unified Government, which means that if they are not being paid off by the sales tax revenues, then that is incumbent upon the Unified Government to pay that difference, which is likely significant with a significant annual difference.

Additionally, again, as I believe we all know, Schlitterbahn has closed in the last year and a half or so. Homefield has purchased the property. That is the actual Schlitterbahn site, as well as the ancillary properties that the Henry family owned. That was originally planned to be in a larger development. Homefield now is kind of coming in and has their own view for that. Then, of course, as I mentioned previously, back in November of 2020, the Unified Government entered into this development agreement with Homefield to demolish Schlitterbahn, which they have done, and replace it with a new project.

UG OBJECTIVES FOR NEW HOMEFIELD PROJECT

- Remove Schlitterbahn and solve the problems related to that closed project
- Try to make sure that the 2015 STAR Bonds will pay off (especially the 2015B bonds)
- Bring a new attraction to the community to stimulate visitation and economic development activity

The three main objectives for the Unified Government—this started really at the very beginning of kind of our negotiations back in 2019 probably, are threefold. The first thing we had, a blighted water park feature that was sitting out there. Obviously, a lot of problems. We had bonds that are outstanding because the water park closed.

First and foremost, our goal is to remove that, solve those problems, which includes those bonds; and that kind of takes us to that second point, which are those 2016 STAR bonds. So, those are out there and because the waterpark closed, that really was detrimental to the future of those bonds and how that payoff schedule was to look. Again, I'll kind of keep reiterating those 2015B are particularly noteworthy in that there is a pledge for the Unified Government to back those with annual appropriation.

Finally, the third is to, if we're getting rid of Schlitterbahn and now we have 200 plus acres in this prime location, we'd really love to bring a new attraction to the community that would stimulate visitation. Of course, this is a STAR bond area, STAR bond project, so the whole goal there really is a regional attraction to bring people from outside of the area and stimulate the economic activity.

PROJECT UPDATES SINCE NOVEMBER 2020 APPROVALS

- Increase in Overall STAR Bond request from $130M to $150M (with changes to amounts and structure of 2 STAR Bond issues)
- Increase in Scale of Baseball Components (from $15M to $40M) with the addition of Perfect Game partnership
- Addition of $85M Margaritaville hotel and resort

With this, kind of some of the updates from the November 2020 version. This has increased the overall STAR bond request from $130M. Now back to the previous one that was going to be in two different tranches. The first was going to be about a $70M private issuance. Now, that has coalesced into one, so we're looking at a total of $150M, with the first issuance being $130M. That would be a public issuance. This really, and we'll get into the details of this, but the benefit here is up front, we are getting a lot more built faster—when we were doing kind of the smaller tranches up front, $70M and then another potential future tranches once other conditions were met. That was kind of drawing out the project and what could be built during that time.

There are also changes to the structure of the bond issues. Again, we'll get into this in more detail. The big change, which is really noteworthy and really beneficial to the Unified Government, is part of this first $130M tranche, that would be the public that we're looking at now, with this amended agreement, that would take out those 2015B bonds. We will just pay those off and wipe that out, so there would be—the UG would not be on the hook for any annual appropriation which is really significant. I mean, that will save our General Fund quite substantially.

The other two items, both the increase in the baseball component by adding this Perfect Game partnership with the Homefield team—we'll get into this—this aspect, which also comes with guaranteed room nights, among other tremendous benefits, as well as the addition of the Margaritaville Hotel Resort. There was kind of a general thought in the first version of yes, there'll be maybe five baseball fields and some nice hotel, but we did not get into any specifics.

We have now really drilled down into exactly what this Perfect Game—we have an operator. Homefield has an agreement with them. Contract already in place, again, with room night guarantees, among other things. That is now all in our development agreement as well.

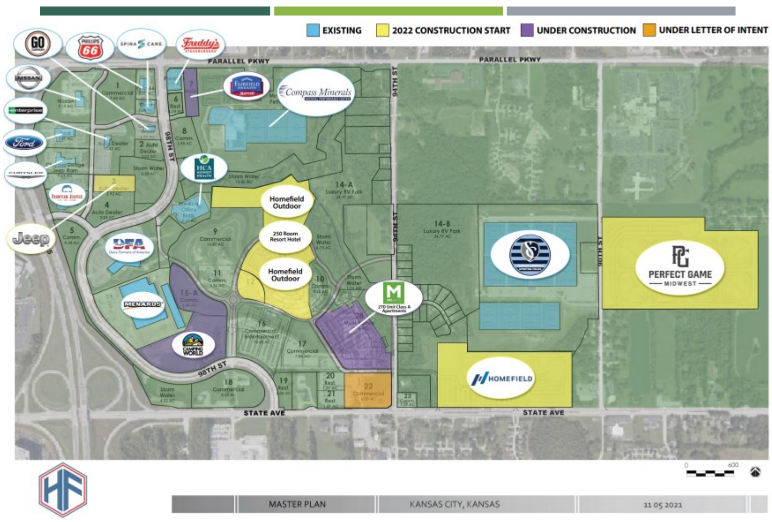
Additionally, the Margaritaville Hotel and Resort. This is an $85M full-service resort. Again, that was maybe kind of a thought, a hope, in the last version. Now it is a requirement of the overall project, which is pretty significant, especially considering we do not have a single full-service hotel in Wyandotte County at this moment.

So, these are just a couple of the items that I think are really important that we'll get into. I think a lot of questions that will be out there in terms of conditions for issuance and conditions for disbursement very, very important.

I will now turn it over to Robb Heineman to discuss the Homefield Project.

Robb Heineman, Homefield Team, said I appreciate everybody's time. I appreciate the committee taking the special action meeting or special meeting action tonight. I appreciate that very much. This has been a development that we've been working on for a very long time. Obviously, COVID's done a lot to affect sort of the speed at which some of the stuff is progressing. We feel fortunate that this project has progressed to the extent that it has, and we're really excited about what it is. So, we started looking at this as a group, and I should before I go forward anymore, just note that both Trey Bowen and Greg Maday, my business partners, are on this call here tonight. Richard Napper is in the room with me here. If you have questions for any of us at the conclusion of this, we're happy to answer any of those.

The project out here, when we started looking at it literally probably three and a half years ago, it was really with the intent of building simply just a Homefield building. Homefield, while we think it's going to be an incredibly dynamic catalyst for the area, it was an indoor building that will support a number of different sports. We think it'll create a tremendous amount of tournament activity, league play, and just a general amount of traffic into this area. But, we really didn't realize what impact it could have as a catalyst to get things moving forward. We have made a tremendous amount of progress out here. If you look at just what's under construction today out on-site, there's about $75M worth of projects.



If you look at sort of this site plan that we have up in front of you. If I could start at the top, area #7, you can see Fairfield Inn right there that's under construction, has been, I guess, now for about 60 days. It's somewhere in the neighborhood of a $10M to $12M project, and we feel very good about that, and how it's progressing.

If I were to wheel around to the southwest of this map next to Menards, you can see Camping World. Camping World is under construction. Again, that's a—call it a $15-ish million project. Our expectations that should open no later than the fall of this year. And, again, just to give everybody a sense for Camping World, it's the largest RV retailer in the country. That store right there, I think, conservatively we think will do about $60M in annual sales. So, it's a substantial, substantial, kind of co-tenant out there with Menards as kind of the other primary anchor. So, we feel very good about what's going on there.

If I move just to the east of that site to Milhouse, 270 Class A apartments under construction. They have gone vertical on those. I don't know exactly the time that those will open, but that's a $50M project in and of itself. So, just those three that I mentioned, that's about $75M worth of construction. As you look across the totality of this area that we're talking about, our team has done right around $20M in land acquisition. So, before we've kind of moved forward with any of these public issuances, there's already $95M kind of committed and out there around this project.

If I move to the east from kind of Milhouse, you can see Homefield. We have now moved from—originally, we had it sort of in the primary resort area. We've moved it over to State. We think over there it's going to have a lot better access, a lot better visibility for us, and we think it'll be excellent for our guests. That building is about a $60M building. We are in planning on that. We're very happy about where that's going. We should be under construction moving dirt in the spring. So, very good, feel very good on that.

Then to the east of that, Perfect Game. Obviously, Perfect Game is something that we were able to acquire and attract here. Since the first time we went through this process with you back in November of 2020—and we're really excited about Perfect Game. They're really kind of the premier baseball operator in the United States. They take a really, kind of analytical approach to how baseball is done. We're thrilled that we've got them here in the area. Katherine referenced hotel nights with them. Our agreement is a minimum of 75,000 room nights a year that will be created by Perfect Game. Our expectation is that they'll exceed that number just based on the number of teams and how their programming is coming together.

Initially, we kind of talked about that would primarily be a kind of Memorial Day to Labor Day activity and now it's looking at those shoulder seasons. They feel like they're going to be able to do some pretty dynamic programming there. That's another $40M project on the baseball side. That's in planning as well. So we're feeling very good about the progress we're making out there. Obviously, it's an enormous site, lots of site considerations for us, lots of different planning to go through, and we feel like we're making good progress and we feel like staff has been constructive.

That's one thing that I should say. We've had a great relationship with staff all the way through this. Katherine's been excellent. Todd's been excellent. Kathleen's been excellent, and we feel very good about how things are progressing. We're very optimistic on how things are going to go in the future. I think our stake partners have done a great job as well. So, we're feeling really nice about how everything's coming together.

I think the thing that sort of came literally out of the blue for us a bit is this Margaritaville resort. I think we're tickled to death with the fact that we've been able to get something done there.

If you do just any Google research at all kind of on this Margaritaville resort, conceptually, it's one of the hottest things going in the United States right now. They just opened a resort recently in Times Square. They had a resort sell in the Orlando area for just an astronomical level. So, it kind of being the first full-service resort hotel in the Unified Government, we feel great about it. Initially, we're talking about 250 rooms. Again, if you just even think about sort of that Perfect Game room night commitment, that would essentially take up the majority of those rooms over the course of an entire year. Again, there's a really good symbiotic relationship between the two of those things.

The nice thing is, we still have a lot of land out here and we have interests that are popping up every day and they're across the board. They're not all just retail in nature. We do have a lot of medical office interest out at this site, which we're pleased about. Obviously, that's not as important for the STAR bond revenue creation, but as it relates to private spend, well-paying jobs out in this area, and property taxes. I mean it's an important user out here, so we're really happy where that's going.

The auto dealership. We continue to talk to other auto dealers that are moving into this area. Part of our proposal is that we will be expanding the existing Jeep dealership out there quite substantially. Jeep has taken a position against kind of Land Rover in the marketplace where they'd like to sell higher-end, higher priced Jeeps, and this is going to be one of their kind of flagship locations in this metro area.

All in all, I would say the development team feels really good about where things sit. I think we feel very solid about the things that we have under construction, the prospects that we have in the pipeline, the team that we have on the operating side at the Homefield and Perfect Game, Margaritaville, to go execute on this. We're just, we're just anxious. I can tell you that's where we're at at this point as we think we've got all of our ducks in a row and it's time to move forward and start getting projects open, in earnest.


HOMEFIELD
FIELD 1
FIELD 2
STATE AVENUE
PERFECT GAME
KANSAS CITY, KANSAS
POPULOUS
WSKF
olsson


HOMEFIELD
KANSAS CITY

THE PROJECT

- Homefield Building – a $60M, 150,000 s.f. indoor multi-sport facility
- Homefield Outdoor – a $15M, outdoor sports and entertainment component (partially integrated with Margaritaville)
- Homefield Baseball – a $40M, 10-field tournament baseball facility, a collaboration with Perfect Game
- Margaritaville Hotel– an $85M, 250 room full service themed hotel and resort

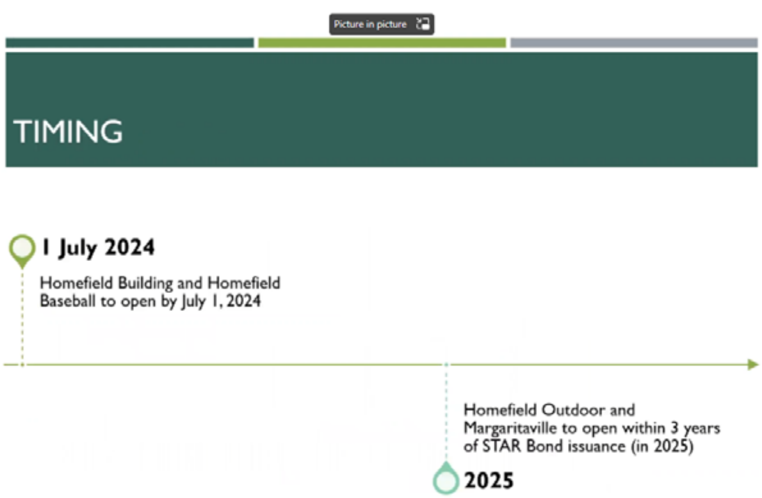
STINSON

Todd LaSala, Stinson Leonard Street Law Firm, said I'm your outside special counsel for economic development projects like this one. Katherine's asked me to go through the agreement that's before you at a fairly high level, but really with some emphasis on the changes and the evolution of the project since the version that the Commission approved back in November of 2020. So, I will attempt to do that quickly and with some precision, but of course, we'll be happy to answer your questions along the way.

First, definition of the project. Robb did an excellent job of describing what the project is in kind of narrative form. This adds a little more detail and maybe some numbers to those various components. The Homefield building is a $60M asset, that's the estimate; about 150,000 square feet of indoor multi-sport facility. One of the changes, as Robb mentioned, is that that part of the project has moved from its prior location, which is where Schlitterbahn used to be, to that new location on State Avenue. The Homefield outdoor component, that Robb talked about, is a $15M asset. The change here is that Robb and his team really plan to design that and integrate large portions of the Homefield outdoor concept with the Margaritaville Hotel and Resort. The outdoor entertainment offerings there seem to match and match very well, and so Robb and his team plan to design that to be collaborative with the hotel.

As Robb mentioned, the Homefield baseball component, the third leg of the Homefield stool, has grown dramatically. In a prior version of this, this was a $15M component, about the maximum of five fields. It has now grown to a ten-field tournament baseball facility at a $40M asset featuring this new partnership and collaboration that Robb's got with Perfect Game.

And finally, in terms of the definition of the project, meaning the things that they are affirmatively committed and obligated to deliver by virtue of this development agreement, is the Margaritaville Hotel. A 250-room full-service themed hotel is an $85B asset. As you look at the dollar figures on this slide, the three Homefield components will be paid for with the STAR bond proceeds. That's where the public money goes. The Margaritaville Hotel is intended to be primarily financed with private dollars. I'll tell you about the timing.



For two components, Homefield building and Homefield baseball, we expect those to open by July of 2024. For Homefield outdoor and Margaritaville, which are being designed together, they're likely to be about a year behind that, give or take. It's three years from when we issue the STAR bonds.

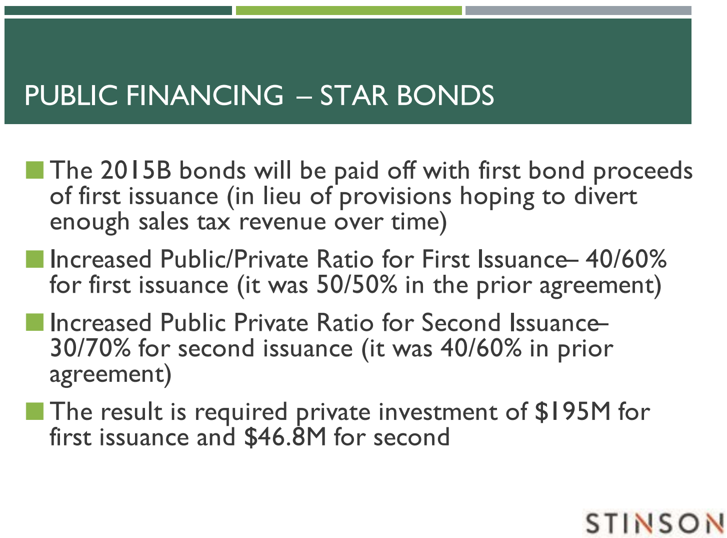
PUBLIC FINANCING – STAR BONDS

- $150M of STAR Bonds to pay for Homefield components and infrastructure (*an increase from $130M*)
- Two Issuances: $130M first issuance and $20M second issuance (*changed from $75M first issuance and $55M second issue*)
- Public sale of STAR Bonds (*versus a private placement contemplated in 2020 agreement*)

STINSON

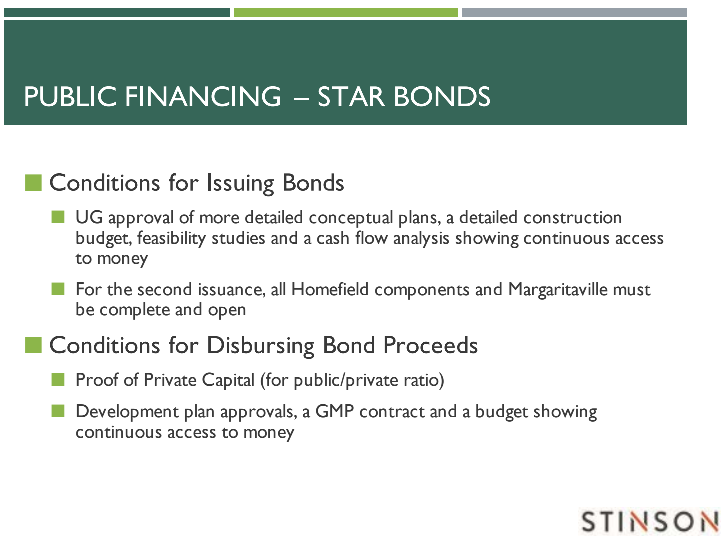
I'll say a word or two now about—I'm really going to dig into the public financing now, starting with STAR bonds. As you know, STAR bonds include the state's portion of sales tax as well as the local portion. Our partners at the State of Kansas and the Department of Commerce, Robb mentioned they're great partners; they have been. They have really been with us every step of the way in these negotiations. They have really participated actively, and so their fingerprints are very much on this structure. They reserve the right to make ultimate approvals at the end. They have really a veto right on whether or not you issue these bonds, ultimately. So, there are things they will look at even as we go forward, but they have been involved throughout the structure of these STAR bonds.

First, Katherine mentioned the ultimate number, the highest potential number of STAR bonds. That has grown from $130M in the original deal up to potentially $150M primarily, again, to pay for Homefield components and infrastructure. The phasing, if you will, of the two STAR bond issuances that are contemplated has also changed a little bit. $130M are expected to be issued in the first issuance and then the rest of the STAR bonds, that additional $20M, could be in a second issuance. The original deal contemplated $75M in the first issuance and another $55M to get to $130M, and so the phasing has changed a bit. Another somewhat significant change is that in the original deal, the first $75M of STAR bonds were contemplated to be a private placement where the developer would buy their own bonds. We now expect to issue and sell these bonds publicly in a public setting.



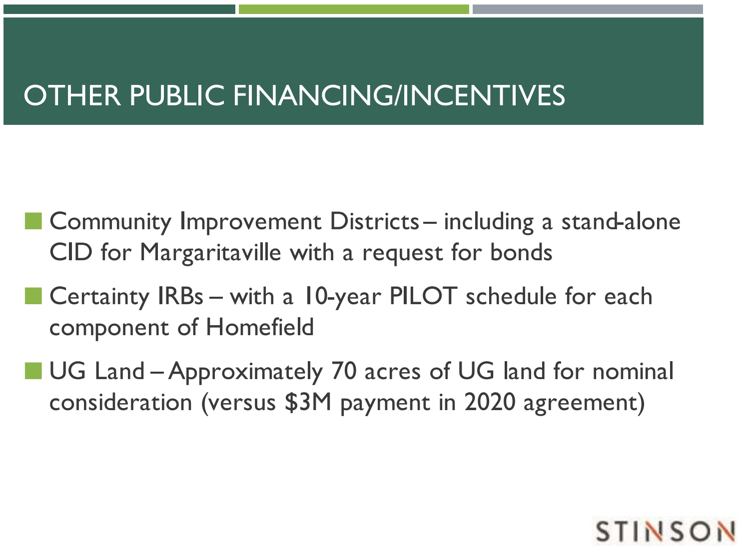
Katherine mentioned this, but it's very important, so I'm going to hit it again. In 2015, we issued bonds publicly in connection with the Schlitterbahn Project. There's a Series A of bonds and a Series B. The 2015B bonds were the ones that were backed by the Unified Government. There's a general appropriation pledge behind that $12M series of bonds and, as she mentioned, one of our objectives throughout this negotiation has been to make sure that those bonds would ultimately pay off. In the changes that are happening, the evolution of this deal, a very important change to us is that the developer, Robb and his team, has agreed that the first dollars issued from STAR bonds will be used to retire and fully pay off those 2015B bonds. They will be wiped off the books, along with the UG's general appropriation pledge. So, the risk of us having to come out-of-pocket to back those bonds will disappear with the first issuance of STAR bonds. That's a big deal to us.

Secondly, the UG watches very closely its public/private ratios in projects like this. It wants to make sure that the developer team—there is more private money coming into the deal than public money. So, for this first contemplated STAR bond issuance of $130M, we have hardwired in the document an agreement that the ratio will be no worse than 40% public, 60% private. So, if we issue $130M worth of bonds, public money, Robb and his team and the investments that he's talking about through Camping World, Margaritaville, apartments, medical office building, there has to be at least $195M of matching private dollars that are coming into the deal to maintain that 40/60% ratio. When you get to the second issuance, that $20M, that would take the STAR bonds from $130M to $150M. That ratio grows. It's 30% public, 70% private. So, for that $20M, Robb would have to demonstrate close to $47M of private capital coming into the deal to hit that ratio. So, those are some of the things going on with the STAR bonds.



The document has pages and pages and pages of conditions about what it takes to get to a point where you issue the bonds in the first place, and then what it takes to actually disperse the proceeds of those bonds. This document really lays out a roadmap for bond financing. In order to actually go issue the bonds, we have to have much more detail about the conceptual plans, a very detailed construction budget, feasibility analysis, and really cash flow analysis to make sure that the developer always has continuous access to capital in order to build this thing. We want to be very sure that these Homefield components of Margaritaville get built. When it comes to the second issuance, that $20M, both the state and the UG have said we'll never issue anymore bonds, that $20M series, unless and until all three components of Homefield have been delivered and open and the Margaritaville Hotel as well. So, all of that is about issuing those bonds.

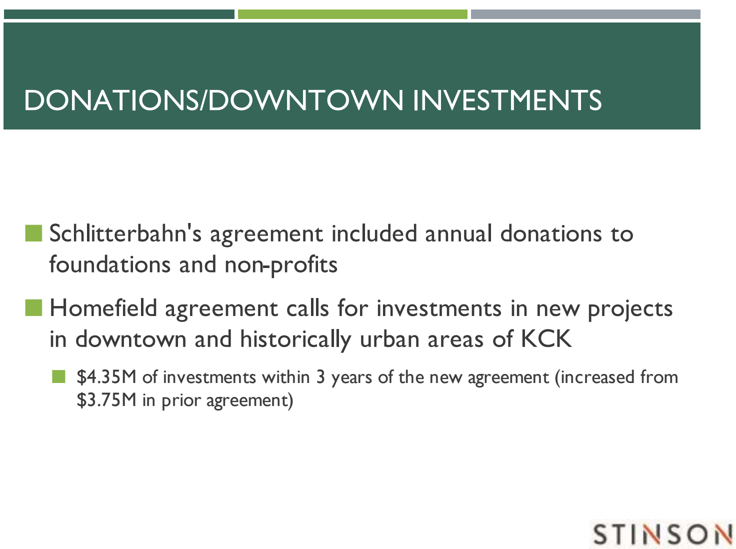
Once those bonds are collected into a fund, there are also conditions that the developer has to satisfy in order to receive those proceeds, have them disbursed to reimburse project costs. One of the things that they'll have to demonstrate is the proof of that private capital that I was talking about to maintain those public/private ratios, as well as showing that they've got their development plan approvals, a guaranteed maximum price construction contract to show that these things are being built, and a budget, again, showing a demonstrated continuous access to the capital to build these things.



There are some other incentives in this project as well. I will hit them quickly. This project also contemplates having community improvement districts. You may recall that there was a CID for Schlitterbahn that has since been terminated and has gone away. Our development agreement contemplates that there might—for Homefield, contemplates there might be one or more additional CIDs that could be used out there. Most of those would be done on a pay-as-you-go basis. We really kind of lay a framework for those to come back to Commission for specific approval as and when we know some more detail about those. The developer has telegraphed that they are anticipating and are, in fact, going to ask us for a specific standalone CID for the Margaritaville Hotel. That would be a 2% CID, and they will be asking to sell bonds related to that CID. Again, the UG would have to take separate Commission action for that, but it is contemplated in the document that that's coming.

Additionally, we would do IRBs in connection with the project, Industrial Revenue Bonds. These are what I would call certainty IRBs where they really serve two purposes. One, if we issue IRBs for the Homefield components of the project, the developer would enjoy an abatement of sales taxes on construction materials and labor as they build these assets. Two, we would agree to a payment in lieu of tax schedule that's attached to the agreement as Exhibit 18 that would specifically say how much property tax the developer would pay for the Homefield assets over the course of the first 10 years of our agreement. It really provides both parties with certainty about property taxes for the first 10 years.

Finally, I'll mention the UG land. There's approximately 70 acres of property out there that the UG owns. Our 2020 version of this agreement contemplated the developer paying $3M for that 70 acres; however, it's important to remember that was never $3M that the UG was going to receive. That money was pledged to pay the 2015B bonds that we had backed. It was really a way of buying down that $11M of 2015B bonds, so instead, you had $8M of outstanding debt. That $3M was passed through directly to the 2015B bonds. Now that those are being paid in full and satisfied with the first monies from this project, that payment is no longer necessary. So, the UG is agreeing to transfer that 70 acres to the developer for nominal consideration, essentially for free.



Donations and downtown investments. Some of you will remember that the Schlitterbahn development agreement included a provision that required annual donations to foundations and non-profits. It was used by commissioners, sort of carved up and went to various different programs along with the casino money, and that's what happened over the years. You may also recall that when we got late into the life of Schlitterbahn, they quit making those payments. We became concerned that money was always going to be uncollectable.

Two things happened in the 2020 agreement. One, the developer and their team agreed that when they acquired the land from Schlitterbahn, they were going to make Schlitterbahn pay us what was outstanding. I think it was $375K. So, Schlitterbahn made its final donation payments because the developer forced them to at the land closing.

Two, going forward, the developer said that it would make investments in downtown and historically urban areas of KCK instead of making these donations. That commitment in 2020 was $3.7M which the developer was required to invest in downtown and other areas nearby in the first three years after the agreement.

In this new agreement before you, that money has been scaled up a little bit, proportionate to the increase in the potential STAR bonds, so it's $4.35M within three years. Those are projects that would be selected by the developer and approved by the County Administrator.

MBE/WBE/LBE PARTICIPATION GOALS

- Construction: LBE– 18%, MBE – 15% and WBE 7%
- Professional Services: LBE– 18%, MBE – 13% and WBE 8%
- Remedy if Failure to Comply: a 4% reduction in available STAR Bond proceeds

STINSON

I believe this is my final one. For those who have been around for years, you're very familiar with these. For those that are newer, the UG always has LBE/MBE/WBE participation goals in its projects. What you see on this slide are the participation goals for both construction and professional services. The developer has agreed to use best efforts to hit these goals. If there is a failure to comply, we are always looking for some teeth in these agreements, some remedies. If the developer fails and it's determined that they did not use best efforts to achieve it’s goals, the remedy in this one is a 4% reduction in the available STAR bond proceeds. Given the size of the incentive, the STAR bonds in this thing, that's a very significant number.

Mr. Chairman, I'll stop there. I know that's a lot of information very quickly. We're obviously happy to go into greater detail about anything that's of interest to you and the members of the committee, but I hope this is helpful.

Chairman Burroughs said thank you, Mr. LaSala, and thank you, Katherine, and Robb Heineman, for your overview. I will state publicly that this project is a lot more transparent tonight than it was even six weeks ago. It is a project that I believe many of us whose concerns were raised have been addressed. With that, I will ask if there are any questions from the Commission.

Ms. Carttar said one quick thing to add before we get to the questions. I just wanted to mention quickly that because this is a STAR bond project, the state is a critical component of our partnership in all of this. We have been working with the Department of Commerce and Lieutenant Governor throughout now for years, literally, to get this project to a point where everyone feels comfortable; everyone is kind of in lockstep moving forward. That is the reason, if people are wondering why this actually was bumped from our last ED&F meeting. The state had requested just a little more time to review, make sure that they were good to go. They are. There are very few changes. They just needed that little extra time. So, just wanted to let everyone know that thanks to the Secretary of State and Commissioner Burroughs, in his state role, has also been very helpful in making sure that we're all locked up and moving together to make sure this project moves forward.

Chairman Burroughs said the purpose of slowing this project down just a little bit was to ensure that state had a chance to review the documents and accompanying agreements. When we deal with STAR bonds, we're not only dealing with our tax dollars, we're dealing with the state's tax dollars. It's imperative that we get things right.

Commissioner Townsend said I've got some questions. It's kind of all over the place. Counselor LaSala, I don't know if you would address these or not, so I'm just going to let them fly and then whoever can best address it, that will be fine. In no particular order. Was trying to keep up with the money part of it first as Ms. Carttar was going through it. So, I guess in sum with the issuance of this $130M, our obligation under the Series B bonds will be paid off immediately? Will there be any subsequent Series B bonds or other obligations of that type later, or that extinguishes this type of bond?

Mr. LaSala said it extinguishes this type of bond. There is not an expectation that we would issue additional bonds that would be backed by the UG. **Commissioner Townsend** said okay.

Mr. LaSala said to be clear, though, Commissioner, it will not fully retire the Series A bonds that are also out there and outstanding; however, the new development activity here goes a long way to getting those bonds back on track as well. So, the UG does not have a general appropriation pledge behind the 2015A bonds. They will remain out there and outstanding, but they're in much better shape if we do this project than if we don’t.

Commissioner Townsend asked, what is the circumstance under which that second tranche of money might be issued, the $50M I believe it was? The first would be the $130M and then it sounded or I understood, maybe, maybe not, there's a need for an additional $50M?

Mr. LaSala said it's an additional $20M to get to a total of $150M. We’ll only ever get there if, and to the extent number one, the developer fully delivers the three components of Homefield and the Margaritaville Hotel, that's a threshold requirement, and there's enough other private activity out there and enough sales tax revenues to support another $20M in bonds.

Commissioner Townsend said so let's segue to the Margaritaville component and the expected, or is it expected, or a required minimum nights associated with that aspect of the project?

Mr. Heineman said it's required in our agreement with Perfect Game, the 75,000 room nights. Then, our expectations, just based on the number of teams—if you think of these events, they bring in 250 to 300 teams per event, and there's probably 16 players per team and a couple of parents or grandparents per kid. You can see quickly that if you're doing that for call it 35-weeks a year, we should blow through that number. To be real transparent and candid with you, I mean, when they have those tournaments, the flagship and the tournament headquarters will be here in Kansas City, Kansas. We’ll be forced to use other baseball fields throughout the metro to help support this.

The way that our agreement is written is the championship games will occur kind of here on premise, and the control of all the room nights will actually come through Homefield. The waterfall in which they work is first, they will be onsite inside of this STAR bond district. Secondly, they would remain sort of in Village West. Third, they go to KCK at large. And then, sort of lastly, if we exhaust all those, they stay in the State of Kansas. That's the way the room nights wind up being booked vis-a-vis this project.

Commissioner Townsend asked, if you don't do this, then this happened kind of aspect to it, if that 75,000; 7,500 or 75,000? I wrote 75,000. **Mr. Heineman** said 75,000 is the number.
It’s a big number.

Commissioner Townsend asked, so, if that number is not obtained, then what?

Mr. Heineman said we do have some remedies inside of our agreement if it's not; but, again, with us controlling sort of the supply, meaning we're actually booking the rooms, we don't anticipate that being an issue unless there's obviously there's different force majeure stuff. There's COVID, there's different things like that that I suppose could wipe us out for some period of time, but now our expectation is based on the typical schedule that what we feel fine about executing on that number.

Commissioner Townsend said well that's great. I hope that's truly achieved; not wishing any force majeure circumstances. It's just incredible, 75,000.

Okay, with regard to the Schlitterbahn location, what's on there now because I understand the ballfields have been relocated, so what would be at the old Schlitterbahn site now?

Mr. Heineman said primarily it's going to be the Margaritaville Resort is really in that area. Then, obviously, some of the parking areas and some of the entrance areas. That's where the Milhouse apartment project is located. So, those are the two primary users. Then there's still pieces of ground there that we have available that we’ll continue to try to attract other tenants to those areas.

Commissioner Townsend said okay, I see them now on this pledge.

With the enlargement of the number of fields that is anticipated now, was there any corresponding increase of what our local kids, their access to the use of the field would be? If someone could kind of refresh what our kids would be able to access or the school districts. I'm looking at some kids. I have to say I have to brag on them in the Parks and Rec. This summer, opening the Quindaro Park that had been a three-year—that new ballfield, which by the way, needs a new scoreboard—but to give those kids an opportunity to throw from the mound out there from some of the new fields that you're talking about. I was quite envious and impressed when I saw the analytics, the correlation between the on-field analytics of that, and just from your regular old [inaudible] will any of our kids have the use of those fields?

Mr. Heineman said yeah. Let me answer that in a number of different ways. So, around all components, all the Homefield components and Perfect Game, we will have various kind of privileges that the local, not only kids, but just the local citizens will have whether that's discounted rates, free access, special events, advance access, all different things of that nature. Particularly on baseball, what we do have in our agreement with Perfect Game is that we will have "Homefield teams", which those teams will be comprised of local kids, that will at least have access for one team to every tournament that they hold, which is substantial because typically the entrance fees to get into these tournaments are upwards of $4,000 or $5,000. That's not an insignificant thing.

In addition to Perfect Game, we, at Homefield, will be running our own baseball program as well. We very much will be looking to attract kids from the metropolitan area to that club just because of their proximity to the fields and such. At some point, I'm sure that we're going to have to figure out some transportation plans that may work in conjunction with that to make that, to really breathe some life into it. But no, I think you have our commitment. Even when we've talked with Perfect Game, I mean, they're already talking with the community college around allowing them to use some of the fields for some of their bigger events. So, yeah, I think there will be a very good collaboration between kind of all the tenants out there and the local population.

Commissioner Townsend said that will be something I will be really following and looking to assist in any way that I can to get these young kids to use those fields, or enjoy those fields. Maybe, with those analytics, when I throw the next pitch out, I will really look like a pitcher and not a bowler. So, I'm going to let that go. Those were the only things that I could scribble down at that level, so I appreciate it. Thank you very much.

Chairman Burroughs said I would like to welcome Senator David Haley, member of the BPU, to our meeting this evening.

Commissioner Davis said I just have a couple of questions as well, and appreciate Commissioner Townsend's exchange because it did kind of get at some of the things.

Could we first, and I know we've been kind of email exchange, but the PILOT payments were not in the slides. I think it's important for our community to know what the PILOT payments will be just so that we have a clear understanding of what's going on in our tax base, and then I have a few others.

Mr. LaSala said on Exhibit 18 of the document, we have already agreed with Homefield about the proposed PILOT payments for the Homefield building and for the baseball component. We don't have that yet when it comes to Homefield outdoor because it's still in the design phase, still in evolution. We just didn't feel like we had enough information to agree to specifics there. But, for the Homefield building, year one, the PILOT payment would be $241,253 and it grows incrementally over time to $263,855 in year 10. When it comes to baseball, year one is $106,703 and it grows incrementally over time up to $116,699.

Commissioner Davis said okay, so those are the payments that are going into our tax coffers. This is just kind of public information so folks understand. These folks are paying something into the tax coffers.

I want some clarity on the $4.35M investment that Homefield is making. What is that exact process? What are your expectations? It's very exciting. I look forward to it. But I just—even the language in the contract is fairly vague as far as the process goes. So where do you all expectations for that.

Mr. Heineman said honestly, I think our expectation is that we're going to have lots of ideas brought forth to us by you, by the various commissioners. Obviously, we're motivated to go find projects that we believe will be catalysts in the community. We've made it very clear that we do want these to be for—profit projects, but we're open to—we really don't have any preconceived notion on what exactly it is we're going to go do with these. Obviously, to the extent that they have synergies with our base business, which obviously is sports, youth athletics, events, those will probably be things that will be particularly attractive to us. I think we have looked at some things, kind of housing-based projects, in downtown that are attractive to us.

So, I really think now that we feel like we're to the point where we're going to have this development agreement finalized. I think the onus is on all of us to build a pipeline on projects that we think will be helpful to the community. We're highly motivated to do it while we do have whatever the timeline is. Is it three years, Todd? **Mr. LaSala** said it’s three years. **Mr. Heineman** said you think three years is an eternity. In the development world, I think we all know it's not, especially when you have Omicron and COVID running around the place. So, our expectation is that this is something that we're going to have to collaborate on and work together. We hope these are all highly visible, high profile projects that help the community.

Commissioner Davis said my last question, I just want to recap for the community, because we threw out a lot of numbers. I just want to make sure what Wyandotte is getting, right? You're getting hundreds of thousands of dollars in PILOT payments, 500 tickets—please correct me if I'm wrong here, you all—a year for Parks and Rec for admission for our kids. Of course, the $4.35M within three years after the agreement for some development in east KCK and downtown KCK.

My last question is the school districts. Could you all kind of clarify what you want your relationship to be and how our school districts are going to benefit?

Mr. Heineman said sure, I’m happy to do that. Then the one thing that I just want to kind of add to that list of things that you said is while we outlined kind of what the PILOT payments are just on the Homefield buildings, we have hundreds of other acres of land out here with tenants like we mentioned and medical office and retail. So, there will be hundreds of thousands of more, hopefully millions of dollars more of property tax being paid out on this site over time so, I don't want to forget that.

When we cut these kind of deals, we only kind of document sort of what we think or know at the time. So, again, when we talk about 500 free tickets, well, I mean, look, may come up with a project or program that says on days off, we want to work across the entire school district and bring the entire school district out to the waterpark. I don't know, I'm making up. Those are the sorts of things that I think we need to talk about in the moment and make it happen. We're completely open to any of those things.

I do think that, and I'm speaking more as Homefield than I am sort of a developer right now, I think around athletics, in particular, around the school districts, we would like to be highly involved with what's going on there. There are tons of great amateur athletes playing inside this community that probably aren't getting the resources they need, the coaching that they need. So, I think we'd like to change that. I think we'd like to see—obviously, what we've tried to do on the Sporting Kansas City side, which Greg Maday and I are both involved in Sporting, is to the extent that we have kids that come from the Kansas City metropolitan area that wind up playing on the field for us, that's great. That's great for our fans. That's great for our community.

I think around all these other sports now that we're working in, we feel the same way at the Homefield location that we want to have kids from Kansas City, Kansas, that come up through our system are trained and succeed, whether that's becoming an athlete, getting a college scholarship, or just feeling better about themselves. So, I think all those things are key points and key parts of the relationship that we want to have with the community.

Commissioner Davis said that is what I love to hear.

Commissioner Stites said I just want to say thank you everybody that worked on this project and finally got us to this point. It was long overdue that we got rid of the eyesore that was out there, and I appreciate the Homefield group stepping up and investing this type of money into our community and my district. I'm proud to have that out there. I think it's something that all of us in Wyandotte County— and I know this to kind of being a little nitpicky, but we keep saying kids from Kansas City, Kansas, kids from Kansas City, Kansas, which is very important, but I represent Bonner Springs and Edwardsville also. I want those same opportunities for those kids in Bonner and Edwardsville to be able to utilize the facilities. I know they will be. I just wanted to add that in there. I think it's important that we're inclusive of all of Wyandotte County, not just Kansas City, Kansas. But, again, I want to say thank you to everybody, and look forward to moving this and voting yes and moving this forward.

Mr. Heineman said, Commissioner, thanks for that. You’ve been a very helpful partner for us here over the course of the last whatever you'd say, two months. Really appreciate that and yeah, absolutely. I mean, this will be completely inclusive. Bonner and Edwardsville will be heavily involved with what we're doing. We're going to do everything we can to try to find the next great athletes coming out of this area, so appreciate all your support and the kind words. Thanks.

Commissioner Stites said well, the last thing I'll add to that, I'm a little bit long in the tooth so I don't know that I'm going to be able to get to that next fine athlete but I'm a good eye and can point. **Mr. Heineman** said we'll have to get you in that hit tracks machine and see if you can hit a 90-mile an hour fastball, see how you do with that. **Commissioner Stite**s said I don't even want to drive 90.

Chairman Burroughs said thank you Commissioner Stites. They do have a medical facility onsite. Any other comments from the Commission? Any questions? I see no other hands. I will state that I truly believe having an opportunity to allow the state to review this contract in light of a new administration, it was a respectful and prudent thing to do. And I want to thank the commissioners for their support in allowing the Secretary of Commerce and their legal team to review the contract. Todd, I want to thank you for your overview this evening. Katherine Carttar, you gave a very transparent review tonight on why we needed to go through this one more time. And Robb, thank you for your foresight in developing in our community and wanting to develop in our community. Wyandotte County is a very proud community, and we look out for our own and to have partners at the table that are willing to sit down and have those tough discussions and listen to the Commission. I commend you for that and your team.

I look forward to the opportunity to retire the B Series Bonds. I don't know how the UG got involved in that and was responsible for those funds, but I'm pleased to see those retired. Thank you for the opportunity to do just that. It frees up additional dollars in our community to address some of the concerns of our constituents.

This goes back to Commissioner Davis' comment in reference to the PILOT, if my rough math serves me correctly and somebody can do that, I averaged out the $241K to $263K for 10 years at $250K a year and that adds up to $2.5M in 10 years. Then I looked at the $106 to116 on the PILOT for the baseball portion at $1.1M because that's, I looked at $110M over an average of 10 years. So, we're looking at $3.6M that is coming in in revenue to the local government. Commissioner Davis, that's in response to your question, and I'm just doing my rough math so if that's not correct, Katherine, please correct me. **Mr. LaSala** said you're in the ballpark.

Chairman Burroughs said well, that's great. I hope to be in the ballpark when this comes to fruition, so I appreciate that.

At this particular time that's the only comments I have. I know that I personally have toured the site a number of times with Commissioner Stites and had a chance to view the vertical construction that's going on. Commission, we have more work to do as this project advances and moves forward. I want to thank the Department of Commerce for their expedited approach to reviewing the contract. Once again, this was a very transparent presentation this evening. I think it's important to the community that we, as commissioners, have a chance, as well as the developers, we are proud of this development and ready to move it forward. So, with that, I will ask the Clerk if there's any public comment. **Brett Deichler, Unified Government Clerk,** said there were no comments received.

Chairman Burroughs said thank you. With that, Commission, I would ask—this is an action item, and I do need a motion.

Bridgette Cobbins, Assistant County Administrator, said, Commissioner Burroughs, we do have someone in attendance, they have their hand up. A public person, Elnora Jefferson, who would like to speak before you vote.

Chairman Burroughs said I do appreciate that. We do want to allow our attendees the opportunity to speak.

Elnora Jefferson said yes, thank you very much, Chairman Burroughs, for allowing me to speak. The question I have, and it may be premature, so I'm willing to state that, is on the donations that were mentioned in the presentation. The donations for the downtown area and also nearby urban cores. It says something that will be decided on how those funds are expended by our local Commission or is that something that will be embedded in the development agreement?

Chairman Burroughs said thank you for that question, Ms. Jefferson. Staff?

Mr. LaSala said the development agreement calls for each of those investments to be approved by the County Administrator. So, it is not the—and they're not donations, they are investments made by the developer. The document says that they would be reasonably approved by the County Administrator.

Chairman Burroughs said, Ms. Jefferson, thank you for that question. That was a question that I had raised a while back in the original agreement that the Commission should have a chance to weigh in on those expenses in reference to developments. It stayed in the Administrators' hands, and I would ask that we may look at that part of the contract as we move forward. It's a very small amount in reference to investment within the community. I think the Commission has the authority, as well as the responsibility, to advance and spend those dollars at the advice of the Administrator, but to put it in Administrator's hands, I think that was a question that was raised and I would ask Counsel to give us some guidance on that comment. I'm for one that clearly indicates that the Commission should have a chance to review those development agreements so that we can determine if those are valid uses of those dollars.

Mr. LaSala said I would say, Commissioner, it is really up to you. I think the staff is agnostic about this point. If you would prefer to have those approvals made at the Commission level versus the County Administrator level, that's entirely up to you and the committee and the Commission. That's ultimately your call. I think the developer originally requested it this way because it streamlines the process and it would maybe move faster, but again, that's entirely up to you and the policymakers.

Chairman Burroughs said does anyone from the UG staff have a comment they'd like to make in reference to that question or comment. Seeing none, I will recognize Commissioner Davis.

Commissioner Davis said so, I guess, this puts us in, and for me, unfamiliar territory. If we vote to approve this, is that language regarding the $4.35M now codified and unchangeable or is it possible for us to put a conditional motion in which we approve it, but with the expectation that the language will change from County Administrator to the Commission. What's that process like?

Chairman Burroughs said thank you, Commissioner Davis, because as we all know, we have an Interim Administrator at this time. It would be beneficial if we had clarification on how those monies would be expanded? So, I will ask Legal if they're prepared to make a statement this evening.

Patrick Waters, Deputy Chief Counsel, said yes, the committee tonight could make a motion to amend that language and we could have that language changed as soon as the full commission vote. Obviously, that is assuming—we do have another party in this with the developer who has the right to be in full agreement on changes, and so I don't know if Mr. Heineman is prepared to speak to that tonight or wants to give some thought to that? But, obviously, any changes we would make to the document, as it stands today, would have to be approved by them as well.

Mr. Heineman said, Commissioner, I think our perspective is the practical reality of how this is going to go, we hope, is that we will have various commissioners bringing us concepts or ideas that the public maybe has vetted with them. So, we'd expect that there's going to be Commission sponsors on these projects as we look at them anyway.

I think our only perspective is, we just never want that money to be a political hot potato. We want to, if there are projects that are viable that we think are good for the community, we want to get them passed. So that's it, that's why we had done it the way we had done it. But again, we're completely open if you'd like to switch it. We don't have any problem with that, but again, I just kind of want to be on the record that we just want to make sure that we can get this done because we do have a timeline and while it is three years, it is only three years, so we've just got to make sure we're efficient and getting projects through Planning, and through those approvals.

Chairman Burroughs said thank you, Mr. Heineman. I do see a hand raised by David Haley, BPU Board Member.

BPU Board Member Haley, said this has been a most provocative discussion. I am new. This is my first time on a full meeting with this. I'm excited to be a part of it, and with the project that's outlined. Full disclosure, here in the legislature, I have not supported ongoing STAR bond projects as a whole. I did not support this. I passed on it.

I'm encouraged, because as you mentioned, the full review and it has come back now having been presented to the state, and it seems like the due diligence now to me, this skeptic, who has seen so many projects go to one silo of our county, Wyandotte County, and no benefit emerging, and we left usually holding the bag. I want to know, and I did want to say that it does seem like there's been better due diligence paid to this project.

So, Commissioner Burroughs, Mr. Chair, and members, I want to say again, a bit of hesitancy knowing it was raised that some of the residual or byproduct benefits conferred not just to one part of our beloved Wyandotte County, but that we would see that high tide lift more boats from dropping off and I'm glad to see you’re paying off the Series B. Fantastic, that we're taking care of that. You're MBE/WBE fallback at the 4% if those goals are not met, wonderful. These are other areas having been around when we initially did the Speedway, as I was. A part of those original STAR bonds that these provisions that were not met, the investment into other parts of the communities, whether it's the $4.2M [inaudible].

Chairman Burroughs said David, you’re muted. **BPU Board Member Haley,** said it wasn’t me, but I’ve unmuted again. All right, that’s the hook. I only saying that this is tremendously a move from a skeptic who's been around from the original issuance of STAR bonds in our community and haven't seen them materialize. Now, I do hope we do have a property tax, that there’s a full property tax would be on this, that I didn't see if that was covered or not, but I make that assumption it is.

Mr. LaSala said yeah, that's right. We're making these IRB deals with the Homefield components, everything else is full property. We have not done anything else with the property taxes.

BPU Board Member Haley said well great, that 70 acres, I did see 70 acres. You've been a little bit modest Commissioner Burroughs. He was the original author that put the 400 acres for the ancillary development and for the Speedway that has become the Legends. That was the Burrough's amendment, if I remember correctly, correct me if I'm wrong. So, to see that we are now having these provisions, where, for that ancillary development, we will have property tax, of course, as mentioned; I’m looking to what input our utility, the BPU, will play. There has been some concern in years past that there were stranded costs for Village West developments that were not necessarily recouped by the ratepayers who contributed to that. So, I would hope that there would be, and I'm not privy to that, that agreement as well, but these are the kind of concerns that I had. They've been pretty well allayed here this evening. I just want to commend each of you that presented for making a skeptic, a recalcitrant to having been around for these sort of provisions, feel a little bit better and thank you. I’m sorry I went well beyond that, but I just wanted to vent just a bit on how this process appears to be going.

Mr. Heineman said thanks for the support, Senator.

Commissioner Davis said so we can get this show on the road, and please correct me, Mr. Waters if my motion is out of order here, I will make a motion to approve with the condition of changing Section 7.18 and exchanging the language from approval by the County Administrator to approval by the majority of the Commission.

Action: **Commissioner Davis made a motion, seconded by Commissioner Stites, to approve with the condition of changing Section 7.18 and exchanging the language from approval by the County Administrator to approve by the majority of the Commission**.

Mr. Waters said that is acceptable, Commissioner.

Chairman Burroughs said, Counsel, we do have a motion by Commissioner Davis and a second by Commissioner Stites to change Section 7.18 within the contract. Counsel, you said that it was acceptable. I want to ensure that everybody understands exactly what that motion accomplishes and Commissioner Davis, I believe, you took the responsibility of those funds being spent by the Administrator to the responsibility of the Commission's by a majority vote of the Commission and I'm assuming that's a simple majority. **Commissioner Davis** said yes.

Chairman Burroughs said thank you for that clarification. Any comments or questions in reference to the motion? I see no hands. Clerk, do you see any? **Mr. Deichler** said I do not, Commissioner.

Chairman Burroughs said at this time I'll ask the Clerk to please call roll on the amendment.

Roll call was taken and there were six "Ayes," Haley, Davis, Townsend, Stites, McKiernan, Burroughs.

Chairman Burroughs said thank you, committee. The next point of order is a motion to approve the resolution that we have before us evening, the agreement. I would ask that it be presented as amended. So, if there's a motion to move this forward, it needs to be as amended, so I would entertain a motion.

Action **Commissioner Davis made a motion, seconded by Commissioner Stites to move forward as amended**.

Chairman Burroughs said we do have a motion and a second to approve the amendment of Assignment and Assumption of Development Agreement for Homefield development as amended. I will ask the Clerk to please call roll.

Roll call was taken and there were six “Ayes,” Haley, Davis, Townsend, Stites, McKiernan, Burroughs.

Chairman Burroughs said thank you, committee. That concludes our business for the evening. I want to thank those that joined us this evening. I want to thank the committee for their attentiveness. I do want to thank whose who joined us this evening in the presentation, staff, as well as the developers and counsel for their transparency and your guidance this evening. Thank you. This meeting is adjourned.

Adjourn:
Chairman Burroughs adjourned the meeting at 6:16 p.m.

tpl/am