

**ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, March 7, 2016**

The meeting of the Economic Development and Finance Standing Committee was held on Monday, March 7, 2016, at 6:58 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners, Townsend, Murguia, and Walters, and BPU Member Mary Gonzalez (filling in for David Alvey). Commissioner Walker was absent. The following officials were also in attendance: Lew Levin, Chief Financial Officer; Kathleen VonAchen, Incoming Chief Financial Officer; Debbie Jonscher, Deputy Finance Director; Reginald Lindsey, Budget Director; Joe Connor, Gordon Criswell and Melissa Mundt, Assistant County Administrator; Patrick Waters, Senior Attorney; Chris Slaughter, Land Bank Manager; and John Turner, Sergeant-at-Arms.

Chairman McKiernan called the meeting to order.

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

Chairman McKiernan said we did get an update to our agenda which just had some additional information on Item 2.

Approval of standing committee minutes from January 4, 2016. **On motion of Commissioner Walters, seconded by Commissioner Townsend, the minutes were approved.** Motion carried unanimously.

Measurable Goals:

No items

Committee Agenda:

Item No. 1 – 16464...REPORT: FOURTH QUARTER BUDGET TO ACTUAL

Synopsis: Fourth Quarter Budget to Actual Report, submitted by Lew Levin, Chief Financial Officer.

Lew Levin, Chief Financial Officer, said it's my pleasure to be here one final time. With me this evening we have our full financial team: Reginald Lindsey, Budget Manager; Debbie Jonscher, Assistant Finance Director; and Kathleen VonAchon, incoming CFO. We have several items on the agenda and we'll move forward with those.

The first item that you mentioned, our Fourth Quarter Budget to Actual Report. I'm just going to touch on a few of the highlights. This Thursday evening, the staff will be presenting a more detailed summary of that information. I'll say this for Kathleen, this report is a report we prepare on a quarterly basis. We generally submit it to this committee one month earlier than we did on this one. We did wait an additional month on this presentation to allow for some annual accounting entries that were done so we would have a more accurate picture of yearend performance.

I'm going to direct you to the first page that you have in your packet and hopefully it's a multicolored page that shows revenues and expenditures by fund. I just wanted to touch on a few of the key numbers on this page. Going down the left-hand column of the page, we have the various funds that comprise our budget. The first column shows beginning fund balance or how the end-of-year 2014 occurred. Then we have columns for budgets and actual revenues for 2015 and similar numbers for 2016.

From an overall perspective, I'm going to characterize a very good year for 2015 for the General Funds and the three funds that comprise the General Fund: the City and County General Fund as well as Consolidated Parks. Our ending fund balance moved from \$7.3M to \$20.8M, a \$13.5M gain in fund balance. We knew we were going to have a gain or an increase due to the one time Sporting Kansas City land payment of \$9.5M, but revenues were generally over budget and expenditures below budget.

Commissioner McKiernan actually raised a question and he looked at—I'll say the very first line item, and we see General Fund budgeted revenues at \$151.5M and the actual at

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\$140.9M gives the appearance of actual revenues being below budget. I might remind you of, in that line item we budgeted an annual appropriation expense in excess of \$12M that was not needed from either the revenue or the expenditure side meaning the bonds had sufficient revenues to cover those expenses. Neither the revenues nor expense was required.

If we go down to the line that says Total UG Tax Levy Funds, the actual increase for all those funds was a total of \$14.6M. If we go I'll say all the way to the bottom of the page, we see for all funds that comprise the budget, we had an increase of nearly \$20M in our ending fund balance. Overall, we saw increases across all funds. I think it's due in part that we, or at least our objective is to budget revenues conservatively as well as take this similar approach with expenditures meaning that hopefully we're budgeting at a higher level of expenditures than what actuals are.

The following pages go into detail for the General Fund, both revenues and expenditures. I'm not going to cover those at this time. If you have any questions, Reginald is here to respond. This Thursday evening, staff will look at that information in greater detail.

Chairman McKiernan said to go back to the point that I brought up about the annual appropriation debt revenues, if you go down to the consolidated generals, the second page, not the colored sheet, there's \$12M there budgeted which is not realized which makes it, and correct me if I'm wrong, but makes it look as if revenues did not come in; but in fact, real revenues, those monies that we actually collect, if you back out that \$12M, we're at about 101% of budget rather than 96%. Further on down if you take that away from expenses, we're actually under budget on expenses whereas the report itself makes it look like we're over. The report looks like we're under on income, over on expense; but when you take out that \$12M, it's actually very slightly the reverse of that. Would that be correct? **Mr. Levin** said correct.

Chairman McKiernan said I have to say, when I first looked at this and I saw that we were at 96% of budget for income, I went how because every number looks like it met budget until I got to that 12. I would encourage you to bring that out that if you just look at the percentages, it doesn't tell the actual picture of what actually happened. It paints what first looks like a much worse picture than we have in terms of cash, in terms of actual revenue and actual expenses. **Mr. Levin** said it's an excellent point.

Action: For information only.

Item No. 2 – 16474...RESOLUTION: 2016 MASTER EQUIPMENT LEASE PURCHASE AGREEMENT

Synopsis: A resolution amending the Unified Government's Master Equipment Lease Purchase Agreement dated October 17, 2013, with Banc of America Public Capital Corp. in connection with paying the costs of acquiring and installing certain equipment, submitted by Debbie Jonscher, Deputy Finance Director.

Debbie Jonscher, Deputy Finance Director, said this item was the one that you received the additional information. At the time that the agenda went out, we didn't have all the documents ready so we held them until we had everything ready last week.

This is a resolution authorizing an amendment to our Master Lease Agreement. The Master Lease Agreement is the agreement that we use to fund all of our equipment that's in the CMIP that's identified as lease financed.

This is Amendment No. 2 of the agreement. It extends the agreement to December 31, 2016. It has a maximum amount not to exceed \$7M. All the items listed in the schedule were approved in the budget as part of the CMIP.

I did just want to make one clarification. In your documents, there are two schedules of equipment in there. I meant to only include one of them. They're the same schedule; one of them just includes a little bit more detail regarding estimated interest rates that are required on the approved schedule. I did just want to make that clarification. It's the same amount of equipment.

Commissioner Murguia asked where's that estimated interest rate. **Ms. Jonscher** said it's on the schedule that's marked—it should be on the final page. It's marked Annex 2. **Commissioner Murguia** asked what is the interest on that \$7M. **Ms. Jonscher** said what happens is when we fund a schedule, if we have a piece of fire equipment—let's just say a Police car that we're going to fund as a three-year piece of equipment. In our Master Lease Agreement, there's a formula using the Treasury interest rate swaps. For the estimate that I did as of February 19, that rate was .92%. If I had funded something on that date, that would have been the interest rate. Once we get ready to fund the schedule, they usually lock in an interest rate

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approximately five days prior to us setting the schedule. This list just gives you an estimate of what the interest rates were at the date that I prepared the schedule.

Commissioner Murguia asked without me looking, what was that, the date that you prepared the schedule. **Ms. Jonscher** said February 19. **Commissioner Murguia** said no, what was the interest rate the date in which you prepared the schedule. **Ms. Jonscher** said for the three-year schedule, it was .92%. **Chairman McKiernan** said the highest one on there is 1.6. **Commissioner Murguia** said that's what I was getting at. Sorry, I was asking—**Ms. Jonscher** said that would have been the 10-year schedule. **Commissioner Murguia** said fantastic.

Action: **Commissioner Walters made a motion, seconded by Commissioner Murguia, to approve and forward to full commission.** Roll call was taken and there were five "Ayes," Gonzalez, Walters, Murguia, Townsend, McKiernan.

Item No. 3 – 16465...ORDINANCE: SUCCESSFULLY CONCLUDING EARLY THE ADAMS STREET/KANSAS AVENUE TIF REDEVELOPMENT DISTRICT

Synopsis: An ordinance successfully concluding early the Adams Street/Kansas Avenue Redevelopment District created pursuant to Ordinance No. O-7-04 and concluding the tax increment financing with respect to such redevelopment district, submitted by Lew Levin, Chief Financial Officer.

Lew Levin, Chief Financial Officer, said this is a TIF district. The word terminates somewhat of a misnomer. This is a successful TIF project. The project plan was approved in 2006. We actually issued debt for this project of approximately \$837,000 that included principle and interest. The project is located in Armourdale. It is an industrial project and was developed by the Wilhite family. You might be familiar. They've developed a number of buildings in Armourdale. A highly successful project.

We're able to close this TIF approximately ten years early. The property will be returned to the tax rolls. On an annual basis it will generate revenue of approximately \$81,000. Again, that would be shared among all taxing entities. The action before you is to proceed with the ordinance that would terminate this TIF. **Chairman McKiernan** said or successfully conclude if we want to phrase it another way. **Mr. Levin** said correct.

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Action: **Commissioner Walters made a motion, seconded by Commissioner Murguia, to approve and forward to full commission.** Roll call was taken and there were five “Ayes,” Gonzalez, Walters, Murguia, Townsend, McKiernan.

Public Agenda:

No items

Adjourn

Chairman McKiernan adjourned the meeting at 7:12 p.m.

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