Economic Development and Finance
Standing Committee Meeting Agenda
Monday, July 10, 2023
5:00 PM

Location: Hybrid
We invite you to view the meeting in person in the 5th-floor conference room, Suite 515, Municipal Office Building, 701 N 7th Street, Kansas City, Kansas, or virtually via a Zoom webinar.

Please click this URL to join. https://us02web.zoom.us/s/83008359594
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Webinar ID: 830 0835 9594
International numbers available: https://us02web.zoom.us/u/keoEcNgAQO

Name	Absent
Commissioner Tom Burroughs, Chair	☐
Commissioner Brian McKiernan	☐
Commissioner Chuck Stites	☐
Commissioner Gayle Townsend	☐
Commissioner Andrew Davis	☐
David Haley, BPU Member	☐

I. **Call to Order/Roll Call**

II. **Revisions to July 10, 2023 Agenda**

III. **Approval of standing committee minutes from November 7, 2022.**

IV. **Committee Agenda**

Item No. 1 - RESOLUTION: FIRST AMENDMENT TO THE 505 CENTRAL PROJECT

Synopsis: Adoption of a resolution extending various development agreement deadlines, submitted by Jeff Conway, Assistant Counsel.

Tracking #: 212577

V. **Public Agenda**

VI. **Adjourn**

ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, November 7, 2022

The meeting of the Economic Development and Finance Standing Committee was held on Monday, November 7, 2022, at 5:00 p.m. The following members were present: Commissioner Burroughs, Chairman; Commissioners Davis, Townsend, McKiernan, and BPU Board Member Haley. Commissioner Stites was absent. The following officials were also in attendance: Alan Howze, Assistant County Administrator; Patrick Waters, Deputy Chief Counsel; Debbie Jonscher, Acting Chief Financial Officer; Alyse Villarreal, Debt Coordinator; Rebecca Sandow, Grants Manager; and Tifani Portley, UG Clerk's Office.

Chairman Burroughs said before I call the meeting to order, I do want to announce that some committee members, staff, and the public are attending remotely via Zoom as well as on-site. All participants joining by phone should mute their phones when not speaking to avoid background noise. During the meeting, I ask that you please make sure that you announce yourself by name and title every time you speak so 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.

I ask you to please speak into the microphone. It has been difficult. We have some voided areas that come up in recording, so please speak into the microphone. If you're not speaking loud enough, I will stop you and ask you to speak up a little louder or pull the microphone closer.

The public is allowed to participate by Zoom or submit comments by email prior to the meeting. Those comments will be included in the record of this meeting. The public may also indicate their intent to provide remote public comments by contacting the Clerk's Office by 5:00 p.m. the Thursday before the meeting. The public also will have an opportunity to provide brief comments either by telephone or via Zoom from the 5th Floor Conference Room of the Municipal Office building.

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

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

Approval of standing committee minutes from September 12, 2022. **On motion of Commissioner Davis, seconded by Commissioner Townsend, the minutes were approved.** Roll call was taken and there were five "Ayes," Haley, Davis, Townsend, McKiernan, Burroughs.

Chairman Burroughs said we do have a few action items this evening. As a matter of fact, every item will be an action item this evening.

__**Committee Agenda**__

Item No. 1 – 212074…RESOLUTION: FOURTH AMENDMENT TO LEGENDS WEST LAWN DEVELOPMENT AGREEMENT

Synopsis: A resolution authorizing the fourth amendment to the Legends West Lawn Development Agreement, submitted by Patrick Waters, Deputy Chief Counsel.

Chairman Burroughs said I believe that we will recognize Patrick Waters, our Deputy Chief Counsel.

Patrick Waters, Deputy Chief Counsel, said the area that we're talking about tonight is this gravel lot just north of the Monarch Stadium. Everyone may recognize.

4th Amendment to West Lawn

- The original West Lawn Development Agreement provided for the issuance of CID bonds to help pay for improvements to the West Lawn area of the Legends.
- It also included a provision which required the developer to pave the gravel lot at 1824 Village West Parkway by December 31,2020.
- The paving did not occur as required, so the UG held back the last of the CID proceeds.
- On September 30, 2021, the UG Commission approved the 3rd Amendment to the West Lawn DA, which provided a compromise that allowed the developer to access the remaining CID funds so long as they either (1) paved the lot by November 30, 2022, (2) had a redevelopment plan approved by the Commission for the lot, or (3) paid a $500,000 penalty.

The original West Lawn Development Agreement was entered into in 2018. It helped to pay for improvements in the West Lawn area of the Legends. You may recognize the video board, the grassy area out there, and various façade improvements that these bonds were used to pay for. There was kind of a signed deal associated with this agreement in which the Legends agreed to pave that lot that was across the street. That was to have occurred by December 31, 2020. That obviously did not happen and so the Unified Government withheld the last of the CID proceeds because that had not been accomplished yet.

That went on for a while until finally in September of 2021, through the Third Amendment to the Development Agreement, we reached what was kind of a compromise where we said that the developer would have access to the last of those CID funds; however, they had to agree to either pave the lot by November 30, 2022, have a redevelopment plan approved by the Commission, or pay a $500K penalty.

4th Amendment to West Lawn

- Developer is requesting an additional extension for one year while they look into options for development at the site.
- Under the proposed terms of the 4th Amendment, the $500,000 penalty would remain if the lot remains unpaved or the Commission has not approved a redevelopment plan for the lot by November 30, 2023.
- The developer can speak to the work they are performing to bring forward a redevelopment plan for the lot.

So, here we are. We are very close to the end of that term. That lot has not been paved, so the developer is requesting an additional year in which to accomplish that. Under the terms of this proposed fourth amendment, the $500K penalty would remain if it has not been either paved or redeveloped through some approved redevelopment plan by November 30, 2023.

I believe there's a representative for the developer that can speak to the efforts that they've made to create a redevelopment plan.

Chairman Burroughs asked, is there someone here from West Lawn development who wants to speak to this issue?

Mr. Waters asked, anyone from the Legends? Well, they were notified. I don't feel comfortable. I'm not sure what is public and what they wish to—how far they wish to speak of these plans. I know there are some. I think it's the feeling of staff that if there are plans to redevelop this site, it would be a waste of money to pave it and then simply tear it up. We have felt that there are serious redevelopment plans in the works, but I'm not comfortable kind of going into that tonight without the consent of the developers.

Chairman Burroughs asked, any questions, committee?

Commissioner Townsend asked, so, Counsel, are you suggesting maybe that it would be better to have a representative here so there'd be a fuller discussion of this tonight?

Mr. Waters said yes. I guess I would ask, is there anyone online? Anyone online asking? **Ms. Lott** said no hands are raised. **Mr. Waters** said so if we held it over, we would technically be beyond the default; however, I don't think there's going to be much paving going on. We've kind of entered the time of year where the cold weather is setting in. So, I, personally, would be fine with holding it over. That kind of puts us outside that date, which is what we were hoping to avoid, but I can understand the Commission wanting to understand those plans before they approve something.

Commissioner Townsend said the other question I had, was there supposed to be a penalty paid under previous versions of the agreement if it wasn't paved by November 30th?

Mr. Waters said under the current terms, if it's not paved by November 30th, three weeks from now, we could proceed to demanding that $500K. That's the current terms. They would be in default so that's why they requested this extension. Staff agreed because I think we recognized that if they were going to build something there, it would be a waste of money to pave it, but I can't really speak to those plans.

Commissioner Townsend said thank you. Well, I, for one, would not be opposed to holding this over so that the committee could get the fullest understanding possible of what's going on here, and give the developers an opportunity to be sure and be here; send a representative for any questions. That's just my view. Thank you, Counselor.

Commissioner McKiernan said I have been made aware of some very preliminary plans for potential redevelopment on this site. I know that we, a year ago, talked about potential redevelopment of this site when we set the date at November 30, 2022.

I'm at the point where the argument is compelling to me if there—there seems to be more momentum toward an actual development now than there was a year ago. If that's the case, then I would not be opposed to extending this for another year and making a final, final of November 30, 2023, at which time, either that lot is paved or there are concrete plans for development moving forward. So, I would be comfortable extending it for one year for the purpose of either/or, and no more extensions after that.

BPU Board Member Haley said I kind of missed the first and second amendments that brought us to this point. This is, again, kicking the can, reportedly, down the road for another year. Was there any difference in the first or second amendments and this one that we're now contemplating?

Mr. Waters said yes. The reason I didn't go into those were the first and second amendments really dealt with the improvements within the Legends. They were extensions of time to finish those improvements. So, the first and second extensions didn't deal with this. Only the third and this fourth one are really relevant to this lot.

BPU Board Member Haley said thank you. Do you anticipate any other ancillary proposed extensions to what has already been considered beyond the parking lot? **Mr. Waters** said I don't. **BPU Board Member Haley** asked, nothing else in the universe in this particular area? **Mr. Waters** said they finished all of their improvements that they were required to make within the Legends, so that is finished. This is the only piece left from that development agreement.

Commissioner Davis said, Mr. Waters, if you could go just into more detail. If we were to hold this over, that would be till January, if I'm not mistaken. **Mr. Waters** said December. **Commissioner Davis** said, oh, no, December. Excuse me. I'm already in January. But it would be past the November 30th deadline. What exactly would that do between the relationship of the developer and the UG?

Mr. Waters said it would technically put them in default so it's obviously not someplace that they would want to be. It's only five days after that default. I would say we have done that in the past. We have approved extensions in the technical default phase, so that is not unprecedented if you hold it over.

Commissioner Davis said I would like to hold it over just to see the developer come, and I mean in good faith, come and present that way we all can kind of ascertain what the situation is before making a decision. So, I'll wait on making the motion, but that's where I'm leaning toward.

BPU Board Member Haley said I think that there may potentially be consensus on certainly not holding them in default, but the weather's going to change so they certainly would not pave, if this were passed and agreed to, for the next few months. Is there any idea, approximately from a construction standpoint, how long would it take to pave this area? Is that a day? Two weeks? We can wait, I know, until next month to get the projection on how long it would take for them to perform.

Mr. Waters said they probably have a better sense of that because they do this quite a bit. So, I'd probably defer and let them talk next month.

BPU Board Member Haley said all right. Thank you.

Commissioner Townsend said in light of what Commissioner McKiernan said concerning his knowledge of the plans to pave, I would hate to see someone in default unintentionally, the holdover. What would be the downside of that to either party holding it over?

Mr. Waters said I don't want to waive any rights that we have. **Commissioner Townsend** said right. **Mr. Waters** said I'm not going to do that. It would be at their risk if they didn't have an agreement in place by the end of the month.

Commissioner Townsend asked, what if we moved on and this was moved forward tonight? What would be the downside, if any, to the Unified Government's position? **Mr. Waters** said then we would take that as direction to tell them that they need to proceed immediately to pave it or pay the penalty. **Commissioner Townsend** said if not done by 2023. **Mr. Waters** said no, immediately.

If the Commission does not pass this and extend their time, we would consider that to be direction from the Commission that you want us to enforce our current rights, which say that they need to pave it by the end of the month or they need to pay the penalty. This amendment gives them an extra year. That's what they are asking. They want that. Staff is okay with that because we understand they are working on something, but without them being here to speak to that, I understand it puts you in a difficult position.

Commissioner Townsend asked, but staff is okay with that? **Mr. Waters** said we are. We do believe that there are serious redevelopment plans in the works so it would be somewhat of a waste of money to pave it. But if they don't get the extension, then we would just tell them that they have to start. If they have to spend money to pave it and then tear it up, those were the consequences for defaulting.

Commissioner Townsend asked, so by passing this resolution, if that's what this body did to move it on, there's no immediate downside to either party? **Mr. Waters** said no.

Action: **Commissioner Townsend made a motion to approve the resolution as submitted.**

Chairman Burroughs said okay. We do have a few more comments.

Commissioner McKiernan said one option that comes to mind as a possibility is that we could move this, as a committee, move it forward to full Commission assuming that the full Commission meeting would take place before November 30th. Tell the developer that they'll have one last opportunity to present to full Commission; compelling plans that would cause us to extend this. That if they're not present at that meeting or don't convince us that it's a good move to make, then we will deny this amendment at full Commission, at which point, the November 30, 2022, stays in play.

Mr. Waters said that is true. You could either make a request now to keep it on the Non-Consent Agenda or if there is a split vote, obviously it automatically goes on Non-Consent and they would have to speak to it.

Commissioner Davis said I actually like the plan that Commissioner McKiernan put out because I don't want, necessarily, there to be—if there is a plan here, right, for us to get something done, I want to see what those plans are. It's just disappointing that the applicant or the developer is not here so we can engage in that dialogue. I would be for that particular plan where we don't necessarily pass it tonight and give the developer another chance before the deadline. I do not want us to keep making amendments, after amendments, after amendments with no accountability.

Action: **Commissioner Davis** said I would second that motion, but would like for this to be fast tracked to the full Commission.

Debbie Jonscher, Acting Chief Financial Officer, said I just wanted to make a comment that per our continuing disclosure on the Legends' CID bonds, that if they are in default on December 1st, we would have to disclose that to our investors. I just wanted to make sure that you're aware of that. **Chairman Burroughs** said thank you.

BPU Board Member Haley said at the full Commission, you'll be able to—the full Commission would be able to amend or have representation at that time from the developer and to amend it accordingly before the full Commission should that be the action? This is just passing it forward potentially to the agenda items where, indeed, the full Commission could hear from the developer and take further action at that time?

Commissioner McKiernan said right. We'll kick the can only very slightly down the road and then be able to pick it up. That is assuming that we have a full Commission meeting at which this item can be heard prior to November 30th.

Mr. Waters said I believe this would go to November 17th. I can confirm that with the Clerk's Office that items passed tonight would go to the 17th. **Ms. Lott** said that is correct.

Chairman Burroughs said if there's no other questions, Patrick, I'm not as generous as my colleagues. I don't want to go through another year and have to deal with this, the cold weather season next year. I'm looking at six months. That gets us into the prime construction season to get moving.

I would ask Legal to take care of our interests, send a letter of default—notice that they're in default; and that it's imperative that they appear before full Commission, if they're allowed onto the agenda, to present their case in this particular development proposal. I think we all know that there's some plans that to what extent, it's very difficult to make that decision without them being here and having hat discussion publicly.

I'm a little reluctant, as chair, to grant a year and it impacts the decisions within the development agreement. I also don't like giving a developer a fourth amendment when they haven't committed to fulfilling their obligation on a CID that is generating finances. Any thought on that?

Mr. Waters said the Commission could make amendments to the agreement when it comes up to full Commission in terms of the amount of time. That would be a possibility to make oral amendments at that time.

Chairman Burroughs said I'm just going off of my experience on another development that we granted, continued. What it was two months, then it was three months, and then it went into a year, and then we ended up getting the property back. I don't know how the rest of the committee thinks about a six month versus a full year because that would keep us from getting into the cold season.

Chairman Burroughs said there was a motion and a second, I believe. Oh, Commissioner Townsend.

Commissioner Townsend said I'm going to make this simple. I'm going to clear the deck and just withdraw my motion. In light of the subsequent discussion, someone else could make the motion. I think we're going down the same road that we not have a vote up or down here on the resolution, but actually the vote to move it on to the full Board, on the Board's next meeting on the 17th, I think, of November.

Action: Commissioner Townsend withdrew her previous motion.

Chairman Burroughs said in all fairness, I think we can take a vote and we not vote to put it on the Consent calendar. By having one descending vote, it goes for discussion for the full committee. We just need—or full Commission—we just need a commitment that will be on the agenda for the full Commission meeting that, I believe, many of us have discussed. Is there anyone here that can give us that commitment?

Mr. Waters said yes. I think the Clerk just confirmed it'll go to November 17th. You can make a motion to either keep it on the Non-Consent Agenda or someone could pull it at the full Commission meeting if it accidentally gets on.

Commissioner Davis said I like the idea for six months. If my calendar serves me correctly, that would take this from November 30th to May 30th. Is everybody at May 30th, about for six months, instead of a year, give or take? I would be for May 30th moving it to full Commission for November 17th for the vote. **Chairman Burroughs** asked, on the Non-Consent calendar? **Commissioner Davis** said on the Non-Consent, yeah. One of us can just pull it off but, yes. That's where I'm currently at but, yeah.

Action: Commissioner Davis made a motion for a six-month extension, to be heard at the full Commission meeting on November 17, 2022, and placed on the Non-Consent Agenda.

Chairman Burroughs said I want to make sure that the amendment is correct. There's been a motion, without a second yet, to advance to the full Commission on the Non-Consent calendar with the six-month timeline extension. Is that the motion? Okay. Is there a second?

Action: Commission Townsend seconded the motion.

Chairman Burroughs said we do have a motion and a second.

Chairman Burroughs said I'll ask the Clerk if there's any comments received from the public. **Ms. Lott** said none were received.

Chairman Burroughs asked, any members online or in public that wish to speak?

BPU Board Member Haley said discussion on the motion, really. I do support the motion. I just want to make sure, there seems to be a slight disconnect, though. I would think if I were a developer and was aware of this pending action, I would be here tonight or have someone here to speak to it. So, it's just a matter of notice. You know the meeting is 10 days away or shortly thereafter, what 12 days away. Is there a strong way to ensure that notice is conveyed immediately; the exigency of there being a developer or someone from the developers there to explain their position at the next meeting?

Mr. Waters said I communicate through their attorneys so I will definitely do that. I will have staff reach out directly to their staff members as well.

BPU Board Member Haley said I just want them to be aware of where they're standing. If no one's there then, I think, they're in some great jeopardy. Thank you.

Chairman Burroughs said it's important that they know that one, they're going to get a letter of default, too, that they'll lose their project if they… **BPU Board Member Haley** said exactly. **Chairman Burroughs** said and feel the pinch with a tremendous penalty if they chose to… **BPU Board Member Haley** said I would have thought they would have been here tonight.

Chairman Burroughs said we have a motion and a second. I did want the record to show that there was nobody present to speak to the issue here on the 5^{th} floor. We have a motion and a second. I would ask the Clerk, please call roll.

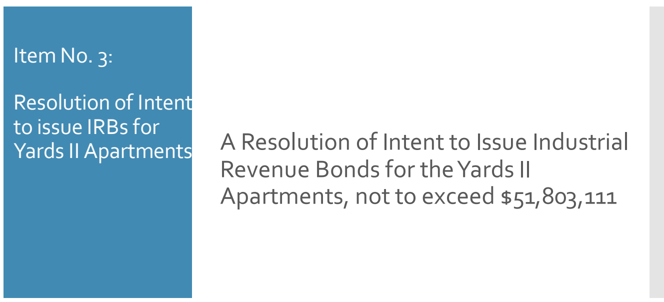
Roll call was taken and there were five "Ayes," Haley, Davis, Townsend, McKiernan, Burroughs.

Item No. 2 – 212081…RESOLUTION: FLAHERTY COLLINS- THE YARDS 2-IRB APPLICATION

Synopsis: A resolution determining the intent of the Unified Government of Wyandotte County/Kansas City, Kansas to issue its industrial revenue bonds in the amount of not to exceed

$51,803,111 to finance the costs of acquiring, constructing, improving and equipping a commercial project for the benefit of KC The Yards 2, LLC, and its successors and assigns (sales exemption only), submitted by Patrick Waters, Deputy Chief Counsel; and Stephanie Bell, Economic Development Management Analyst.

Chairman Burroughs said I'll recognize our Deputy Chief Counsel Patrick Waters.



Patrick Waters, Deputy Chief Counsel, said this is the Yards 2 project. I have some renderings here. As you know, this will be very close by to the Rock Island Bridge, right along the river.

Yards II Industrial Revenue Bonds

- The IRBs will be for sales tax exemption on construction material only, not for property tax abatement.
- The issuance of IRBs was contemplated by Section 4.11 of the Development Agreement approved by the Commission on August 13, 2020.

> 4.11 IRBs. Developer has requested IRB financing ("IRBs") in order to pay certain Project Costs pursuant to K.S.A. 12-1741 *et seq*. Subject to all Applicable Laws and Requirements and subject further to compliance by Developer with all of the UG's requirements for the issuance of IRBs, the parties hereby agree that Developer may use IRB financing to obtain an exemption on sales taxes for construction materials, equipment and furnishings for the Project. However, the parties hereby understand and agree that IRB financing shall not be used for abatement of ad valorem taxes for the Project or the Project Site. Developer agrees to pay all costs and expenses related to the issuance of the IRBs, including without limitation the UG's IRB issuance fees.

These IRBs will be sales tax exemption on construction material only. This is not a property tax abatement IRB. The issuance of these were already contemplated by the development agreement which the Commission approved a couple of years ago.

Yards II Industrial Revenue Bonds

- Amount requested - not to exceed $51,803,111
- Bonds will not be backed by the UG, no liability if there is default.
- Recommend approval.

The amount requested is $51.8M. Just a reminder, these bonds are not backed by the Unified Government. There's no liability if there's a default. For all of these reasons, we recommend approval.

Chairman Burroughs said, Patrick, if I may, the reason why the entire amount has to be—it has to be listed by law, the $51M. **Mr. Waters** said right. **Chairman Burroughs** said it's not that we're giving away $51M. It's the cost of the project. **Mr. Waters** said that's the cost of the project.

Chairman Burroughs asked, any questions, Commission?

Commissioner Davis said I think this is my first time seeing it. I know the governing body prior to had kind of voted this through. Just for public knowledge, Mr. Waters, can you go into what an IRB is?

Mr. Waters said industrial revenue bonds basically allows a developer to take advantage of the tax exempt status of a municipality. That can be done either through the tax exempt status on the purchase of materials or the ownership of property. Here, it is simply through the purchase of materials. By issuing these bonds, we essentially allow them to step into our shoes and they can purchase these steel beams and all the material as if they were the municipality and they get that advantage of the tax exemption.

Commissioner Davis said gotcha. So, again, we're not giving them anything per se. We are saying when you purchase these materials, you will not have to pay taxes on. Nothing beyond that, correct? **Mr. Waters** said correct.

Chairman Burroughs said, Patrick, this is common among development agreements across the state in reference to other communities that the sales tax exemption on construction goods is what is usually requested. **Mr. Waters** said it is very common, yes.

Chairman Burroughs asked, any other questions, committee?

Chairman Burroughs said before we go on, I want to ask the Clerk if there were any comments received from the public. **Ms. Lott** said no comments were received.

Chairman Burroughs said now I'll recognize members of the public online who wish to address the committee. Are there any online? **Ms. Lott** said yes. We have a hand raised by Aaron March. **Chairman Burroughs** said you will be given up to three minutes to make your comments. I'll ask the Clerk to unmute you and you can please state your name and residence. You have three minutes.

Aaron March, Attorney, Rouse Frets White Goss Law Firm, said I'm the attorney for the applicant. This is a vitally important matter to us, so I'm here and available to answer any questions which you might have about the project.

Chairman Burroughs asked, committee, any questions?

Chairman Burroughs said, Mr. March, the only question I might have is the timeline. When do you plan on getting started? **Mr. March** said we are closing on our construction loan this year. We'll be acquiring the property this year, so that's why moving forward now will allow us to take advantage of the sales tax exemption. We'll be ordering steel the first quarter, and we'll be starting construction as soon as the ground thaws end of the winter.

Chairman Burroughs asked, and the Corps had very little impact on the inability to get started? **Mr. March** said the Corps, not at all. We've been working diligently with your staff on locations of sewer lines, storm sewer lines, and all of that is being worked out so that we can hit our spring start.

Chairman Burroughs said thank you, Mr. March.

Chairman Burroughs asked, any other questions? Any closing statements, Mr. March? **Mr. March** said no, sir. Thank you.

Chairman Burroughs asked, Clerk, are there any other hands raised? **Ms. Lott** said no other hands raised.

Chairman Burroughs asked, is there anyone in the audience that wishes to speak to this issue? Let the record show no one step forward.

Chairman Burroughs said thank you, committee, and those that joined us. I would now entertain a motion.

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

Chairman Burroughs said we do have a motion and a second. Clerk, please call roll.

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

Item No. 3 – 212082…RESOLUTION: AMEND THE MERC MANAGEMENT AGREEMENT

Synopsis: A resolution authorizing the adoption of the First Amendment to The Merc Grocery Store Management Agreement with Community Mercantile, Inc., extending the original term of the agreement from July 30, 2023, to July 30, 2025, submitted by Patrick Waters, Legal Counsel; and Stephanie Bell, Economic Development.

Chairman Burroughs said those of us that were here initially do remember the management agreement and it is time for discussion on that continued management agreement. I do see that, Patrick, you're the man of the hour this evening. So, I'll recognize our Deputy Chief Counsel Patrick Waters and Stephanie Bell from Economic Development. I don't think we've had the privilege of having you present to us. So, welcome.

Patrick Waters, Deputy Chief Counsel, said so here's a picture of the outside of The Merc, as we all know.

The Merc Management Agreement

Original Management Agreement

- Entered into on August 30, 2018, effective on opening day - July 30, 2020.
- The Unified Government contracted with McCown Gordon to build the grocery store, with input from The Merc on design and layout.
- The Merc agreed to operate a first-class grocery store for a minimum of three years.
- The Merc agreed to pay its employees a living wage.
- The Merc agreed to allow a Farmer's Market to operate in the parking lot.
- The Merc pays the property taxes on the property. They also pay for water, electricity, gas, trash removal and all other common business expenses.
- The UG agreed to pay for all capital repairs to the building and lot.

The original management agreement entered into August 2018, but it really became effective when they opened in late July 2020. In that, the Unified Government, we contracted with McCown Gordon Construction Company to build the store and we received input from The Merc throughout that process.

In this agreement, The Merc agreed to operate a first-class grocery store for a minimum of three years. They agreed to pay their employees a living wage. They agreed to allow a farmer's market to operate outside. In this agreement, The Merc pays the property taxes on the property. They also pay for water, electricity, gas, and all the typical expenses. The UG agreed to pay for capital repairs to the building and the lot.

The Merc Management Agreement

Stabilization Funds

Schedule of Quarterly Sales Stabilization Benchmarks			Contribution %	Quarterly Cap
1st Year	Q1	Grand Opening Fund of $150,000 (see Section 5.2)		
	Q2			
	Q3	$700,000	50%	$100,000
	Q4	$728,000	50%	$100,000
2nd Year	Q1	$764,000	25%	$50,000
	Q2	$803,000	25%	$50,000
	Q3	$771,000	25%	$50,000
	Q4	$802,000	25%	$50,000
3rd Year	Q1	$837,000	15%	$35,000
	Q2	$875,000	15%	$35,000
	Q3	$845,000	15%	$35,000
	Q4	$875,000	15%	$35,000

One of the keys to the previous management agreement was what's known as the stabilization fund. Here is a chart which it looks pretty complicated at first, but I'll try and beak it down here.

The Merc Management Agreement

Stabilization Funds – How they work

Hypothetical scenario: Let's say that in Quarter 4 of Year 2, The Merc made $582,000 in gross revenue. The Benchmark Goal was $802,000, so it would be $220,000 less than the Benchmark Goal.

The Merc was entitled to 25% of the difference between actual revenue and the Benchmark Goal, so 25% of $220,000 is $55,000. After applying the Quarterly Cap, The Merc would have received $50,000 in stabilization funds.

(Benchmark – Gross Revenue x Contribution Percentage) then apply Quarterly Cap if needed.

Essentially, this is how it works. This is just hypothetical. These aren't real numbers. Let's say in Quarter 4 of year 2, The Merc made $582Kin gross revenue. The benchmark goal of that year was, as you can see here, $802K. That would be $220K less than the benchmark goal. What you do is, The Merc would be entitled to 25% of the difference between the actual revenue and the benchmark goal. So, 25% of $220K would be $55K. After that, you look to the quarterly cap. If it's above the quarterly cap, you reduce it to meet that cap. So, basically the equation, so to speak, is at the very bottom there. You take the benchmark, minus the gross revenue, times the contribution percentage, then you apply the quarterly cap if needed.

The Merc Management Agreement

Stabilization Funds under the First Amendment

The Stabilization Funds are now down to 15% from a high of 50% in the first year. The proposed First Amendment would freeze the Contribution Percentage at 15% for the next two years, while continuing to bring the Quarterly Cap down each year, down to $25,000 in Year 5.

All other substantive provisions in the Management Agreement would remain the same. The Merc would continue to pay full property taxes.

Under the proposed first amendment, we are keeping the basic framework of this deal, however, the stabilization funds, the contribution percentage is now down to 50% from a high of—sorry, 15% from a high of 50% when we started. That is frozen throughout the next two years. Then the quarterly cap is down to $25K. So you can see, compared to where we started, we're down to a 15% contribution percentage and we're down—it gets all the way down to $25K, which is a big difference from where we started.

Schedule of Quarterly Sales Stabilization Benchmarks			Contribution %	Quarterly Cap
3rd Year	Q1	$837,000	15.00%	$35,000
	Q2	$875,000	15.00%	$35,000
	Q3	$845,000	15.00%	$35,000
	Q4	$875,000	15.00%	$35,000
4th Year	Q1	$925,000	15.00%	$30,000
	Q2	$965,000	15.00%	$30,000
	Q3	$960,000	15.00%	$30,000
	Q4	$900,000	15.00%	$30,000
5th Year	Q1	$952,750	15.00%	$25,000
	Q2	$993,950	15.00%	$25,000
	Q3	$988,800	15.00%	$25,000
	Q4	$927,000	15.00%	$25,000

Here is year 4 and year 5 would be the new terms. You see the numbers continue to trend down. Our hope, of course, is that eventually these stabilization funds are not needed at all and we can get this down to zero.

The Merc Management Agreement

Additional Considerations

The UG entered into a Continuing Covenant Agreement with LISC as part of their Bond Purchase Agreement which requires the UG to use "best efforts" to continue to operate the site as a grocery store if The Merc is no longer Manager.

Loss of property taxes if there is no Manager. ($66,226 last year)

Loss of sales taxes generated from the store if there is no Manager.
- (Sales tax data is confidential but all sales taxes received go towards paying off the debt service on the building)

Some additional considerations to think about in deciding why we should continue this partnership that we have with The Merc. We've entered into a continuing covenant agreement with LISC as part of their bond purchase agreement, which requires us to use best efforts to maintain this site as a grocery store. So, if we fail to renew this agreement, we can't just say, oh, we'll turn this building into something different. It has to remain a grocery store and we would be required to immediately try and find a new partner, which would be difficult. We would lose the property taxes that they pay and we would lose the sales taxes.

I'm not going to go into the sales tax data. It's confidential, so I'm not going into the exact numbers there but everything that we do receive goes towards paying off the debt.

I would ask our Finance Department to kind of go over some of the deals on the debt service.

Debt Service Obligations

	Maturity	Total P&I	Remaining P&I as of 1/1/2023
GO Bonds (LISC Loan)	2029	$1,666,725	$1,168,250
GO Bonds (Property Tax)	2039	$1,698,833	$1,586,200
GO Bonds (Sales Tax)	2039	$531,150	$469,082
NMTC Lease Payments*	2028	$1,074,681	$737,803

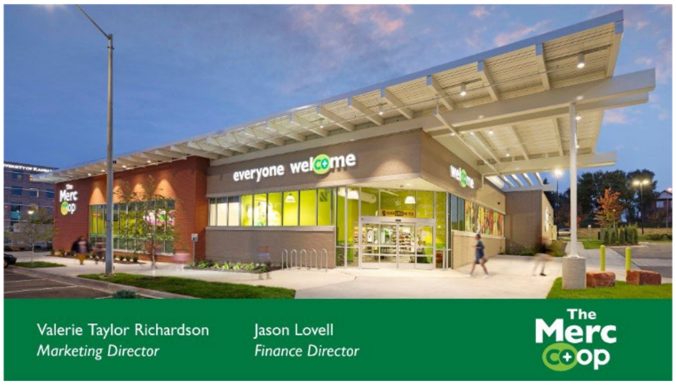
*After 7 years, NMTC structure dissolves and principal amounts of Loans are forgiven

Debbie Jonscher, Acting Chief Financial Officer, said I just wanted to remind everyone of the debt that we currently have issued for the grocery store. We've got several general obligation bond issues. We have a 2019C, which is a LISC loan, which is the Local Initiative Support Corporation. It's a nonprofit. We had a loan from them in 2019for almost $1.7M. That is a 10-year note. The current balance on that is $1.168M.

We have a property tax general obligation bond that was issued in 2020 at $1.698M. The balance on that is $1.586M. A sales tax general obligation bond that was also issued in 2020 for $531K. The remaining balance is $469K.

Then we had a new market tax credit structure that was also part of the grocery store. What I'm showing here is the lease payments. It's a very complicated structure. We are making lease payments that go toward the loans that are part of the new market tax credit structure. You will note that I have a note that after seven years, the new market tax credit structure dissolves and the principal amounts of those loans are forgiven. What we're showing here are the lease payments for the interest that we are making on those loans for the seven-year period.

Mr. Waters said there was an additional presentation by The Merc folks here, and they'd like to talk a little bit about the store and what they've done over the last few years here. **Chairman Burroughs** said great. Please introduce yourself so that we know who's speaking for those joining us remotely.



Valerie Taylor, Marketing Director, The Merc Co-op, said I'm new to this. Thank you for the opportunity to have us here.

1974
STARTED AS A BUYING CLUB

9,280
TOTAL MEMBER-OWNERS

Co-ops exist to serve people's needs.

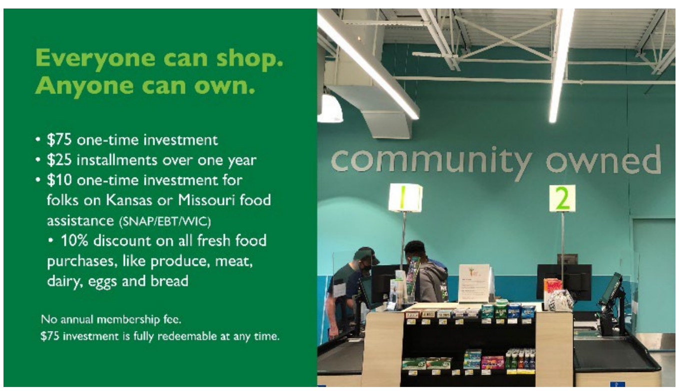
We are owned by our community of shoppers.

One member = one vote.

I wanted to give a little bit of background about our cooperative business. We started in 1974 as a buying club with a small group of folks seeking access to affordable natural foods that weren't available in their area. Like farmers cooperatives and credit unions, the cooperative model appealed to them as a way to pool their resources and responsibilities in return for shared ownership and decision-making. Each member has equal rights and one vote. No one can own more of the co-op than anyone else and anyone can run for the board of directors.

Today, nearly 50 years later, we've grown to over 9,000 owners and are one of the only grocery cooperatives in the state of Kansas.

So, for 46 years, we operated just the one store in Lawrence and then in July 2020, in the midst of the pandemic and lockdown, we opened our second location here in KCK at 501 Minnesota. We remain one co-op, governed by the same board of directors, with representation across both cities.



One of the most important messages that we hope to get out about our store is that everyone can shop here. You don't have to be a member/owner. For those interested in ownership, there are three paths: a one-time $75 investment; three $25 investments; and for folks on food assistance, a one-time $10 investment. Ownership is not an annual fee like it is at a Costco or a Sam's Club. If at any time you wish to end your ownership at the co-op, you can redeem your full investment and get your money back.

OWNER BENEFITS

Exclusive discounts during Owner Appreciation Days.

Patronage rebates proportional to the amount spent at the co-op.

Senior discounts on Tuesdays.

Discounts at local businesses with Merc Perks program.

Discounts for volunteer hours through our Merc Works program.

Vote in Board of Director elections.

Eligibility to run for the Board.

Opportunities to shape future plans.

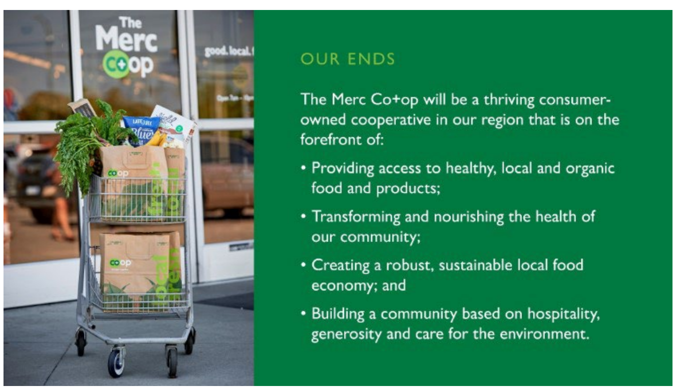
There are both monetary and democratic benefits to ownership. There are annual discount events for owners. In profitable years, the board can elect to return profits to the owners in the form of patronage rebates as well. There's senior discounts and discount partnerships at local businesses. Democratically, owners can vote in our annual board of directors election and chose to run for the board themselves.

This graph helps highlight the need in our community for accessibility to fresh, affordable foods and our store's mission to offer a welcoming, nonjudgmental shopping experience for everyone.

This graph illustrates our current store sales, of which, over a quarter are to folks on food assistance. We accept both SNAP and WIC.

In addition to that, we've developed an incentive and subsidized ownership program called MercShare. We believe that everyone should have access to ownership regardless of their income. Folks on Kansas and Missouri food assistance can become an owner for just $10 and the co-op subsidizes the additional $65 fee. Then those owners receive an automatic 10% discount on fresh food purchases like produce, meat, dairy, eggs, and bread. These owners receive the same voting rights and benefits as all other owners.

In the last year, we provided $10K in discounts; and in the last 10 years, over $123K. It's a great program and one that we believe is a lot more potential here in the area.



Much like mission statements, our co-op operates on an ends-statement where the means of our work is intended to meet these ends. They include providing access to healthy food, nourishing our community, creating a robust local food economy, and building community based on hospitality and generosity.

We are a livable-wage employer and we calculate that year to year. Our entry-level employees earn $14.25 or more compared to conventional grocers who are about $9 or $10 an hour. They receive employee discounts and free co-op classes. For staff working 30 or more hours a week, health, dental, and vision insurance, free life insurance, and a 401(k) matching plan is available.

We currently employ over a hundred employees in our region. When fully staffed here in KCK, about 20.

We believe in the importance of growing our local food economy. Last year over $4M of our sales were from locally raised, grown, or produced within 200 miles of our stores. That equates to about 25% of our annual sales, which is remarkable considering that conventional grocers sell an average of just 6% local goods.

LOCAL SYNERGY

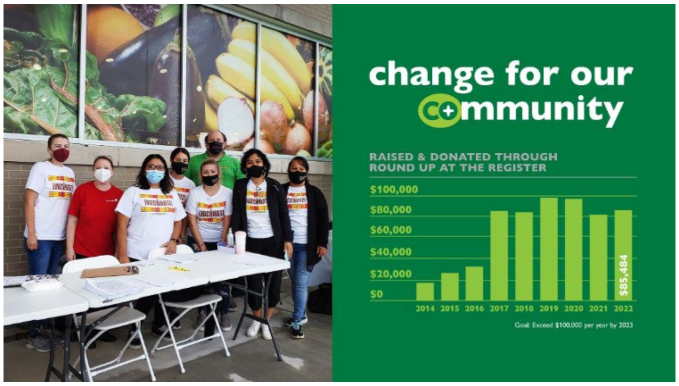
We want to create a hub for fresh local food. To that end, we host a variety of farmers to sell their goods. As it was mentioned, the Kansas City, Kansas farmer's market is every Saturday in our parking lot from June through October. We host both Rolling Prairie and New Roots For Refugees CSA in our café as a place for folks to pick up their farm share. A CSA is where you can invest in the farms each season and, in return, receive a weekly box of fresh produce.

This past year, we've donated over $22K to community events and non-profits. Our donations are offered in the form of food and products or store gift cards. As a small store, we aren't capable of using our dollars to sponsor large events or stadiums, and we don't want to. We prefer to give to people and to organizations that serve our neighbors directly.

KANSAS CITY PARTNERS + DONATION RECIPIENTS

- After the Harvest
- Baptist Ministers Union
- Big Brothers Big Sisters
- Bridges School
- Brotherhood, Inc.
- Catholic Charities
- CenterWell
- Community Housing of Wyandotte County
- Cultivate KC
- Douglas/Sumner Neighborhood Association
- El Centro, Inc.
- Embrace Living Communities
- Equality Kansas
- Fairfax Education Group
- Grant Elementary
- Groundwork NRG
- Guadalupe Center, Inc.
- Hope Lodge
- KC Dream Center
- KC Farm School at Gibbs Road
- KC Healthy Kids
- KC Ride's Green Commute
- KC Urban Farm Cooperative
- KCK Farmers Market
- KCK Housing Authority
- KCK Kiwanis
- KCK Police Athletic League
- KCK Public Library
- K-State Extension
- KU Med Center Thrive Pantry
- KVC
- Latino Health Foundation
- Lazarus Ministries
- Learning Club
- Manor Records
- Mirror, Inc.
- New Roots for Refugees
- Project Rally
- The Shepherd's Center,
- Stonewall Sports KC
- Strawberry Hill Neighborhood Association
- Sue's Safe Haven
- The Hub Argentine
- USD 500 Back to School Nurses Orientation
- Quindaro Township Project
- Westheight Neighborhood Association
- Wyandotte Workforce Center
- WyCo Center for Aging
- WyCo Mutual Aid

Here are our Kansas City donation recipients in the last year, including Big Brothers Big Sisters, local schools, Police Athletic League, and more.

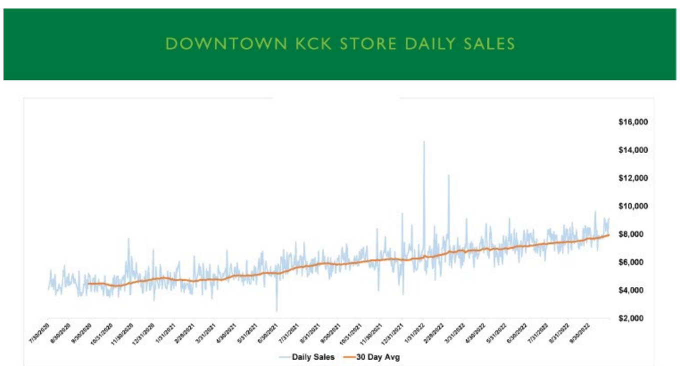


In addition to our donations program, we developed the change for our community program. It's like crowdfunding where shoppers have the opportunity to round up their purchase and donate their spare change to local organizations every time they shop. Each month a different organization is featured as the recipient, and 100% of the donations collected go to that specific organization. In fiscal year '21, our co-op community raised over $81K. Since the program began in January 2014, we've raised over $600K for local non-profits.

Pictured there is El Centro, who was our June change recipient.

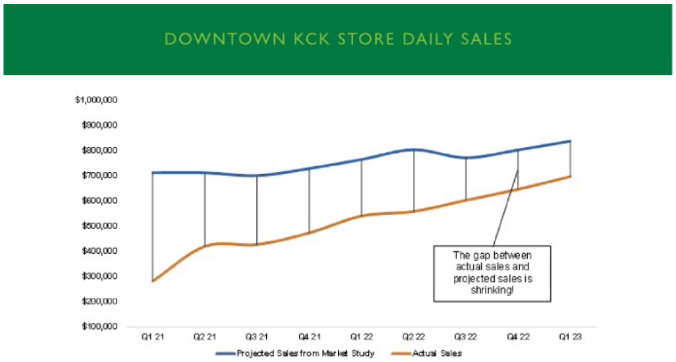
One of the most visible products that we collaborated with the community on was our mural on the corner of our store. We put together a community of local folks to help us interview and select an artist and they chose KCK native JT Daniels. Alongside JT, we held events and opportunities for local kids and community members to submit ideas on what they'd like the mural to include. We made coloring sheets so that kids could draw their own ideas and JT used a lot of them.

I want to thank you for the opportunity to kind of talk about what we've been doing over the past two years. We look forward to beginning discussions on how we can extend our management agreement past June 2023. I'm going to turn it over briefly to Jason, our Finance Director, to go on.



Jason Lovell, Finance Director, The Merc Co-op, said when we were approached in 2017 by the UG looking for a partner, the Unified Government had market studies that showed how little potential grocery store sales were in this area, which is one of the reasons why they were struggling to find a partner. This kind of project is exactly what our co-op was looking for. When we opened in the middle of the pandemic, we were truly made aware by how little this market was prepared to have a grocery store.

What you see on the graph is our each day sales. Essentially, we started 50% below what the first year sales were supposed to be, but as you can see, because we are doing our best to operate a first-class grocery store, the community has started to embrace us and see us as a vital community resource. As a matter of fact, last week we had our best sales week ever.



This graph shows the difference between the benchmark sales, that are part of the stabilization fund, compared to what our actual sales have been. You can see that our actual sales are now growing faster than what the market studies had anticipated this market to mature.

When we envisioned an extension of this management agreement what we felt was, we kind of started a little behind the eight ball by having a grocery store open during a pandemic and lockdown. But because the community and our ability to operate a grocery store, we feel that if we have a little bit more time with this agreement, we can be able to have a successful model of how to operate a grocery store in a low food access area.

Chairman Burroughs said thank you, Valerie. Thank you, Jason.

Chairman Burroughs asked, Patrick, anything you want to add? **Mr. Waters** said that's it, Mr. Chairman.

Chairman Burroughs asked, Commission, any comments?

Commissioner McKiernan said great to have you here both in this room tonight and in this community every day. When I was first elected in 2011, then Mayor Joe Reardon asked if I would be one of three commissioners on a little task force to try to find a grocery store for the eastern part of Wyandotte County. After six years and a lot of discussions and many potential partners, we still had nothing until we got into discussions with you. At that point, we realized we were going to need to take a little bit more bigger chance than we had hoped to take before, but we also realized that you were going to have to take a chance on us. I am glad that you took that chance on us.

I believe that this grocery store has had a tremendously positive impact on the eastern part of Wyandotte County. I really appreciate seeing the graph where, despite opening, and I remember vividly our opening on a hot day, we're standing outside with masks on as the pandemic is blossoming around us. I think that after starting behind the eight ball, you are doing exactly what you anticipated and projected you would do. I am willing to say it's going to take a little bit longer to get there than we hoped it would, but I am confident that we will get there. I am in favor of extending the management agreement.

Commissioner Townsend said I have not been on the Commission as long as Commissioner McKiernan, but when I did come in, I, too, was added to that committee trying to find a partner for a grocery store. It was very challenging. I'll just leave it at that.

I just want to echo everything Commissioner McKiernan said about how you have done in a climate that no one anticipated when we first signed the agreements here. I had never heard of The Merc. That came up when Mayor Holland was here and I went to Lawrence to check you out. One of the things I was concerned about was the price point and the different products there. I'm saying, I don't think this is going to work on 5th & Minnesota. However, you engaged the community, you tailored your product line and your price point to what would work at 5th & Minnesota. Everything you said you were going to do in terms of working with the community, you did and hanging in there. So, I wholeheartedly support this extension.

Now, this would get us to what, 2025? Okay. Sure you don't want to go to '26? Do I hear '27? Right, right as long as you're here. So, did you make a motion? **Commissioner McKiernan** said I did not. **Commissioner Townsend** said okay. All right. Well, I won't joke again, but thank you. Thank you for being our partners, of being here and doing everything that you said you were going to do.

BPU Board Member Haley said thank you for the presentation. It has been a tremendous asset to our community to have The Merc here. I was one of the original skeptics in the public about the capital investment that the city was making at that time. In fact, I was openly wondering what we, as a community, were putting into having you here. But now full disclosure as someone who shops at The Merc—might be going from here if time permits to pick up a few items—I see the robust engagement not only in the community and shopping there, but also some of the things that you're giving back by your presence.

I just wanted to echo what has been said by a couple of the commissioners that we're very pleased and to see this extension go through there. And I learned something new. I certainly didn't know that Tuesday is seniors day. Well, I have to change my schedule and see if I can take advantage of that.

Commissioner Davis said I'm glad you said that and I did not. I thank you. This is my first time meeting you also. As a former Laurentian and KU person, when I heard The Merc was in KCK, I was like, what? How is this going to work because the items that they sell in Lawrence and the items that they sell here, I'm like I don't know if I'm going to go for some organic floss here or something like that, right?

But having been to the store before and having seen that you all have made an incredible effort to adjust and to really root yourselves in the community, quite frankly, more than we've had other businesses do. I mean this is beyond just the grocery store. I mean the level of engagement with our non-profits, with our kids, with you had a muralist that is native to KCK. You're paying your share back into our tax coffer. I'm like, how did we get this deal? That's something. You want to do business with us? That's the real question.

But overwhelmingly, I think this is incredible. You're one of the rising tides that will lift all of the boats east of 635. I mean, really. I've had meetings with developers that are looking at downtown KCK and they reference The Merc as one of the main projects and ongoing experiments that makes them excited. That makes them get intrigued to say hey, maybe I need to put my business there. Maybe I need to put a project there.

So, thank you, thank you. I'm in support of this and I'm hoping that you all will be successful beyond your wildest imagination. Thank you for picking KCK for your second location. I'm in support of this.

Chairman Burroughs said well, I'm familiar with The Merc personally. I love the co-op model and it's exactly the type of model that helped the grocery store area that we needed so well served. So, thank you for investing in our community.

Chairman Burroughs said I do need to ask if we received any comments from the public, Madam Clerk. **Ms. Lott** said none were received.

Chairman Burroughs asked, anybody online that wish to address the committee in reference to this issue? **Ms. Lott** said no hands are raised.

Chairman Burroughs asked, is there anyone in the audience here present this evening that would like to speak on this issue? Let the record show no one stepped forward.

Chairman Burroughs said if there's not any more questions, any more discussion, I believe it's a two-year option to extend and then one year after that with a six-month notice by either party as to terminate an agreement. Is that my understanding, Patrick? **Mr. Waters** said so after the two years, correct. The parties can continue to advance on a year-to-year basis or can renegotiate at the end of two years.

Chairman Burroughs asked, any questions? Okay. I'd entertain a motion.

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

Chairman Burroughs said we do have a motion and a second. Clerk, please call roll.

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

Chairman Burroughs said thank you, committee. Thank you to The Merc.

Item No. 4 – 212029…RESOLUTION: 2023-A BONDS AND 2023-I & II TEMPORARY NOTES

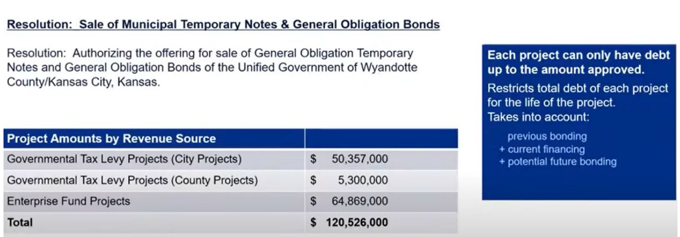
Synopsis: A resolution authorizing the offering for sale of municipal temporary notes and general obligation bonds of the Unified Government of Wyandotte County/Kansas City, Kansas, submitted by Debbie Jonscher, Acting Chief Financial Officer.

Chairman Burroughs said I have Debbie Jonscher, our Acting CFO, presenting.

Debbie Jonscher, Acting Financial Chief Officer, said I forgot to announce her on the last item, but this is our Debt Coordinator Alyse Villarreal. She's very much involved in all of the debt projects. I think we have a presentation coming up here.

I'll just start. We are asking for approval of a resolution authorizing a sale resolution for the 2023 municipal temporary notes and general obligation bonds. Do you want me to go ahead even without the slides? **Chairman Burroughs** said yeah. We can go ahead and get started and we'll catch up. We're having a little bit of technical difficulty for those that are joining us online.

Ms. Jonscher said sure. So, the first slide, when it comes up, is showing the resolution and the amounts that make up the resolution for the bonds.



We have all the projects categorized into a revenue source. The total sale resolution is $120.5M. That is broken up with governmental tax levy projects for the city at $50.3M, the tax levy projects on the county at $5.3M, and then our Enterprise Fund projects at $64.8M.

I did just want to note that each project can only have debt issued up to the amount that's approved. This restricts the total debt of each project for the life of the project. It does take into account any previous bonding, the current financing, and any potential future bondings.

2022 Sale Resolution Reconciliation

		TOTAL		Governmental Funds		Enterprise Funds
2022-A Bonds	$	46,990,000	$	11,580,000	$	35,410,000
2022-I TN	$	48,524,000	$	25,647,000	$	22,877,000
2022 Unissued	$	68,165,000	$	19,965,000	$	48,200,000
2022 Sale Resolution	**$**	**163,679,000**	**$**	**57,192,000**	**$**	**106,487,000**
Budget Authority Not Included In 2022 Sale Resolution	$	74,940,000	$	1,140,000	$	74,100,000
2022-II TN	$	12,500,000	$	12,500,000	$	-
Total Other 2022 Activity	**$**	**87,440,000**	**$**	**13,640,000**	**$**	**74,100,000**
2023 Budget Authority	**$**	**58,798,500**	**$**	**27,305,000**	**$**	**31,493,500**
Max Amount for 2023 Sale Resolution excludes 2022-A bonded amounts	**$**	**262,927,500**	**$**	**86,557,000**	**$**	**176,670,500**
Proposed 2023 Sale Resolution	**$**	**120,526,000**	**$**	**55,657,000**	**$**	**64,869,000**
Excludes	$	142,401,500	$	30,900,000	$	111,[illegible],500

This next slide is just a reconciliation of where—we come with a sale resolution every year when we issue bonds. So, this is just a reconciliation from the sale resolution that we issued last year at this time for the 2022 notes and bonds, and how we get to the proposed amount that we have in the 2023 notes and bonds resolution.

I'll just note to start out with last year, our 2022 sale resolution was a total of $163.6M. We're showing the—and I have the total in the middle column there and then I have it broken up by the governmental funds and the enterprise funds. The enterprise funds include sewer and storm water projects. The debt that's issued, we issue it as general obligation; however, the enterprise funds do pay for their portion of the debt service. So, for 2022, we issued $46.9M in bonds. For the 2022 temp notes, we issued $48.5M.

As you can see, our sale resolution was $163M so there was about $68.1M that we did not issue. The reason that we did not issue that, as we're bringing the sale resolution—this shows the maximum amount that we would intend to issue; however, we're working with the departments to determine how much they're going to need in the next 12 months because we don't want to issue more in temporary notes than we think we're going to spend in the next 12 months. So, we're going back and forth with them to determine yes, you've been approved for this amount but how much of that amount do you realistically think is going to be spent. Then we will try to narrow down the amount to what we're issuing. We did not issue $68.1M in 2022 that was included in the sale resolution so that kind of reconciles what those numbers were.

Then we also have additional budget authority for the projects that were not even included in the sale resolution. You could have a project that has budget authority. Maybe it's a multiyear project. We've issued the project over several years that maybe there was a delay. so we knew the project was being pushed back even though it had already previously been authorized. So, that's about $74.9M.

Then we also included in 2022 we issued a temp note for a legal settlement at $12.5M, so that gives us a total of $87.4M in 2022 activity. You can see that we have those numbers broken out by the governmental and the enterprise funds.

Next we've added in the 2023 budget authorities. This would be all new projects, all projects for 2023 that have not previously either been authorized or budgeted. We're including those here and that's another $58.7M, which brings us to a maximum total that the 2023 sale resolution could have been was $262.9M.

You will notice in your document that the sale resolution amount is $120.5M. That's the amount that we're currently expecting that we could issue, however, I will just note that we are still working with the departments on their capital projects and we could potentially reduce that number just like we did in 2022 because we only want to issue what they're going to issue in those 12 months of 2023.

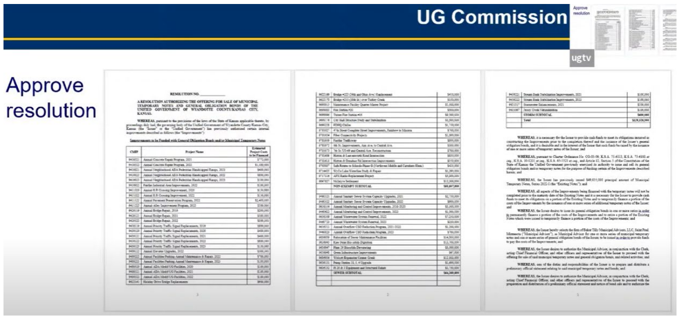
This was just a reconciliation to show how we go from the sale resolution number from one year to the next, showing what we issued and what we did not issue.

Tentative C

Action Items	Tentative Dates
Standing Committee review of projects to be financed and Sale resolution	**Nov. 7th**
UG Commission considers resolution authorizing Bond/Temp Note Sale	**Nov. 17th**
Finalize Debt Structure for Bond /Note Sale	Jan. 2023
Preparation of Preliminary Official Statement for ratings calls	Dec-Jan 2023
Credit rating calls	Jan 2023
Sale of Bonds/Notes; Commission considers award of obligations	**Feb. 2023**
Closing, settlement and receipt of funds	Mar. 2022
Redemption of 2022 Temporary Notes	**Apr. 1st**

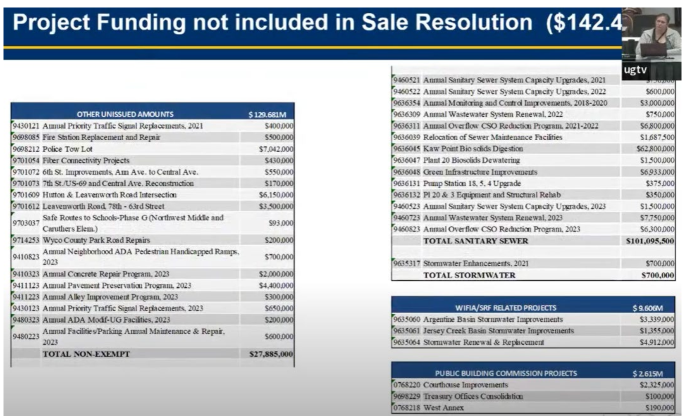
This next slide just gives a tentative calendar. So right now, we are at the standing committee for the sale resolution. If approved, it would go to the UG Commission on November 17th. Over the next couple of months, we'll be working to finalize the debt structure. What's approved in the resolution, as I said, would be the maximum. We cannot increase that number but we could lower it to a lower amount that we would issue for bonds and notes.

We are expecting credit ratings calls in January 2023. We'll offer the sale of the notes and bonds in February 2023, which closing those bonds and notes out in March and then redeem the 2022 temp notes on April 1st.



The action tonight is we are requesting approval of the sale resolution for the 2023 municipal bonds and temp notes.

I did want to note that we included in the slide, I didn't go over it, but we included in the presentation on the next page,



	OTHER UNISSUED AMOUNTS	$ 129.681M
9430121	Annual Priority Traffic Signal Replacements, 2021	$400,000
9698085	Fire Station Replacement and Repair	$500,000
9698212	Police Tow Lot	$7,042,000
9701054	Fiber Connectivity Projects	$430,000
9701072	6th St. Improvements, Ann Ave. to Central Ave.	$550,000
9701073	7th St./US-69 and Central Ave. Reconstruction	$170,000
9701609	Hutton & Leavenworth Road Intersection	$6,150,000
9701612	Leavenworth Road, 78th - 63rd Street	$3,500,000
9703037	Safe Routes to Schools-Phase G (Northwest Middle and Caruthers Elem.)	$93,000
9714253	Wyco County Park Road Repairs	$200,000
9410823	Annual Neighborhood ADA Pedestrian Handicapped Ramps, 2023	$700,000
9410323	Annual Concrete Repair Program, 2023	$2,000,000
9411123	Annual Pavement Preservation Program, 2023	$4,400,000
9411223	Annual Alley Improvement Program, 2023	$300,000
9430123	Annual Priority Traffic Signal Replacements, 2023	$650,000
9480323	Annual ADA Modif-UG Facilities, 2023	$200,000
9480223	Annual Facilities/Parking Annual Maintenance & Repair, 2023	$600,000
	TOTAL NON-EXEMPT	$27,885,000

9460521	Annual Sanitary Sewer System Capacity Upgrades, 2021	[illegible]
9460522	Annual Sanitary Sewer System Capacity Upgrades, 2022	$600,000
9636354	Annual Monitoring and Control Improvements, 2018-2020	$3,000,000
9636309	Annual Wastewater System Renewal, 2022	$750,000
9636311	Annual Overflow CSO Reduction Program, 2021-2022	$6,800,000
9636039	Relocation of Sewer Maintenance Facilities	$1,687,500
9636045	Kaw Point Bio solids Digestion	$62,800,000
9636047	Plant 20 Biosolids Dewatering	$1,500,000
9636048	Green Infrastructure Improvements	$6,933,000
9636131	Pump Station 18, 5, 4 Upgrade	$375,000
9636132	Pl 20 & 3 Equipment and Structural Rehab	$350,000
9460523	Annual Sanitary Sewer System Capacity Upgrades, 2023	$1,500,000
9460723	Annual Wastewater System Renewal, 2023	$7,750,000
9460823	Annual Overflow CSO Reduction Program, 2023	$6,300,000
	TOTAL SANITARY SEWER	$101,095,500
9635317	Stormwater Enhancements, 2021	$700,000
	TOTAL STORMWATER	$700,000

	WIFIA/SRF RELATED PROJECTS	$ 9.606M
9635060	Argentine Basin Stormwater Improvements	$3,339,000
9635061	Jersey Creek Basin Stormwater Improvements	$1,355,000
9635064	Stormwater Renewal & Replacement	$4,912,000

	PUBLIC BUILDING COMMISSION PROJECTS	$ 2.615M
0768220	Courthouse Improvements	$2,325,000
9698229	Treasury Offices Consolidation	$100,000
0768218	West Annex	$190,000

there is some information if you are wondering about projects that are not included in that resolution. Going back to that other slide, we did include those projects in case there were any questions about the amounts that were not included. I know it's a little hard to read on the screen.

Chairman Burroughs said the print is awful small.

Chairman Burroughs said, Debbie, thank you for the presentation. I just have one question. The 2022 funds, we did not spend all of the requested GO bond requests in 2022, correct? **Ms. Jonscher** said that's correct.

Chairman Burroughs asked, do we know how much under we came or did I miss that maybe in the discussion? **Ms. Jonscher** said I don't think I included that.

Alyse Villarreal, Debt Coordinator, said the note was around $50M. The last I checked, I believe $18M was spent with another $20M encumbered, so it was spent, about $18M, for the temporary note.

Chairman Burroughs asked, so those dollars carryover into next year into these projections because the projects will be completed in 2023, or continued in 2023, in addition to the new requests that have been identified in this list for 2023, correct?

Ms. Villarreal said that's right. We'll end up bonding the completed projects and rolling forward the incomplete projects into the next temporary note while adding the new money that's been approved in the budget authority that was approved previously that hasn't been issued.

Chairman Burroughs said great. Thank you.

Chairman Burroughs said I ask you to bear with me here. Is the biosolids in this $100 and some million request? **Ms. Villarreal** said it's in pieces. So, the biosolids, I've got the number here, hold on one moment. We have $13.7M included in the sale resolution and then like $68M that's not included because we don't expect them to actually spend it. They might enter into like bids for that amount, but if they don't actually plan on paying it out, then we don't want to issue debt for it.

Chairman Burroughs said, so it's not included in the 2023 proposal, the entire $80M? **Ms. Villarreal** said no, only $13.7M of it. **Chairman Burroughs** said great. Thank you.

Chairman Burroughs asked, any other questions?

Commissioner Davis said I could be off here. Are ARPA projects included in this? **Ms. Jonscher** said no. These are just our capital projects that are included under the debt to get financed. **Commissioner Davis** said I'm like I thought we were paying that with cash. Okay. That was my only question.

Commissioner Townsend said concentrating on the projects that were named that comprise the $120M plus, did I understand you correctly that that number could shrink as you work with the departments, because your goal is to bond out what you think will be completed for this year. Is that right?

Ms. Jonscher said our goal is to issue what we think they will spend in the next 12 months. **Commissioner Townsend** said so what they will spend.

Ms. Jonscher said the project may not be completed but we want to be able to spend. If we're going to issue $3M on a project, we want to ensure that they're going to—there's a possibility that they're going to spend that $3M within the next 12 months. Yes, you are correct. The number could go down. It won't go higher. We would not issue—we would not take one of these projects and increase that amount. We can only go—we can reduce the amount, but we can't increase it from what's on the sale resolution.

Commissioner Townsend said all right. Let's say, for whatever reason, the department may come back and say hey, we can't spend $2,400. I'm just looking at something here. You would not have to come back to us for another resolution because it's lessening this ask in the resolution of $120M. Is that it? **Ms. Jonscher** said that's correct. **Commissioner Townsend** said okay. Thank you.

BPU Board Member Haley asked, how often is this done that you enlarge, I mean, I'm new so is this an annual…**Ms. Jonscher** said this is an annual process. We issue bonds every—bonds and notes every year.

BPU Board Member Haley said but the adjustment based on the expenditures and, I guess, and I'll, just full disclosure, I am concerned about one particular item here which is the largest one under the non-exempt which seems to capture about 20, 25% of it, this $12.5M settlement. Like you said, it's like 9647827, 9647827. I realize that was offered or a settlement regarding the McIntyre circumstance. Unforeseeable, but certainly something that, for whatever reason, you all worked it out. I certainly didn't get a vote on that because I would not have approved it or voted to approve it.

I understand that there are some others who now are following the same line of thinking that whatever brought this Commission to the judgment that they should grant $12.5M settlement, which is a large percentage of the overall ask for this annual action by the Commission, there are others that are anticipated I've heard or read. Will it be another year or will that be taken into account in the next budgetary process that the UG undertakes to see that there's going to be a variance for this? Has there been this sort of variance in years past that has brought multimillion dollars of additional need on an annual basis?

Ms. Jonscher said I wouldn't say we have legal settlements every year. That's not annual. But we have included legal settlements in previous bond issues if we've had them. I can't speak to what's coming forward. I can only speak to what we've done here. I will say that I do know that when that temporary note issue was done, it was determined that we would look at that to determine whether—because that's a short-term temporary note that was issued outside of the normal bond issue and so we'll be reviewing that to determine yes, if that gets folded in because I think there were—the previous CFO had talked about some different options. Either paying it in cash; bonding a portion of it. We'll be reviewing that before we finalize this.

I went ahead and included it so that it would be there in the event that we do move in the direction to finance the entire amount. I don't remember the last time we had a settlement included, but that's not something that happens every year.

BPU Board Member Haley said well, thank you. I'm just concerned because I have heard or read that there are other actions that are coming. So, this is an annual process and I just know how often you'll go through this review for what may be future settlements however they're reached for similarly situated parties. I'm concerned about that.

Ms. Jonscher said I don't know if Patrick has any thoughts on that, but I would say that if another settlement does come forward, we would obviously review it to determine the best option for us at the time rather we would fold it into a debt issuance or opt for a different form of payment.

BPU Board Member Haley said, so let me just ask, are you aware of previous settlements along this line? I mean, that were included, some other action in years past. I mean, that are…

Ms. Jonscher said I believe our last settlement, we think, was 2014 that we included in a bond issue. Now I don't recall if we've paid for something in cash, but that was the bond issue, we think, it was 2014. We'll go back and double check.

BPU Board Member Haley said we'll, I just was curious. It doesn't happen every year. **Ms. Jonscher** said that's correct. **BPU Board Member Haley** said okay. It's an unprecedented kind of the camel's nose under the tent for what may be an annual process at the way the world is going. I'm sorry Unnecessary editorial. Thank you.

Chairman Burroughs asked, any comments, questions? Seeing none, the last page, page 6, other unissued amounts, that box that you have there, are those improvements that have not gone forward in 2022 and that's why the total amount is $27.8M? It's on the far left-hand side, Debbie. I didn't mean to jump ahead of you. It says other unissued amounts, or is that in addition to that weren't included in your graph on the previous page?

Ms. Jonscher said these are amounts that are not included in the 2023 sale resolution. **Chairman Burroughs** asked, is it because they have been addressed or they've been held back or pushed back or are they completed?

Ms. Jonscher said there could be a number of reasons. Maybe the department may have funding from—some of these are annual projects so they would have funding each year so it may be that they got delayed and so they're finishing up some of the projects from the prior year so they're not issuing those.

Chairman Burroughs said I look at the Police tow lot. I know we had that discussion here just a week or so ago in reference to the Police tow lot and the new CSI lab that is proposed there. I anticipate we are moving forward with that project.

Ms. Jonscher said yes. We already have currently $2.33M bonded so this would be additional money. They haven't spent the previous money that was bonded. We're not issuing notes until they're ready to spend it.

Chairman Burroughs said that would most likely be in 2023. **Ms. Villarreal** said from the schedules that I received, they may encumber the funds, but I don't see that they're planning to pay them out unless you know otherwise.

Chairman Burroughs said well, what I don't want to—I just want to ensure that we're not over bonding, over extending ourselves bonding and they're sitting on this money and it becomes idle funds that we're paying for. I mean if there's logistics issues, I can understand in getting the materials in, but if we're bonding the project and they're not going to build it for two years but we're financing it now, I'm just trying to be a good steward here.

Ms. Villarreal said right. We are trying to time the issuance of the debt with the actual spend. This project's been going on for a little bit. The amount that was bonded was—a large portion of it was spent and encumbered.

Temporary notes have a four-year limit to where you can issue money and it can roll in a temporary note for four years, but then at that point, it either has to be paid off with cash or included in a bond issue. That's the issue we ran up against for that portion of the funds. At that time, we completely believed that the project was going to move forward very quickly so we bonded a portion of it and then paid down a portion of it. The amount that you're seeing on that slide is that amount plus additional amounts that have been approved and we're just waiting to issue until we believe that they're going to be spent.

Chairman Burroughs said okay. Thank you.

Chairman Burroughs asked, are there any other comments from the Commission. Seeing none, I'd ask the Clerk if there's been any comments received from the public. **Ms. Lott** said, Chairman, none were received.

Chairman Burroughs asked, is there anyone online, raised hands, or anything like that? **Ms. Lott** said no hands are raised.

Chairman Burroughs asked, is there anyone in the audience who would like to speak to this that are personally here this evening? Let the record show no one has stepped forward.

Chairman Burroughs said with that, committee, this is an actionable item. I would say thank you and entertain a motion.

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

Chairman Burroughs said we do have a motion and a second to approve as presented. Clerk, please call roll.

Roll call was taken and there were four "Ayes," Davis, Townsend, McKiernan, Burroughs; and one "Pass," Haley.

Ms. Lott asked, Chairman, can we just verify what Haley indicated? **BPU Board Member Haley** said I just passed. **Chairman Burroughs** said I do have with that pass, I do want to ask Legal, does that give us our quorum to make this an actionable item? **Mr. Waters** said a pass goes with the majority vote, so yeah, it's good. **Chairman Burroughs** said I can understand why Mr. Haley would want to pass. I just wanted to assure that it does allow us to conduct our business this evening. Thank you.

Item No. 5 – 212086…RESOLUTION: GRANTS MANAGEMENT MANUAL

Synopsis: A resolution approving the Unified Government's Grants Management Manual, submitted by Debbie Jonscher, Acting Chief Financial Officer.

Chairman Burroughs said this ought to be quite interesting to the Commission because many of us have been asking for a grant report in reference to how we go about applying for those, so it's our last action item this evening. Debbie, I see you stayed in your chair, so I'm assuming that you will be, as our CFO, making the presentation this evening.

The Grants Management Manual aims to achieve:

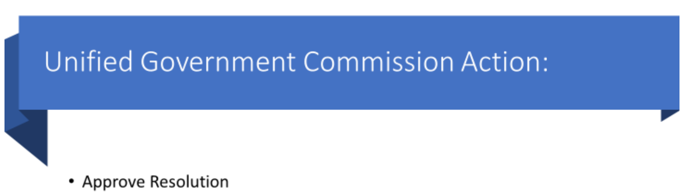
- Ensure grant related activities are consistent with the strategic priorities of the Board of Commissioners and administration.
- Ensure the integrity of the UG's reputation amongst grantmaking entities
- Serve as a primary resourceto UG's Grant Specialists.
- Establish policies and procedures and provide grants compliance guidance.

Debbie Jonscher, Acting Chief Financial Officer, said yes. I'm here with Rebecca Sandow, our Grants Manager. This item was brought forward to the Economic Development & Finance Committee back in August for information only just to talk about the—you know we established about a year ago, we established a Grant Management Division within the Finance Department and brought in Rebecca as the Manager.

I'm going to go ahead and just turn this over to her to kind of give you a little bit of a recap of what you talked about in the previous meeting so, I'll go ahead and turn it over to her.

Rebecca Sandow, Grants Manager, said as Debbie mentioned, we brought this to your attention back in August. Some of these slides are repeats of what you've already seen. The most important reason to establish a grants management manual is to create consistency across and hopefully give direction and consistency to departments in handling mostly federal grants. It is our intention to expand the manual to include federal and private grants as well, and just basically serve as a primary resource grant for the UG specialists.

We had a number of collaborating partners. I believe the last copy of the manual you saw little comments out in the margins where it was available to our partners, iParametrics being one of them and our Grants Management Work Group, which is consisting of people across the Unified Government that manage grants as well as some of their supervisors and managers. We collaborated on putting this together and asked for comments, which they did give. Again, it's heavily focused on grant management. As I stated, we have future plans to expand and also include, once we get a handle on what Workday does for grants, we'll include the Workday information into the grant manual.



So we're here today to ask for a resolution.

Chairman Burroughs asked, any questions in reference to the grant manual?

Commissioner Townsend said as I read this, my understanding is that even though this talks a lot about federal, going after federal dollars, this is to apply to really any sourced grant monies that the UG goes after, federal, private, state, correct?

Ms. Sandow said it can, yes. Federal grants are usually more stringent and cumbersome, however, if you apply some of the same concepts to handling the state and/or private grants, there should be no problem in the way you've done your job.

Commissioner Townsend said well, but that's what I'm asking by this. Is this supposed to be the standard whether the grants that we go after are federal or state-based or a private entity? **Ms. Sandow** said yes, ma'am. You are correct. **Commissioner Townsend** said okay. That was the only clarification I was concerned about. Thank you.

Commissioner Davis said thank you all so much. I do remember that conversation that we had in the summer. I virtually was able to attend the Economic Policy Conference in Lawrence that the state of Kansas had. They had an interesting statistic they said about—the state of Kansas goes about or without about $403 per person in grant dollars. There's a lot of money. I forgot what the total amount was, the billions, right? If you take the state of Kanas, if you take it down to Wyandotte County, tens of millions of dollars that are currently being missed.

What is the current like workforce to actually operationalize this stuff? It's great that we talk about it, we can improve it, but like do you have help? Are there people that are actually in there able to do the work?

Ms. Sandow said well, we've had a lot of help, especially when we are actually formulating a grant we're applying for. We've had a great work group. Some of these grants you don't have a very long time in getting from start to the submission line. We also plan on having some software, grant searching software. Again, we're kind of waiting on the Workday module to kind of guide us in the direction we want to go with that. I'm the only person doing that right now if that's what you're asking. I have been using some online search engines that are free and have come across a couple of items that might be helpful.

Commissioner Davis said yeah, no, absolutely, absolutely.

Ms. Jonscher said we do have the, as she talked about, we have the grants work group that consists of people from all different departments within the UG that are involved in grants. Our hope is that we can help them because a lot of times the departments are concentrated on their operations. Our hope is that we can, that Rebecca can help them if they do come across a grant opportunity or help them look for grants that maybe they're not aware of. We can help them not only apply for the grants, but also once they are awarded a grant, as she mentioned, there's a lot of requirements related to that, helping them so that they stay in compliance with those grants.

I will note that in the budget, we did include, and we were approved for one grant writer position, so thank you for that. That will be an assistance to our department to help with that effort.

Commissioner Davis said well, that was going to be my next question is, are we helping you enough, right, so the day-to-day operations—we want our employees to focus on that and someone to focus on grants. Mr. Howze, I see you're about to say something.

Alan Howze, Assistant County Administrator, said I was just going to add, I think in terms of capacity, there's a dedicated grant writer within the Health Department and then there's iParametrics, the external consultant, that can assist with that and then we've got Ms. Sandow and then the position that was approved. So, there are capacity constraints that I think we recognize in terms of the ability to put together, particularly as we get into some of these federal complex, federal larger dollar grants that require multiple departments and sort of multiple phases that can be a pretty heavy lift. So, that, I know, this is something and that we're, administration, we're thinking about and looking at and saying, okay. How does this come together in a way that maximizes our ability to achieve those dollars.

I think prior, in the stand-up of this grants management working group and Ms. Sandow's position, there was data that was provided to the Commission that showed on kind of a per capita basis the relative amounts that we're receiving in Wyandotte County versus sort of other peer cities. There were, what appeared at that time, to be dollars that were being left on the table and that's part of the impetus for wanting to stand up this grants team and grants management working group because we do think that there are additional opportunities, if we can muster the capacity, that we can go after successfully.

Commissioner Davis said well, free money is free money so if there's more help, do not be shy. You have an advocate over here.

Chairman Burroughs said, Commissioner Davis, you bring up a fine point. You ask how we could help. We could help, as we go through the budget process, to ensure that we find funds to set aside for grant matching, whether it be in the federal, state, and/or private sector to help draw down additional dollars instead of them having to come to us requesting those dollars and those dollars be held up from inaction by the Commission. This allows them to continue to aggressively go after these grants by having a certain amount of money set aside for grant acquisitions. That would be a comment I would make to my colleagues.

Commissioner Townsend said I do have another question that came to mind as I was listening to Ms. Jonscher explain some more and Mr. Howze. We have this grant management team, so under this management plan that we're being asked to look at and evaluate, must any grant that is pursued, no mater whatever the department is, come through this team for review, or the plan is to give each department a copy of this and tell them to go for it? How does this team interact with us going after grants, each department?

Mr. Howze said it's a—and Ms. Jonscher can jump in if I say something or add to it. I mean, I think, it's really kind of a hub and spoke model in a sense that you do have in a couple of places, more focused resources on grants. For example, the Police Department has been a consistent recipient of certain types of federal dollars so they're kind of attuned to that. And when those come up, they generally are aware of those opportunities and will put together a response that is appropriate for that particular grant.

Likewise with the Health Department and how they focus on some of the—and we don't necessarily, in that case, see a need for a central group to be particularly involved in those, right, necessarily. But for identification of opportunities that are non-routine and that are coming down, being able to look across, and as Ms. Sandow was saying, the scope of federal dollars that are released—and there are publications that will tell you, here's what's in HHS and here's what's in the Department of Transportation, and here's when those things are coming out and then trying to match those up with departments and UG needs and Commission priorities and then say, make the determination is that an appropriate thing for us to go after? Does it fit? If it is, then how do you put that response together to then submit to it. I don't know if that makes sense.

Ms. Jonscher said and I will just say, I think we view it as yes, there are a lot of departments that have certain grants. They go through the process. They know how to go through that process, but I think we want to be here as a resource to not only help them with their current grants, but also help them with going out and finding new opportunities that maybe they're not aware of. We do see, I think, us being a little bit involved with those departments and helping them either look for grants, and like I said, we have other resources. iParametrics teams also to kind of help us with that. Help us with kind of give us some guidance on where we can find that information.

Commissioner Townsend said Mr. Howze gave a good example. The Police Department is very active, and on a routine basis, getting certain grants that are reoccurring or they know where to look and have more experience in that then maybe another department. But even with them, based on this document, this policy, are they also to come to you to make sure—who's checking, in other words, to make sure that what they're doing, or what any department is dong seeking a grant, is in compliance with this document or is that the goal of it? As I read it, that's what I thought the goal was.

Ms. Jonscher said that's the goal of it where we have the work management group and we meet with them. I think they've been meeting every other month, or something like that, so they all get together and communicate with Rebecca because we are now starting to track all of the grants. We started that in 2022 so that we kind of know what's out there and then we can also look for things that maybe if we find something that's not there that we find, then we kind of know what we're already applying for. I see it as, yes, definitely, a resource that we can help them not only with the application of applying for grants but also once they get it, helping them to stay in compliance.

Chairman Burroughs said I'll ask the Clerk if there are any comments from the public. **Ms. Lott** said none were received.

Chairman Burroughs said I'll ask is there anyone online; anyone's hand visible? **Ms. Lott** said no hands are raised.

Chairman Burroughs said I'll ask is there anyone in the audience that would care to speak to this issue. Let the record show no one step forward.

Chairman Burroughs said, members, without any more discussion, I'd entertain a motion.

Action: **Commissioner Davis made a motion, seconded by Commissioner Townsend, to approve.**

Chairman Burroughs said we have a motion and a second. I'd ask the Clerk, please call roll.

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

Public Agenda

No items

Chairman Burroughs said thank you, committee. That does conclude the Economic Development and Finance Standing Committee agenda this evening. All of those were actionable items. I do appreciate your attention this evening and those that joined us, thank you for being here.

Adjourn

Chairman Burroughs said I would ask at this time; I'd entertain a motion for adjournment.

Action: **Commissioner McKiernan made a motion, seconded by Commissioner Davis, to adjourn.**

Chairman Burroughs said we have a motion and a second. I'd ask the Clerk, please call roll.

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

The meeting was adjourned at 6:35 p.m.

cg

Staff Request for Commission Action

Tracking No. 212577

Full Commission Meeting Date:
Committee: Economic Development & Finance

Date of Standing Committee Action: (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
07/05/2023	Jeffrey Conway	x5075	jconway@wycokck.org	Legal

Item Description:
The Unified Government and the developers entered into the Development Agreement on August 25, 2022. The developer requests an extension to secure private financing. The parties agree to amend the Development Agreement as follows; The conditions date moves from Sept. 1, 2023 to Sept 1, 2024; The commencement date (for construction of the project) moves from Sept. 1, 2023 to Sept. 1, 2024; and the completion date (for construction of the project) moves from Sept. 1, 2025 to Sept. 1, 2026.

Action Requested:
Approve the resolution

Budget Impact: (if applicable)
Amount:
Source:
Included In Budget:
Other (explain):

Attachments List:
505 central project

RESOLUTION NO. R-____-23

A RESOLUTION ADOPTING THE FIRST AMENDMENT TO 505 CENTRAL DEVELOPMENT AGREEMENT.

WHEREAS, the Unified Government of Wyandotte County/Kansas City, Kansas (the "UG") and Sunflower Development Group, LLC, a Missouri limited liability company ("Developer"), entered into that certain 505 Central Development Agreement dated as of August 25, 2022 (the "Agreement"), whereby Developer proposed to design, develop and construct a new, first-class, market-rate luxury multi-family apartment complex and related amenities on certain real property generally located at 505 Central Avenue, Kansas City, Kansas (as more particularly set forth in the Agreement, the "Project");

WHEREAS, the Agreement requires satisfaction of certain conditions, and commencement of construction of the Project, to occur on or before September 1, 2023, with completion of the Project on or before September 1, 2025;

WHEREAS, Developer has been diligently proceeding with its obligations in connection with the Agreement, but Developer has requested an extension to provide additional time to secure private financing for the Project; and

WHEREAS, the Governing Body has determined that it is advisable to enter into the First Amendment to 505 Central Development Agreement, attached hereto as **Exhibit A** (the "First Amendment"), with Developer in order to modify performance dates.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS:

Section 1. The Governing Body hereby approves the First Amendment in substantially the form attached hereto.

Section 2. The Mayor is hereby authorized to execute in the name of the UG, the First Amendment, and the County Administrator and other officials and representatives of the UG, including special counsel, are hereby further authorized and directed to take such actions and to execute any other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 3. This Resolution shall be effective upon adoption by the Governing Body.

[Remainder of page intentionally left blank; signature page and exhibit follows.]

ADOPTED BY THE UNIFIED GOVERNMENT BOARD OF COMMISSIONERS THIS _____ DAY OF JULY, 2023.

____
Tyrone Garner, Mayor/CEO

ATTEST:

____
Unified Government Clerk

(Seal)

EXHIBIT A

First Amendment

[To be attached.]

FIRST AMENDMENT TO 505 CENTRAL DEVELOPMENT AGREEMENT

This First Amendment to 505 Central Development Agreement (this "First Amendment") is made and entered into as of the _____ day of ________________, 2023, by and between the Unified Government of Wyandotte County/Kansas City, Kansas (the "UG"), and Sunflower Development Group, LLC, a Missouri limited liability company ("Developer").

WHEREAS, UG and Developer entered into that certain 505 Central Development Agreement (the "Original Agreement") on August 25, 2022; and

WHEREAS, the parties desire to amend the Original Agreement to modify the dates of performance by the Developer as hereinafter set forth; the Original Agreement, as amended by this First Amendment may be referred to hereafter as the "Agreement."

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

1. That this Amendment shall supplement, amend and, to the extent inconsistent herewith, supersede the Agreement. All capitalized words shall have the meanings ascribed to them in the Agreement unless otherwise indicated herein.

2. That Section 3.2 of the Original Agreement is hereby amended and replaced in its entirety with the following:

> **3.2 Termination**. In the event that Developer fails to meet the Public Financing Conditions set forth in Section 3.1 above on or prior to September 1, 2024, then either party hereto shall have the right to terminate this Agreement, but any failure to meet any such conditions shall not be an event of default hereunder. Upon any such termination of this Agreement, (i) this Agreement shall terminate, and (ii) except as specifically set forth herein, the parties hereto shall have no further duty, obligation, or liability each to the other hereunder, and without limiting the generality of the foregoing, Developer shall be solely liable and responsible for all of its costs and expenses incurred by it with respect to this Agreement and the transactions contemplated hereby, and except for the fees and expenses of the UG to be paid for by Developer pursuant to that certain Funding Agreement dated as of May 17, 2021, and the provisions of this Agreement, the UG shall be solely liable and responsible for all costs and expenses incurred by it with respect to this Agreement and the transactions contemplated hereby.

3. That Section 6.9 of the Original Agreement is hereby amended and replaced in its entirety with the following:

> **6.9 Commencement Date.** Developer hereby agrees that, subject only to Force Majeure, Developer shall commence construction of the Improvements described in Section 2.2 on or before September 1, 2024. For purposes hereof, the words "commence construction" shall be deemed to mean the issuance of a building

permit for the Improvements and Developer's undertaking of a program of construction which is continuously pursued to completion.

4. That Section 6.10 of the Original Agreement is hereby amended and replaced in its entirety with the following:

6.10 <u>Completion Date</u>. Developer hereby agrees that, subject only to Force Majeure, Developer shall Substantially Complete construction of the Improvements described in Section 2.2(a) on or before September 1, 2026.

5. Except as modified by the terms of this Amendment, the Agreement shall remain in full force and effect. In the event of conflict between the terms of the Agreement and the terms of this Amendment, the terms of this Amendment shall prevail.

6. In connection with this First Amendment, the parties hereby agree as follows:

(a) The Recitals set forth above are true and correct and are hereby incorporated by reference.

(b) In the event of any inconsistency between the terms of this First Amendment and the Original Agreement, the First Amendment shall govern and control.

(c) This First Amendment shall be binding upon and inure to the benefit of the parties hereto, and their successors and assigns.

(d) This First Amendment may be executed in counterparts.

(e) All remedies set forth in Article 9 of the Agreement shall be made available for the enforcement of this First Amendment.

(f) This First Amendment shall be construed in accordance with the laws of the State of Kansas.

IN WITNESS WHEREOF, the undersigned have executed this First Amendment pursuant to due authority as of the date first above written.

UG:

THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

By:____________________________
Tyrone Garner, Mayor/CEO

DEVELOPER:

SUNFLOWER DEVELOPMENT GROUP, LLC

By:____________________________

Name:__________________________

Title:___________________________