III. COMMITTEE AGENDA

REVISED

ITEM NO. 4 – 130241….RESOLUTION OF SUPPORT: CVM SECTION 42 TAX CREDITS

Synopsis: Revised resolution submitted.
RESOLUTION NO. ______________________

WHEREAS, City Vision Ministries (CVM) submitted an application to the Unified Government for a Resolution of Support for the use of Section 42 tax credits for the project at 6th and Nebraska Avenue (Nebraska Avenue Lofts); and

WHEREAS, this $8.6 million project includes the new construction of a 49 unit housing complex that will have 13 two bedroom and 36 one bedroom units; and

WHEREAS, this project meets the policy for Section 42 Tax Credit development as approved by the Unified Government of Wyandotte County/Kansas City, Kansas; and

WHEREAS, on July 08, 2013 the Economic Development and Finance Standing Committee reviewed the application request and forwarded to Full Commission for consideration.

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

That the Commission of the Unified Government of Wyandotte County/Kansas City, Kansas hereby approves the Resolution of Support for City Vision Ministries, for the use of Section 42 tax credits for this $8.6 million project which includes the new construction of a 49 unit housing complex that will have 13 two bedroom and 36 one bedroom units called Nebraska Avenue Lofts to the Kansas Housing Resources Corporation contingent upon Commission approval of a TIF and Developers Agreement.


________________________________
UNIFIED GOVERNMENT CLERK
I. Call to Order / Roll Call

II. Approval of standing committee minutes from June 3, 2013.

III. Committee Agenda

Item No. 1 - RESOLUTION: PROPERTY CONVEYANCE - 1119 R WEST 37TH AVENUE

Synopsis:
A resolution authorizing execution of a quit claim deed transferring property located at 1119 R West 37th Avenue to the University of Kansas Hospital Authority for economic development, submitted by Brandy Nichols, Legal. The UKHA is looking to acquire this property for future expansion.

Tracking #: 130240
Item No. 2 - REIMBURSEMENT RESOLUTIONS: CMIP 7865 AND 1611

Synopsis:
Two reimbursement resolutions, submitted by Bill Heatherman, County Engineer. The UG intends to reimburse itself for the expenditures with the proceeds of bonds, notes, or a lease purchase agreement.

a. $510,000 for Kaw Point Park Connector Trail, CMIP 7865
b. $470,000 for Missouri River/Jersey Creek Connector Trail, CMIP 1611

On February 7, 2013, the Commission unanimously adopted Resolution Nos. R-11-13 and R-12-13 endorsing the two applications for KDOT Transportation Enhancement Grant funds.
Tracking #: 130237

Item No. 3 - FUNDING COMMITMENT CHANGE: WYANDOTTE PLAZA REDEV.

Synopsis:
Communication requesting approval to amend the funding commitment with RED Legacy to allow full access to future CID revenues to cover all of the CID eligible expenses in connection with the Wyandotte Plaza Redevelopment Project at 78th & State, submitted by Doug Bach, Deputy County Administrator.
Tracking #: 130239

Item No. 4 - RESOLUTION OF SUPPORT: CVM SECTION 42 TAX CREDITS

Synopsis:
A resolution of support of City Vision Ministries' (CVM) application for Section 42 tax credits, submitted by Charles Brockman, Economic Development. CVM proposes an $8.6M new construction of a 49-unit housing complex (Nebraska Avenue Lofts) at 6th and Nebraska Avenue.
Tracking #: 130241

Item No. 5 - ORDINANCE: REMOVE PARCEL FROM PRAIRIE-DELEWARE TIF DIST.

Synopsis:
An ordinance removing Parcel 258611 from the Kansas Speedway TIF district, submitted by George Brajkovic, Economic Development Director. The parcel was purchased by Cerner in early 2012 from Kansas Speedway, however, the parcel was not removed from the TIF district.
Tracking #: 130234
Item No. 6 - RESOLUTION OF INTENT: MS KANSAS CITY, LLC IRBS

Synopsis:
A resolution of intent to issue approximately $15M of IRBs for MS Kansas City, LLC, submitted by George Brajkovic, Economic Development Director. MainStreet Property Group proposes developing a 66,500 sq.ft. "next-generation" 100-bed skilled nursing and assisted living facility at approximately 8900 Parallel Parkway.

Tracking #: 130235

Item No. 7 - RESOLUTION: SET PUBLIC HEARING FOR METROPOLITAN AVE. TIF

Synopsis:
A resolution setting a public hearing date of August 15, 2013, to consider the project plan for Project Area 2 of the Metropolitan Avenue Redevelopment District, submitted by George Brajkovic, Economic Development Director. Argentine Retail Developers and Lane 4 Property Group have proposed an approximate $9.5M, 61,400 sq.ft. retail development anchored by a 41,000 sq.ft. Wal-Mart Neighborhood Market grocery.

Tracking #: 130242

IV. Goals and Objectives

Item No. 1 - GOALS & OBJECTIVES

Synopsis:
The Unified Government Commission conducted a strategic planning process resulting in specific goals and objectives adopted by the commission on May 17, 2012. Commission has directed that the goals and objectives appear monthly on respective standing committee agendas to assure follow-up and action toward implementation.

Economic Development. Foster an environment in which small and large businesses thrive, jobs are created, redevelopment continues, tourism continues to grow, and businesses locate in the community.

Tracking #: 120137
V. **Adjourn**
The meeting of the Economic Development and Finance Standing Committee was held on Monday, June 3, 2013, at 5:30 p.m., in the 6th Floor Human Resources Training Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Acting Chairman; Commissioners Walters, Murguia, and Townsend. BPU Board Member David Alvey was absent.

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

II. Approval of standing committee minutes from April 29, 2013. On motion of Commissioner Murguia, seconded by Commissioner Townsend, the minutes were approved. Motion carried unanimously.

III. Committee Agenda:
Item No. 1 – 970146…INVESTMENT REPORT AND BUDGET REVISIONS
Synopsis: First Quarter 2013 Investment Report and Budget Revisions $10,000 or greater, submitted by Lew Levin, Chief Financial Officer.

Lew Levin, Chief Financial Officer, stated I think what I’ll try to do for this item and Reginald also, is give you a little background on this since we do have a new group of Commissioners for this committee. On a quarterly basis, there are two items we bring forward to this committee. The items are for information only. I believe they are also forwarded to the entire Commission. I’ll go through these items and feel free to ask any questions for clarification.

The first item is our Investment Report and you should have that in your packet. There is a cover memo and a three-page summary. I’m going to go into the table, the first table that lists the investment by types. As of the end of the first quarter, we had a little over $173 million in investments. That number is large, but generally at this time of the year we’ve received our first
tax distribution and also actually as of the first week in March, we closed on our temporary note financing. We had an influx of money from that. With the temporary notes, we’re over $50 million. Those monies would be held in investment. The peak period for spending those monies occur over the summertime as construction projects move forward so that explains in part. Our total investments not only include our General Fund monies, but our Enterprise Fund monies including the Sewer Fund primarily. That’s where we stood.

We bid our investments to local institutions and if they meet the current rate, we’ll place them with the best bid. We have the opportunity if they’re not at the treasury rate at the time we bid those investments, we can get what are referred to as agency investments. You see on the second half of that page, you see the FHLB. That stands for Federal Home Loan Bank. These are federal agency monies that are different than treasury notes but they have the backing of the federal government so they are consistent with our investment policy. The table indicates when we place the investments in the number of days to maturity—we try to structure our investments so they meet our projections for when we’ll spend money during the course of the year. Then we will extend some investments to try to generate greater interest earnings.

One of the things or points that I brought before this committee in the past is as you all are aware, we are in a low interest earning investment environment. Our overall rate of interest for our current investments is about half a percent; 0.5%. What we received in interest earnings through the first quarter is just over $116,000. If you look at the chart on the next page, you see what our annual investment earnings have been for the past three years, slightly over $1 million. Just to give you some background information, as far back as 2007, 2008, we were earning over $7 million on an annual basis in interest earnings. The federal government controls that they have put in place have limited opportunities or have really reduced the treasury rates and other indicators that are tied to our investment earnings that has significantly impacted the government.

Our projection for this year is still going to be close or slightly under that $1 million. We will generate more of our interest earnings the last quarter of this year. Those were the main points I wanted to make about the investment report.

The third page shows the investments by area. I’ll refer to the Capital Project Fund includes what I refer to as temporary notes and bond money that we’ve received. You can see
that accounts for the largest portion of our funds. I will turn it over to Reggie to speak about why we include this budget revision item and he’ll give you a little background on that.

Reginald Lindsay, Budget Director, stated the budget revision report that’s found here is for informational purposes only. It’s the budget revisions that we do between departments and within funds. They are budget neutral. We’re not changing the budget at all. The state statutes states departments are allowed to make budget revisions within the funds so we’re not changing the budget at all. They’re all just budget neutral. For the quarter, we had two transactions, one for the Police Department and one for the Sheriff’s Department. The one for the Police Department was to repair gutters. It was done from within their budget. It was strictly budget neutral. It was taken from another line item. The one in the Sheriff’s Department was to purchase ammunition and it was also done within their budget. It was budget neutral within their fund and also within their department. Again, departments have budget revisions frequently. Sometimes they move $100. Sometimes they move over $10,000. When it’s over $10,000, we send the transaction up to the Administrator’s Office so they can make the decision if we’re going to move the money or not.

Mr. Levin stated again, this item is just for information only.

Action: No action taken.

Item No. 2 – 130198...PRESENTATION: 2012 CAFR
Synopsis: Presentation of the 2012 Comprehensive Annual Financial Report (CAFR) given by staff from Allen, Gibbs & Houlik, LC, the UG’s independent auditor.

Lew Levin, Chief Financial Officer, stated I’ll just make a brief comment. On an annual basis, the government conducts an annual audit. Shelly and her firm, AGH, conducted that audit this year. That process begins early in the year, actually just prior to yearend. They’re onsite and working with our different offices within the government. This is generally the timing of it. We’ve completed the audit. Shelly is going to present a report on that audit and will be available
Shelly Hammond, Allen, Gibbs & Houlick, LC, stated good evening and thank you for having me. It’s always a pleasure to be here and provide our report on the external audit. Before I jump in, I just thought I would first of all very briefly explain what we do as your external auditors. There is really kind of three things that we focus on when we do the audit. I am going to touch on each of these as I go through my report.

Mr. Levin stated I wanted to introduce also Rick Mikesic, our Accounting Manager, is to the right of Shelly.

Ms. Hammond stated the three things we focus on during the external audit are 1) the audit of the financial statements themselves. That’s called the Comprehensive Annual Financial Report and all this information by the way is as of the twelve months ended or the year ended December 31, 2012. That’s the time period on which we’re reporting. What we are asked to do as your external auditors is provide, based on a variety of tests that we perform, an opinion of whether the financial statements that your management team prepares are fairly presented and don’t have any material misstatements and are in accordance with what we call generally accepted accounting principles. That’s the first thing we’re asked to do.

The second thing is during the course of that test work we also evaluate internal controls over significant accounting and transaction cycles and provide information back to the governing body if we have any observations on where improvements could be made as it relates to internal controls.

The third piece is a review of various aspects of compliance. Certain requirements are in place, for example, for us to test compliance with the way the Unified Government uses its federal grant dollars when those are received as well as a few other aspects for compliance. Actually, I thought I might start there. The additional reports that Lew just passed around pertain to two of the compliance procedures that we perform. These are what are called agreed upon procedures reports. It’s exactly what it sounds like. There are certain procedures we have agreed upon performing with management and for both of these reports, they talk and
specifically are targeted at compliance with certain state statutes. The shorter of the two, the one that is just one page, they’re both pretty short, but the one that is just one page relates to compliance with a specific state statute pertaining to the Unified Government’s use of its STAR bonds that it has issued. There is a statute that requires that any entity that has issued STAR bonds have the expenditures of those bond proceeds reviewed for compliance with the state statute. The state statute outlines how those bond proceeds can be expended for what types of expenditures and so we select a sample of those expenditures and ensure that they’re in compliance with state statute. You will see our report on this short one page letter which just basically describes the procedure that I just outlined and then says we did not have any exceptions as a result of our testing. Again, we did not have any exceptions from that.

The other report which is two pages long is similar in nature, except the focus is on compliance with statutes that relate to the budget adoption process. Again, there are very specific state statutes that kind of outline the process the Unified Government should be following including things like are appropriate public notices being posted in a timely manner, is the budget adopted by a specific date; those sorts of things. We check and ensure that those statutes have been complied with. In addition to that, we do test a variety of information that’s included within the budget documents to ensure that, that financial information is accurately presented.

You will see the results of our testing here. We had one very minor exception during the result of that testing. It’s at the very bottom of that first page of that report. One of the things we look at is the debt balances that are reported within the budget. We did have one minor variance on one bond issue that was incorrectly stated by $300,000. Just to give you some perspective, the bond issue itself was $150 million and the error was $300,000. It looked like a typo to us. I think that’s just an honest human error kind of error that was on the budget document. Other than that, we did not have any observations or findings as a result of those procedures. So those are two examples of the compliance part of what we do during the audit.

What I’m going to switch over to next is more discussion about the financial statement part of our audit. Within the information that you were provided, you had two documents. One is a draft of the Comprehensive Annual Financial Report. That was about 150 pages long. I’m not going to go through that in detail; don’t worry. What I’m going to start with, there should be right before that a much shorter document that’s probably more like 10 pages long. On the very
first page, to help you find it because unfortunately there’s not a date at the top, but in the middle of the front page it says required communications. If you find that letter, it says in the middle of the page, required communications. That’s actually where I’m going to start. That is what we call our management letter. It includes two specific things. It includes as it notes there on the first page, required communications and then we’re going to talk about internal controls; that internal control aspect I mentioned before.

Before I jump into this though, I will refer to one page in that 150-page document which is our opinion. As I noted previously, we are asked to provide an opinion on the fair presentation of the financial statements. The opinion that we will be providing this year on the financial statements is what’s called an unmodified opinion. In layman terms, that’s what otherwise known as a clean opinion. That is the highest level of opinion you can achieve from your audit. What that is telling you is that we, based on the procedures and testing we performed, are providing you an opinion that says that we feel the financial statements, that 150-page document in other words, that the data included within that is fairly presented without any material mistakes and in accordance with generally accepted accounting principles. That, at the end of the day, is the opinion that we are providing you.

Then these other communications are, like I said, other things we are required to communicate to the governing body. If I skip over something as I go through here that you want to ask me about, just interrupt me and feel free to ask questions. I’m just going to hit the highlights. On this first page of this required communications letter, we’re required to talk about certain things such as changes in accounting principles.

There is a governing body called the Government Accounting Standards Board that issues accounting principles that all governmental entities have to follow. Occasionally, they issue something new and the Unified Government has to adopt those new standards. So we’re required to talk to you about them. There is disclosure in here of two new principles, but what I will tell you is that they really didn’t have any effect on the Unified Government. While there were two new principles, there really wasn’t any affect on the financial statements.

If you move on to page 2, near the top of the page you’ll see some discussion about significant or unusual transactions. I wanted to highlight that very briefly. We did have a slight change in the presentation of certain information that’s presented in the financial statements related to the Star bonds. Those are the revenue sales tax revenue obligation bonds that have

June 3, 2013
been issued over the course of the last 13 or 14 years related to activity out near the Speedway. There was a lack of clarity when those bonds were first issued in the accounting world for how they should be accounted for because they are kind of unique. It’s kind of a joint partnership between the state and the local municipality.

Over the course of time, we’ve had additional clarity in terms of how those should be provided and presented in the financial statements. Really the changes this year were to provide some of that additional clarity within the financial statements. If you want to refer to the 150-page book in the event you’re curious, if you go to pages 48 and 49, you don’t have to do that now, but if you want to refer to it later, pages 48 and 49 have that expanded disclosure related to those bonds. It expanded some discussion about how those bonds are handled. If you want to refer to that later, that’s where you would find that information. It was really just providing additional clarity for those bonds since they are very unique and they are very unusual.

Continuing on down page 2 and over onto 3, you’ll see discussion in here about significant estimates within the financial statements because not every number within the financial statements is a hard and fast number. There are some things that have to be estimated. The items we are discussing here are the same items we discussed in last year’s letter. Basically, what we’re providing you here is a very high level summary of the nature of the estimate, how management goes about coming up with this estimate, and then our conclusion on whether that estimate is fairly stated. In all cases, you’ll see that our conclusion is that we thought those estimates were fairly stated.

Moving on to pages 3 and 4, again, if there are questions I will take those. What you’ll see here is just, again, ongoing discussion about some required communications were required, for example, to disclose if we had any adjustments to the original books and records, and we did have a few and those are outlined there. Then on page 4, you’ll see just some other disclosures that talk about things like we did not have any disagreements with management, that sort of thing which are important to point out. I don’t want to skip over them. They are important to point out. They are kind of boilerplate to tell you the truth. They’re the same kind of things we’re required to include in here every year.

What I thought I would move onto is on page 4 where we start talking about some of the internal control items. As I mentioned before, that’s another aspect as we go through our testing, we evaluate internal controls. Starting on the bottom of page 4 onto page 5, you will see that we
have what’s called a significant deficiency. Let me just explain that every briefly. When we observe that there’s an internal control that may need to be improved within the Unified Government, we have to evaluate that under our standards for its severity. How significant is that internal control issue? There is hierocracy. I’m not going to get into the details of that with you tonight, but the most severe type of internal control deficiency is what’s called a material weakness. Actually, this particular item is a carryover from last year and last year it was categorized as a material weakness. We have downgraded that to a significant deficiency. While significant deficiencies still sounds bad, it’s actually better, just to explain that. We downgraded the severity of the issue. Basically, overall, what this issue relates to is the preparation of that 150-page document. That is management’s responsibility to prepare that document. Previously, prior to this year, the reason it was a material weakness is that we were as auditors coming in and doing a lot of correcting entries and were heavily involved in the preparation of that document. With Rick Mikesic coming onboard about a year and one-half ago, the Accounting and Finance Department have taken on more, greater responsibility for doing that. Preparing most of it frankly, the yearen journal entries and assisting in preparation of that 150-page document.

There are still a few things they need to do to be at 100% if you will. That’s what we talked about on page 5 is the remaining recommendations that we have for things for management to continue focusing on. Because of the improvement we have seen in the last year, that’s why we are, as I noted previously, downgrading this from what was previously reported as a material weakness to now being in the category called a significant deficiency. I just wanted to explain that while it says it’s a significant deficiency, again, as I noted before, that is an improvement over last year.

On the bottom of page 5 you will see the second item that we had and it relates to some issues in the Municipal Court area. Related to some specific types of reconciliations as well as some segregation of duties issues that we identified in the Municipal Court area. Again, this is a repeat comment from last year. However, as you’ll see in our discussion here, we have noted that management has again during 2012 taken some steps to make improvements. There are things being done to address this comment and there’s still just a few things left to do if you will.

What I would then refer you to is page 8. You will see on page 8, Lew and the management team provided their responses to both of those comments. Included within that
Appendix A, you will see their discussion of what they plan to do to address those items and hopefully clarify those items going forward. I guess I would give Lew and/or Rick an opportunity at this point if you wanted to address either of those comments on Appendix A. I would leave that for you.

**Rick Mikesic, Accounting Manager**, stated with regard to the first finding in relation to accounting and financial reporting, we are pleased to note that there were significant improvements from prior years. We also do agree that there’s additional work remaining. This is really—what I noted last year and I’ve said all along, is this is going to be a process. We have some issues that had developed over a number of years and they didn’t happen overnight and they’re not necessarily go away overnight. All I keep trying to impress upon the staff is to keep working and make improvements. Let’s just keep going in the right direction. We’re pleased to note that, that’s what we have been doing and that’s what the auditors have noted.

We had in last year’s audit, we did mention in our management response some of the things that we wanted to do to try to continue progressing and making those improvements. Those things related to training and new procedures. New processes regarding having internal meetings with Finance, with our outside auditors regarding some of the very complicated projects that we have going on from time to time in the government. We implemented all those during the year to some extent. The procedures and the policies are going to take quite a while to go through. I developed a plan of I think its 55 different policies to develop. I didn’t get all those done last year. I’m working on them. We are implementing those as quickly as we can. I believe it’s because of those steps that we’ve taken in addition to the other things, that’s why we’re seeing the improvements that we’ve seen. Lew, do you want to mention the budget requests or do you want me to talk about that.

**Mr. Levin** stated this is preliminary and you’ll see this in the comments right above where it talks about Municipal Court. One of the things we actually discussed with this committee last year was when controls were put in place as to the staffing, the Accounting Division was reduced from nine employees to seven employees through attrition. At the same time last year, we were engaging another firm to assist us with some of the financial yearend entries. What we achieved this year is we, Rick and his office completed those entries without the additional engagement of

---

June 3, 2013
a secondary accounting firm. Anyways, what we’re looking at is we want to increase staff capacity, just one senior level position within Finance. I’m not asking for your consideration at this time. It would have to be submitted through the budget process. Combination of that and an upgrade of our software as it relates to the tracking of capital assets is potentially two items that may be presented in the proposed budget.

Ms. Hammond stated the last thing I wanted to bring your attention to within this letter is on page 9 which is Appendix B. The Commissioners have asked us to include this in the past and so we’re including it again. This is just a summary of any issues that were in last year’s letter that were fully resolved this year. What you’ll see here is there was one issue related to certain bank reconciliations for one particular bank account that were not being accurately and timely done last year. You will see that, that was corrected during 2012 so that item has been fully resolved. That’s just a summary of items from last year that were fully resolved for your reference.

I have one last thing but I would pause there and just seek any questions at this point before I go over my last item.

The last thing I was going to mention, and you don’t have anything in your materials on this. When I started my presentation, I did mention that one of the aspects of compliance that we review is the Unified Government’s compliance with certain aspects of federal grant programs. Those grant monies come attached with certain strings obviously. Part of our audit is to review those federal grants and ensure that all compliance requirements have been met. The Legislative Auditor’s Office here within the Unified Government actually assists us in that testing and they are in the process of wrapping that up. I don’t have a final report for you but what I can tell you at this particular juncture is that we do not, at this point, have any new findings. There may be some similar findings to what was in last year’s report, but at this point, we do not have any new issues. That obviously could change as we’re continuing to wrap-up that test work, but we will certainly provide that report back should we have any new issues to the Unified Government and the Commission should we have those as we come up with them. I just wanted to give you a status update on the status of that particular project.
Commissioner Murguia asked so will you also tell us in that report why we haven’t resolved those issues that we were supposed to resolve. Ms. Hammond stated there is a requirement as part of that report for management to provide what’s called a summary schedule of prior audit findings. That summary schedule is a, it does just that, it provides a summary of last year’s findings and the corrected action taken to date as well as continuing corrective actions that are still ongoing. That will be included within that report so you can kind of see the status of items and what actions have been taken and what’s still left to be completed. That will be included, yes. Commissioner Murguia asked and you will bring it back in front of this committee. Ms. Hammond stated I don’t recall what the process has been in the past. Mr. Levin stated we can. Commissioner Murguia stated that would be great. I would love to see that report.

Commissioner Murguia stated I also just have one another question. Two or maybe two and one-half years ago, I believe the federal government came in and did an audit of our federal grants. I believe it was in the Community Development Department. They were supposed to be here for maybe a couple of months. They ended up being here for close to nine, ten months auditing that department I think. I asked several times for a copy of that audit and never received one. So when the federal government comes in and they do an audit of a particular—and I think its Community Development because that’s who gets the federal money. That would make sense. Ms. Hammond said they get a significant part of it, yes. Commissioner Murguia said right so it made sense that, that’s where they would go to audit. I never did get a copy of that report and I was just curious that if you, as our annual auditor, if you get a copy of those federal reports and compare them to the reports that you yourself do. Ms. Hammond stated yes. That is one of the procedures we go through is if any federal grant program—it’s very common for federal agencies to come in and do those types of audits. We will ask if any of those have occurred during the year and we will get copies of those reports if they have been issued. What we do is we review them to see if there is anything that they have pointed out as being findings or issues if those relate to the type of compliance work we do, we will follow up on those and make sure we are focusing on those areas during the audit. So yes, we do obtain those reports and consider those as part of our testing.

Commissioner Murguia stated so when you bring back this final report in regard to federal grant funding, if there are anything like that outstanding, it will be included in that report,
Ms. Hammond stated it may or may not be. Let me explain that. A lot of times when the federal agencies come in to do their reviews, they are looking at both financial aspects of compliance as well as programmatic aspects. Our audit is focused solely on financial aspects. So for example, if they came in and programmatically had some issue with the program that wasn’t related to the financial numbers where they had a finding that would not be included in our audit because that is outside of our scope. If its financial related, it could be within ours. If it’s outside of the financial aspects, it may not be but it would certainly be in their report.

Commissioner Murguia asked how could a programmatic error not affect financials. For example, if I get a grant for $50,000 to cut weeds and I decide to use it to mow grass, I would think that would be a programmatic error. Ms. Hammond stated it’s actually kind of both. It’s a programmatic error and because it relates to the expenditure of funds, it’s also a financial issue so it’s both. Commissioner Murguia asked what would—could you give me an example of a programmatic error that wouldn’t involve financials. Ms. Hammond stated that’s a very good question. Of the top of my head, I’m probably not going to come up with something. I have seen it before. Commissioner Murguia asked do we have any of those. Ms. Hammond stated again, I couldn’t tell you off the top of my head. Since we’re still in the process of finishing that audit, I haven’t been through all that documentation to be able to adequately answer your question at this point. We can certainly bring that back when we come back and present that report later, absolutely. Commissioner Murguia stated I’d like to see all of that. Thank you. It was much easier than I thought it was going to be. You did a very good job.

Action: Commissioner Murguia made a motion, seconded by Commissioner Townsend, to approve the CAFR in conjunction with the auditor’s report as well. Roll call was taken and there were four “Ayes,” Walters, Murguia, Townsend, McKiernan.

 Acting Chairman McKiernan stated before we leave this topic, I will bring up one thing. Since it was unanimously adopted in this committee, this item would go on the Consent Agenda for the full Commission. Last year, we made a decision here at standing committee for a member of our committee to actually request that the item be pulled from Consent Agenda to allow Shelly, Lew,
and Rick to give a short presentation to the full Commission on this. I just want to see whether or not this committee wants to do such a thing again this year or leave it on Consent. **Commissioner Townsend** stated I would like to see the full Commission hear what we just heard and have the opportunity to ask questions.

**Acting Chairman McKiernan** stated then I will go ahead and ask that it be pulled from Consent Agenda on the night of the full Commission meeting so that we can have a brief presentation to the full Commission.

**Commissioner Murguia** stated in the future, maybe they could also make this CAFR report to another standing committee that represents the other half of the commission. Then we could move it through faster on commission night. That way everyone gets the same chance that Gayle is talking about. **Acting Chairman McKiernan** asked is that a possibility. **Mr. Levin** stated it’s certainly a possibility. We still would all need to be present for the final action. **Acting Chairman McKiernan** stated but I think what she’s saying is having presented to both standing committees, the final action would then be a shorter process. **Commissioner Murguia** stated on the Consent Agenda because they’ll have already had a chance to discuss and ask questions. It seems like this should also be on the Public Safety and Administration Standing Committee. To me it would seem that way. It’s seems to be an administrative function.

**Mr. Levin** stated financing certainly impacts all aspects of government. This committee is titled Economic Development and Finance and this is a key presentation to the Finance Committee. **Commissioner Murguia** stated we could just do both. That would be great. Then it would go on Consent if it gets unanimous. If it doesn’t, then it can be opened up for discussion at the full commission. **Acting Chairman McKiernan** stated well the ultimate outcome here is unanimous approval, forward to full commission. Thank you so very much. I appreciate it.
Item No. 3 – 130200...RESOLUTION: MOU FOR CROSS-LINE TOWERS RENOVATION

Synopsis: Resolution approving a Memorandum of Understanding to renovate Cross-Line Towers, submitted by Charles Brockman, Economic Development. The $25M, 126-unit phase redevelopment tools consist of:

Section 42 - 4% Bond
Historic Tax Credits
HUD Loan

Currently, an MOU for the public parking garage t 6th & State Avenue has been submitted for review and ultimately the approval as part of the plan for the renovations, which would include 100 parking spaces set aside for public use, tenant parking, and green space for tenants.

Charles Brockman, Economic Development, stated the Economic Development team is working with Foutch Developers. They are actually a general contractor and architect for the Cross-Line Project. Right here is Caleb Buland, representing. Steve Foutch could not make it tonight. He’s out of town. We have Bob Hughes over there which is the developer for the Cross-Line Towers. Tonight, we have two items. We have a MOU, Memorandum of Understanding, and that’s between the Unified Government’s property at 625 State Avenue, which is a public parking facility that is in disrepair. We are conveying that ownership over to Cross-Line Towers. As part of the development, they’re going to repair it and they’re going to make it functional and give the Unified Government 100 public parking spots. I can turn it over to Caleb or Mr. Hughes and we can ask them any questions.

Bob Hughes, Cross-Line Towers, stated I thought I might start to at least tell you a little bit about Cross-Line Towers, will let me just say Hughes Development Company. We’ve been a management and development company in the Wyandotte County area for I think in 3 years it will be 50 years. We’ve been around doing a number of these types of properties actually. We’ve managed properties in about nine different states, over 5,000 units.

Cross-Line was built originally, for those who may go back long enough to remember the name Townhouse Hotel. I’ve heard it was the first high-rise in the state of Kansas. I haven’t verified that. I don’t know. Somebody could tell me but it’s certainly one of the first. It was developed with, it’s got a big grand ballroom on the lowest level, it has a junior ballroom, and

June 3, 2013
it’s got a pool on one of the decks. It was a grand hotel at the time it was developed. It lasted a little less than 20 years. I’ll take that back, a little more than 25 years as a hotel, not as the Townhouse. It was acquired late 60’s and turned into a Ramada Inn. Hotels early in the 60’s and 70’s didn’t compete well with the Missouri hotels and there were some other things that were not quite allowing it to financially function. It sit dark for a couple of years. In 1979 a non-profit organization sponsored the reuse of the facility to turn it into senior housing under a program that allows direct financing from the government to develop senior housing. It’s called Tool-Two program. In 1980, we developed, along with a non-profit, this development. Of course at that time it was already 30 years old. We now sit on a property that’s over 60 years old. It needs a major redevelopment.

When we took over the development, we had a lease contract with the city because the parking structure owned by the city. That provided the necessary parking that was required for financing. As we decided we wanted to do refinancing, the parking structure kind of went away and it has sat in disrepair for this period of time. It significantly impairs our ability to refinance the property. We’ve had a number of meetings with city staff in terms of trying to see what might happen. We think we’ve come up with an idea that benefits specifically the development that we are wanting to do, about a $21 to $25 million total redevelopment. I’ll ask Caleb if he wanted to drill into what we are going to do in the development that he can comment.

The use of the parking structure is what we’re proposing. It’s a three-story deck. I’m told it has about 370 total parking spaces. Trust me, I have not counted them so I’ll just take what they’ve told me. It’s in disrepair and it’s supposedly structurally unsound according to some engineer studies that have been done. We are planning on putting about $1 million into repairs of that structure turning the top deck—now this is the concept. It may not necessarily look like that. It’s for pedestrian use, outdoor activities for the residents of the apartments. It’s 126 units in that building that are residential. We would be adding some additional residential spaces to that. Some of the non-residential spaces we are now calling commercial just has not been good commercial, again, for lack of parking and some other things. We think we can make better use of it by turning it into additional residential spaces.

The middle deck which is accessible off of State Street furthest to the west, there’s an entrance furthest west toward 7th St. along State Street. It would be dedicated to the residents and healthcare workers and guests of Cross-Line.

June 3, 2013
The lowest deck which is also accessible off of State Street closest to 6th Street would be about 100 spaces or maybe a little more would be dedicated to for public use. We are basically getting public use back in place. I sat on the Downtown Shareholders and I used to sit on some of the boards still active with their Economic Development Committee. We went out one time and actually physically counted parking spaces downtown because there is lack of parking spaces and that kind of prevents a lot of development. They’re putting those 100 spaces back in play. Of course we need the spaces on the second deck just so we can bring this glorious old facility back into play. The top deck certainly gives—if you’ve ever been in that building, they have no balconies as you can see from the building diagram of the pictures that are against the well. Our residents don’t really have any place to get outside during the day. We think that’s a health area that we can certainly give them more opportunity. I think we want to add some walking trails, Caleb, to the outside and just make it a grand reuse of that facility. That’s my presentation.

**Mr. Brockman** stated I do want to make known to the Commissioners that the MOU before you is a draft. We are working on a total like some easements. On top of the garage are three transformers that we’re going to have to have easements for BPU and some other small issues so it’s a draft work in progress but we wanted you to see this.

**Commissioner Murguia** asked is just for—this isn’t for action. Mr. Brockman stated, right.

**Acting Chairman McKiernan** stated I guess maybe I have a question. I thought the request was to approve the resolution authorizing the MOU. **Doug Bach, Deputy County Administrator**, stated it is. I would say what Mr. Brockman is talking about are technical changes. We need to make sure we’ve clarified things between easement accesses that may be an agreement for BPU to get on there for transformer work. I would say what we have before you is for action and approval noting that we make some tweaks, but they’ll be nothing substantial as far as you’re concerned or any policy consideration to what’s being presented.

**Commissioner Townsend** asked where would the tweaks be shown. In a lease or? **Mr. Bach** stated within the MOU. We’ll just add a clause there or something, add one point to it that talks about access onto the property. **Commissioner Townsend** stated so we would have to deal with
an amended MOU at a later date. Mr. Bach stated no. What we forward to the full commission, we’ll have those changes to it.

Jody Boeding, Chief Counsel, stated we often ask for your approval for documents in substantially in the form before you. I would say this fits into that category where most of the substantive item will remain the same and one of the changes has been brought to your attention.

Commissioner Murguia said I just have one question. The whole upper deck is for use by the residents at Cross-Line? Mr. Hughes stated yes, ma’m. Commissioner Murguia asked and Cross-Line is a senior facility. Mr. Hughes stated mostly seniors but we also have provisions for our disabled. Commissioner Murguia asked is that a half-court basketball court. Mr. Hughes stated again, you look at concept. Commissioner Murguia stated I was just curious. I thought wow. Mr. Hughes said we might have some seniors that still can get up there. Commissioner Murguia said no, really, I also wanted to say I think this is a fantastic project. I had the chance three months ago to tour the Cross-Line. It is an amazing building and definitely worth saving. I’ve also worked with Steve Foutch. She’s an incredible developer and has great ideas. I think it’s fantastic. I was just a little surprised by the half-court basketball court.

Commissioner Townsend asked about how many new additional residential spaces will be added with this upgrade. Mr. Hughes stated I think we’re playing, and I’ll let Caleb address that, we’re playing with as you may or may not know, Cross-Line, we’re developing it as a HUD program. Non-residential space was not eligible to get rehabbed under the HUD dollars. All along State Street, you’ll see storefronts. They’re not real marketable simply because of plumbing, HVC, and all the things that’s now 60 something years old has not held dollars to be able to rehab. Again, the dollars that we’re using to rehab it currently for residential use—there’s difficulty trying to get the dollars to make the commercial be what it needs to be to be ready market in trying to see how to take that space and reuse it as residential space. I think it’s about 15,000 sq. ft. of space that it just depends on whether its corridors, hallways, and so forth.

Caleb Buland, Foutch Brothers, stated I can say anywhere from 8 to 15 units depending on the other areas of the building. They are going to be main floor. If you think about some of those
New York or DC apartments that are maybe just a few feet down or up, that would be the model that we would take to those units. They’re still going to be the building amenities there. The folks are still going to have 20 or so services onsite. It’s just not going to be available for the public.

Commissioner Walters asked do you know what the $1 million in garage repairs is going to include. Mr. Buland stated right now we’re caring it as primarily the structural renovations. We’re also going to do a little bit of energy upgrades. We’re going to do some LED lighting. We’re going to do some clear storage to get light down into those lower areas. That’s going to reduce the operation burden on that building and update it.

Commissioner Walters asked do you know what kind of structural repairs are going to have to be done. Mr. Buland stated it’s a post and beam building with precast tees. They’ve had some water damage that’s resulted in rusting and oxidation. The rusted elements are going to have to be removed which again they’re pre-cast so they’re modular elements that can be lifted out. Those would be replaced or if possible, we’ll use those on the third deck as our clear store elements to push light down into the parking garage below. We’re going to try to move towards an open, safe bright parking deck.

Commissioner Walters asked what’s the length of time for this agreement. How long will these 100 spaces be available to the public? Mr. Hughes stated we’re hoping its perpetual as long as that building serves the needs that its serving. We will be getting a loan that is government insured. The amortization of that loan can be as long as 40 years (inaudible) refinance it at some point like in 40 years. That parking would have to serve for I’m sure… Commissioner Walters asked so is your understanding that they would have the obligation to maintain those 100 spaces forever. Mr. Bach stated yes, operating the use of it for their facility.

June 3, 2013
Action: Commissioner Murguia made a motion, seconded by Commissioner Walters, to approve. Roll call was taken and there were four “Ayes,” Walters, Townsend, Murguia, McKiernan.

Item No. 4 – 130202...RESOLUTION: INVESTMENT POLICY AMENDMENT


Lew Levin, Chief Financial Officer, stated the government actually has a formal policy on the investment of vital funds and you have that in your document. It’s a policy that we take before the governing body on an annual basis for your approval. The reason why is, we have what’s called expanded investment powers with the state of Kansas. That allows us to invest funds for up to a four-year period. If you do not have that designation, government entities in Kansas were only allowed to invest funds for a two-year period. That gives us more flexibility to structure our investments and the opportunity for greater investment earnings. Unfortunately, in the financial environment that we’re in today are the rates we receive on our investments are low but actually when we go out three and four years, we’re getting a higher rate of return than we are on our shorter investments.

With that said, the detail of that investment policy is before you. I’m not going to go into it except with the exception of one change that we’re bringing before you on that investment policy. That appears on page 7 of the investment policy. It relates to the structuring of our investments. What we do is in consultation with our financial advisor as well as staff and actually our operating bank, we look at our investments and we make forecast to our needs of monies. We want to structure our investments so we have some opportunity to ladder our investment. We have certain investments maturing within zero to twelve months, etc., through those 48 months and that would be the four years. You see percentages there. The higher percentages indicate that we’re going to invest a higher percentage of our investments on a short-term basis, but we still want to be able to target certain amount of our investments on a longer-term basis. These percentages were a result of discussion within our committee. I meant to mention that our committee meets on a quarterly basis. It includes representatives of Treasury,
Finance, Clerk’s Office, Legal Department, and Legislative Auditor. Actually, Jody Boeding, Chief Legal Counsel, sits on that committee.

The change before you is to actually have targets for each year over the four month period. They are identified on page 7. I have also attached to your document a summary page titled Core Investment Summary 5/29/13. That particular document shows our current investments where they fall in terms of maturity. Currently, of our money that we have invested to date, 55% of those funds fall in the zero to twelve months.

When they started the meeting this evening, I talked about where we were at the end of the first quarter and you see our total investments as of 5/29 we’re actually at $227 million to date. That represents the money we collected that we’ll distribute and we’ll have a very sizable tax distribution this week to the school districts, community college. The county collects the money and distributes it to the city, so there’s a distribution to the city of Kansas City, Kansas. That’s our peak where we’ll be through the year. That number will go down substantially as well as we have to save money from that $125 million that we can distribute immediately.

Anyway, brief summary, this page shows the changes that we’re presenting in the policy. We’ll actually take this policy to the state. The state reviews our policy on an annual basis sometime in September and October. We’ll provide them this document and say it went before the governing body and the governing body has taken action on the approval of this document.

Commissioner Townsend stated I wanted to make sure I understood. Is the only change that’s being recommended here between the policy now and last year, on page 7. Mr. Levin said yes. Commissioner Townsend said that we now have or will have the ability to invest over a longer period, these 36 to 48 months. Mr. Levin stated actually before, what we had, we had a target for 24 to 48 months and we’ve broken those numbers between 24 and 36 months and 36 and 48 months. Before what it read was from 24 to 48 months the target was 10% to 20%.

Commissioner Townsend stated by having this additional extension, what is the benefit again. Mr. Levin stated if we take an investment to the bank and we may invest as much as $5 million or $10 million and we’ll say we want to invest that for 4 years or 3 ½ years, the bid we are going to receive on that investment is generally going to be at a higher interest rate than if we said we

June 3, 2013
were going to make that same investment for 30 days. **Commissioner Townsend** stated thank you.

**Acting Chairman McKiernan** stated I did have two things on this. First of all on page 6, C1 appears to have a little bit of gray highlight there. I just want to confirm that, that’s just. **Ms. Boeding** related that word having a mind of its own. **Acting Chairman McKiernan** stated okay. Fair enough. I didn’t know if that was part of a red line. I would just also—looks like the footer on every page should also have the June 2013 date on it rather than the 2012 date. **Ms. Boeding** stated my mistake. **Mr. Levin** stated that’s why it’s a draft. We’ll make that change.

**Acting Chairman McKiernan** stated so the request for action is to adopt the resolution approving the revisions as presented and those discussed tonight.

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

IV. Public Agenda:

**Item No. 1 – 130204…APPEARANCE: MURRAY ANDERSON**

**Synopsis:** Appearance of Murray Anderson to discuss ways the UG can provide initial financial resources to enable the underserved community’s ability to raise funds privately held “Minority Business Enterprise Seed and Venture Capital Fund.”

**Murray Anderson** stated actually there is actually a letter addressed to each of the Commissioners that are part of the standing committee. You will find that document there. I sincerely appreciate the opportunity to appear before the standing committee for Economic Development and Finance. In a brief summary in terms of what our primary interest and goal is at this time is to hopefully be able to earn your support and your vote to provide us with an opportunity to make a full presentation to the Board of Commissioners. In terms of clearly defining the ways and means by which we would be able to establish a Seed and Venture Capital Fund. One step in that process would potentially require the vestiture of partnership interest that

June 3, 2013
the Unified Government presently has in the Hilton Garden Inn. It is there that the initial seed capital that we require can be reappropriated and releveraged. I say that within the context knowing that the capital that was originally designated to produce a special small business investment corporation many years ago at the birth of the Unified Government. It was actually reappropriated. It was a grant from CDBG; a grant from HUD that was reappropriated to be used in the hotel project, which it was.

At this juncture in our history, we see it as an opportunity to releverage those funds and allow us to establish a Seed and Venture Capital Fund with those dollars. A minority business enterprise Seed and Venture Capital Fund that would be a privately held corporation with private partners and investors that would all be a part of this particular entity. We believe that the value of the partnership interest in the Hilton Garden Hotel, the Unified Government’s partnership interest, is potentially worth somewhere around $5 million if you base that on what potentially the value of the hotel is today against and bounce that idea against what the hotel originally cost to develop, which I believe was $10 million according to all the information that I’ve had access to.

Theoretically, if we were to produce a minimum of $2.5 million from the sale of that partnership interest, it would provide us with the ability to negotiate $120 million in financial guarantees through the federal reserve system, which means that we would be able to, in fact—and the math looks this this—at $1.2 million, we could negotiate $120 million in financial guarantees that would provide us with the credit strength to secure ties; a private offering and/or public offering and produce a government back security so that we would be able to, in fact, raise private capital in the urban core to provide the seed and equity dollars that’s required in order for entrepreneurship to really happen. Because through the Seed and Equity Venture Capital vehicle, it allows two things to happen. One is that it provides you with the ability to become a partner in a project. It provides you with the ability to invest directly into a particular business entity and, in fact, put the talent on the field with that group or with that entity so that they would have the best opportunity to succeed.

**Acting Chairman McKiernan** stated the time limit was five minutes so we want to go ahead and wrap up.
Mr. Murray stated, therefore, my request to the standing committee is that we would have an opportunity to make a full presentation to the Board of Commissioners. With that, we would be able to go forward with the idea that with the recommendation from the standing committee that says that we have your full support in terms of negotiating or designing a public/private partnership with the Unified Government that will work in the community at-large best interests because we would, in fact, be able to produce a substantial amount of private capital.

I’ll say this to you, Wyandotte County has been neglected. This is the state’s Venture Capital Program that was funded by the United States Treasury. The Department of Commerce of the state of Kansas received $13.2 million. Those resources came from the jobs bill that was passed by President Obama in 2010. Wyandotte County has not had access to any of those funds. Wyandotte County was not included. Our needs were not included in that application. The Department of Commerce of the state of Kansas only applied for the minimum amount to participate in the program. That’s not good for us.

What I’m saying to you and, again, I appreciate your time and I think I’ve probably used up all of my time. A recommendation from this committee to the Board of Commissioners supporting our efforts would be truly a blessing. As a private business person who has the need, I’ve already done all the work. When you look at this document that I’ve shared with you, hopefully it will provide you with a clear vision of our strategy and how it can best be implemented and affect our community in the best way. I thank you for the time.

Acting Chairman McKiernan stated absolutely. Appreciate it. Thank you very much.

Action: No action taken.

III. Committee Agenda (Continued)

Item No. 5 – 130201…PRESENTATION: DELINQUENT TAX COLLECTION FUND

Synopsis: Presentation to demonstrate changes in UG delinquent tax collection practices and strategies and to discuss future opportunities to increase this progress by Brett Deichler, Director of Delinquent Revenue.

June 3, 2013
**Brett Diechler, Director of Delinquent Revenue,** stated this is for information purposes. I think it’s important. Doug asked me to come here tonight to talk a little bit about some of the strategies we are utilizing in our Delinquent Real Estate Office at this point in time. As everyone probably knows, we just generated a significant amount of income. It was $3 million in our last sale. We walk to talk a little bit about kind of how we got, but also more importantly, how do we stay there. I think that’s an important factor with some of the things. I mean the business strategies that I utilized along the way were basically kind of a reconciliation of functional business analytics, using intelligence that we gained from passed resources and the things we did when I first came in based at where now that we’re getting some larger average probably payouts from each individual parcel in respect to the tax sale itself.

We’ve employed a number of things like Facebook to try to get out there to show some of the advertising mediums that we wanted to utilize, which during that point in time, I think we doubled our registration process at the frontend of this one in comparison to just the last one, which was significant because we made a sizable improvement on even the last sale as far as registrants going into the sale. We had over 200 registrants at this point in time and we had probably a 60% turnout from just that participation. Typically what you might see is 15-18% of the people that registered show up and about 15% spend money. What we wanted to do was make that more of a representation of what’s out there to try to market this thing just like it is a business and put viable properties out there that need to be redeemed for payment and those types of things and we turn it into more of a production than just a simple let’s reach our hand in the jar and throw out 350 parcels.

In saying that, we actually took and decided to move to two tax sales per year. There were a lot of reasons to support that, mainly the statutory guidelines that put us into a—typically try to reach the three per year status were just not attainable. There are too many statutes that mandate the lays in there. If things get pushed and you end up more on a 15-month cycle than a 12, which if you do the math, it rotates those things every year, kind of a month at a time and everybody’s always asking when’s the next tax sale and we say we don’t know. That wasn’t good enough. We figured if we took two and tried to leverage basically what we could in six months instead of doing what we typically were doing in five, split the parcels in half, which were averaging about 350 on a standard tax sale and we were looking at 3 and put those into two tax sales and look at about 5.25, which the last tax sale 329, we did 522. We did do that. We’re
looking at some capacity issues maybe now in the future but the case in point was, once we got on a six-month schedule, we were able to still do all the real work that was required at the frontend to get this thing certified, get it registered and filed, and the backside, get everything delivered as far as all the processes that we’re working and everything else but actually get to the sale and still make money.

In saying that, we had a lot of redemptions. We got a lot of things that we put together. This is Luke Folscroft with me tonight. He helped put these together. It goes back a little ways and you can take a look at some of those. They’re really more for information purposes too, but you can kind of see the growing trends there. As we move forward from 325 up, we’re starting to scale up a little bit, whereas we actually went at $1.57 million in just redemptions alone going into this last tax sale.

When you look at the actual tax sale itself, we pretty much doubled our capacity from what we originally did the tax sale before in December 2012 which we were running around 200 plus at the day of the sale. We made almost 570 roughly at this particular time. With that being said, it showed a couple of things. We actually drew a bigger crowd. I also decided to put up pictures on a PowerPoint slide that we would maintain as we moved forward through the redemption process and try to get those things marketed in the community which allowed everyone to actually see what the property looked like. You could just see the difference in that based on the stats that we pulled. You could see it physically while just watching the sale. Properties were typically opening up at $3,000, $4,000, and $5,000 were going for two and three times than what they would normally go for. The slideshow was worth its weight in gold, but the actual presentation and the development of some of that marketing scheme and the methodologies we utilized to take a kind of a profit margin ratio, which is basically debt to value ratio and apply that across the board going in, allowed us to get some real viable properties into the sale prior to.

Moving forward in the future, you have to look at this thing as kind of a two-sided coin. You’ve got pre-sale and the day of the sale. To maintain that capacity, we’re going to need at least stay in that 520 to 600 parcel count which means we will get enough of these out to probably maintain a 70% to 80% redemption profile, which we can pretty much estimate if we keep that margin high on the value of the individual parcels themselves, we can look at kind of estimating the dollar value a little bit better at what we think that tax sale may bring in because of

June 3, 2013
the distributions. You look at what’s going to fall out. The Unified Government obviously
doesn’t get all that money because everybody else on the taxing authorities are going to get their
share of distributions too but still, delinquencies are delinquencies. Maintaining that forward and
looking at things in retrospect compared to where they were and where they are now, we really
have to have a focus profile on how that happens. The tax sale and delinquencies they’re a
moving target. There is no denying that. You just have to really understand what you’re dealing
with, look at the viability of what those things are and try to say if we commit to x parcels, what
does that mean in y dollars and look at the overall impact based on a monetary value to the UG
and how that affects the overall delinquency in Wyandotte County.

With those things being said, that’s really the biggest thing we wanted to present tonight.
Moving forward, I think it’s important to keep our eye on things that if we get to reaching certain
capacity issues whereas like with the process servers, we had 522 deliveries, that are hand-
delivered notifications to the individual people, the debtors. That was very difficult for their
office to actually maintain. They had a couple of people who were out on vacation and things
like that—it was just kind of seasonal—but in the long run, if we can get to 600 parcels, which
we may have to in the future, it’s going to be really hard to get that many out in six months with
the understanding that we need to try to keep our overall average parcel of delinquency rate.
You know, for us as, what we’re putting into the sale as high as possible so we can yield that
dollar back to the UG’s coffer.

We need to be consonance about all the business perimeters that go in. It’s not just a
matter of grabbing them and trying to make all the money. You’ve got to look at the process and
work into and see how that workflow works with the project related timeline and see how that
fits the six-month interval and then tie that back to the statutes and see how that works.

With all that being stated, I do want to kind of talk a little bit about some of the things
we’re looking at doing too. We’ve got—I’m considering online bidding. We’re looking at
maybe getting Legal involved and how do we do that. Maybe doing things even like you see on
E-bay right now where you can do silent bids where somebody can have that bid held. I’m not
sure if we can even get to these, Jody. She can probably be able to tell me. She’s got a smile on
her face, I think. There’s no reason for us to not get very strategic in how we assign and align
these parcels. A great example was we went after some developers that were out there that had
multiple parcels in certain areas that had $4 or $5 million in infrastructure invested. Instead of

June 3, 2013
putting one of those parcels in at a time for $3,500 on a lot that’s worth $40,000, we bundled them together in $20,000 and $30,000 and we got a check—you know the bank called and said I heard you’re going to put me in tax sale. I said no, you’re wrong. You’re already in. I don’t want to shock you but we got a check in one day for $103,000. That was pretty good. We grabbed some other parcels out there. We made $800,000 in four days going into this one here. It’s just because we grabbed the right parcels.

In all seriousness, it’s important to understand that if we can do those things and we lock out like silent bids and those types of things where we can group these together and maybe get some of these things out there electronically and even sale, or just pay real good attention to what’s being done as far as the statistical values that we’re yielding from the day of the sale. Those are the important things. Me, I’m a business guy. I like to run things like a business and this is what this has become. We’re working it through all policies and procedures the way it is supposed to be disseminated. We’re also looking at things in a real cognizance fashion to make sure that we’ve got—we’re wrapping up every business that we can put in behind this to make it most efficient and how it fits our current status. In doing that, we’re starting to see some real good returns.

I’m looking forward to the future. Like I said, we’re going to work on mapping to see whether people are buying, how far away from their own property they’re buying, are they staying in their own zip code and those types of things and seeing how we can kind of maybe start with some different starting values from the actual debt to the value and those types of things in the future. With that, I thank you for your time and open it up for any questions.

Doug Bach, Deputy County Administrator, stated I would like to add to this and the reason this is under the goals and objectives part of your presentation tonight is because this is part of the Commission’s goals and objectives, to put more concerted effort and it dates back in time toward doing more in collection of delinquent taxes. To get out there and be more strategic and treat it more like a business and that’s exactly why funding for the position came to put this out, put a delinquent tax in the area of its own in a department, where we hired someone like Brett to be over it who could come in and really analyze different programs we could go about and change the way we were doing this operation for our government.
You can’t always look at many of the operations that we have. You’re not going to build streets and make a profit. That’s part of the service we put back into the community. Many of our departments and services operate that way. In delinquent tax, we’re able to look at it a little different strategy so we come into it and he’s done a great job in going through and working on this.

Your investment, continued investment, come back with analysis and said we need another abstractor. Put it in here. Give me an abstractor. Pay him for their salary to make five times the amount of money back for that person and that’s exactly what has happened with some of the things we’re doing here. I think we’re going to see some new ideas even as we come to the budget this year about different ways to be more strategic and the way we go about our property analysis so we’ll be able to continue to leverage. One of the things he said, there are some properties we get in here and we’ll get up to this amount of money. We take away a lot of the good properties this time out so it becomes a continuous struggle to keep you at that level, but as we all know, we have a lot of property in our community that people don’t pay taxes on and we can just keep going after them and keep the pressure on them. Also, we saw some of the fruits that had changed in the legislation too that are on here too that have made a difference in a lot of redemption as well. Brett and his staff have done an excellent job.

Commissioner Townsend stated I just had a question about the presentation. I’m just looking at 329. The tax sale amount is over $.5 million and you get to redemptions, $1.5 million. These dollars that pertain to items in previous sale, 329. Mr. Deichler stated no. In your redemptions, those are actually where people come and pay in full. You have to watch when people use the word redemption. We’ll even use it a little bit loosely sometimes because we try to group everything in there that’s kind of pre-tax sale and says it was redeemed in some form or fashion. There’s out before filing. There’s out after filing. There’s paid and partial payments are made. There’s court ordered payment plans where you put half down typically and finance it for three and those types of things. Like in redemptions, basically you’ll have somebody come in and pay the full value. We had one person that we put on Facebook and they came in the next day and paid $364,000 which was pretty good. There’s a whole array of things there that you can do. That was just high. We were trying to really judge.

June 3, 2013
Doug’s kind of alluding to some of the things we’re getting down to. I run a lot of the business profiles for this organization here. What we’re trying to find out is, what are the average summaries for some of these types of classifications. In meaning with the redemptions as an example, it can range anywhere from 50%, 60% 70%, as high as 80% depending on the actual quality of the properties that you put in. It’s real important for us to kind of not just get our heads down on the keyboard, but to also look in broad perspective and see what those values really mean to the community too and get those things more keyed up in front of these advertisements and get them out here. We can have some valuable properties show up.

I think it’s interesting to see that when people look at something—I was a little bit concerned I would say at the last tax sale prior to because looking at the amount of people that registered, we looked at 14% of the people came in and actually showed up the day of the sale. 13.9% spent money. What that meant to me is there are a lot of things that get played in when people come in the morning and afternoon sessions. You see a big split in the involvement there. That meant that people were coming for one property or two properties and trying to buy something and when they didn’t get it, they didn’t buy anything else. I say we need to change that. So what we did we made sure we started to put these properties up to where people could see them. You can just see them watching and then you can go back and look at the numbers and now these values have doubled or tripled. People really just kind of want a snapshot of what it is. They kind of trust what we do. We’re trying to convey more information more like from a reality company out there like maybe if we put the school district on there as Google fiber is available. The whole types of things that really are interesting about that particular parcel and move those things forward in the future to see if you can increase that dollar. You really need to measure every little single thing. Now that we’ve done big giant leaps over the last four or five, we’re getting down to one and two and three degree skews. It’s not these big waivers; it’s just a little bit of move here or there. As you can tell from looking at the last tax sales, we did $290,000 six months ago we did $553,000 and this was the day of the sale so they we’re buying and we had a larger crowd. There’s a lot to attest for that. My staff is very responsible for that. Without the hard work and diligence that they put in, this doesn’t happen. There’s just no way. I’m here sitting—we’re all one big happy family. We’re just trying to make it happen. It is interesting times. You really have to keep on the ball.

June 3, 2013
**Commissioner Townsend** asked how many more sales do we have for 2013. **Mr. Deichler** stated we are looking for a November mid to third, the week of November for the next one for 330. We’re about probably halfway through the abstracting process right now. We have some value ratios there that got representative of this so hopefully we see a fairly sizable return in that too.

**Mr. Bach** stated, Commissioner, to that point, we’re going to the two tax sales. We were three and at one time we were thinking can we go to four. We realized we thought we we’re going in the wrong direction with that. It made more sense to target a couple of tax sales a year; stay consistent with the timeframe that we do it each year like in late May and that November–December timeframe. These seem to be good times to get out there and just be able to market that. People know this is when Wyandotte County is having their tax sales. **Commissioner Townsend** stated right, that’s why I was asking when the next one is. That would be it for this year. **Mr. Deichler** stated it would and that would exclude any special sales where we might take and group 30 - 40 properties in there that we looked/identified say from a commercial perspective and look at maybe saying here’s why we would do this and put those out there; make $1 million. It doesn’t take near the amount of time to put that together but there could be a special sale here and there. That may generate $1 million to $1.5 million. That’s just good money to make in two months instead of six. It still wouldn’t affect the six month schedule; it would just be something stuck in the middle of that other one. I’m looking at doing some of those things because I think I’ve got some ideas to consolidate some of that. **Commissioner Townsend** stated thank you.

**Mr. Levin** asked could I ask Brett to comment about the Commission action that was taken last year as it relates to the application of payments on delinquent taxes on the current year versus the third year. **Mr. Deichler** stated the explanation is how does Treasury collect funds now. How do they assign funds once they’re paid at the cashier at the register. Meaning that a year ago, before we adopted that it was always applied to the oldest year in Treasury. What people would do is take that first and second year and carry that debt and let the UG carry that because they knew that they could get away because we go in and pay the oldest year out and until they were three years delinquent, we couldn’t put them in a tax sale. We said let’s kind of move that

June 3, 2013
forward and try to get that flipped over to where now the Treasury applies the funds to the most recent year and that even if its however many dollars, if it’s that third year or further, we still go out there and look at it and put them in. That’s why you see redemptions are starting to come back high. Not only that, people are coming in and paying at the counter. We’re using Kansas setoff too. We can go right after that pretty quick. It doesn’t take a three year requirement. In answer to your question, it allows us to go out there and to pay attention to put these out there so people really know what’s going on. They can’t hide under that two year umbrella anymore.

Commissioner Murguia stated so just so I’m clear, was that Commission action that we took or was that state action that was taken that allowed us to apply that money to the most recent year. Ken Moore, Deputy Chief Counsel, stated I might be able to address that. The state statute is uniformly applicable to all counties, but they made an exception for Johnson County to allow them to collect it that way. Once they did that, it’s no longer uniformly applicable so we were able to charter out of the statute and do it the same way Johnson County did it.

Mr. Bach stated when you adopted the budget last year, one of the steps we adopted in the August budget was to home rule out; use our home rule authority to change our provision so we could enact it this way. Mr. Moore stated but until the state allowed Johnson County to do that, we didn’t have the ability to do that.

Commissioner Murguia stated that’s great and I’m glad it worked out. You’re doing a fantastic job. I would just ask why would Johnson County ever take the lead on something like that? Why wouldn’t we have been the leaders on bringing that to the state? Mr. Bach stated they got a change in legislation. We tried to change it and we couldn’t get the legislative change, but that’s where Legal went back to it and said hey this isn’t uniform and that’s where we enacted our home rule authority and changed it. So there was actually—the number of senators/representatives you have at the state, they can make changes for Johnson County. We couldn’t get that change done for us. Commissioner Murguia stated I see what you’re saying. We were not asking for the same change. Johnson County just made a change in their delinquent tax collection but it wasn’t a change that we—we didn’t ask for the same change. We weren’t looking for the same change. Like you said, because the state statutes says this policy has to be

June 3, 2013
applied uniformly and it wasn’t, we went ahead and home ruled this particular rule. This is not the same rule though that Johnson County changed.

**Ms. Boeding** stated I think they had more votes in the state legislature. We tried to get it; they didn’t like it. When Johnson County asked for it, they had more votes. **Commissioner Murguia** stated it’s the exact same change and you’re telling me we asked for it and they told us no and then Johnson County asked for it and they said yes. **Ms. Boeding** stated it just got voted down by the state legislature. **Commissioner Murguia** stated the point is, it’s the same change. I mean I’m not talking about the vote. I’m talking about that it was the same—I just wanted to make sure our staff had made the request to change this. We made the request, it got voted down. Johnson County came back and asked it again and then they did approve it. **Mr. Moore** stated by allowing Johnson County to do it, thereby allowing us to do it in our own county. **Mr. Deichler** stated and it works. The proof is there. The phone rings off the hook. The work is out there on this one. It was out there for awhile.

One of the first things I asked when I came here a few years ago was why don’t we have that and it was already out there in Johnson County. It’s like how do we get there. We’re there now. That’s a good thing. The word is out. I hear exactly what you’re saying, but it should have been…**Commissioner Murguia** stated yeah. I’m sorry to interrupt you, but I would just encourage us then if that’s the formula to get it done that I suggest that we get with northern Johnson County and that we work with them to bring other ideas like that forward and maybe then we won’t have to wait for them to change it. We should be the experts in this state in delinquent tax based on what I’ve seen. If we could go to them and maybe partner with them to move forward any other changes to make it go faster that would be great; whatever it takes. That’s all I’ve got to say.

**Action:** No action taken.

IV. Goals and Objectives

**Item No. 1 - 120137**…The Unified Government Commission conducted a strategic planning process resulting in specific goals and objectives adopted by the commission on May 17, 2012. Commission has directed that the goals and objectives appear monthly on respective standing committee agendas to assure follow-up and action toward implementation.

June 3, 2013
Economic Development. Foster an environment in which small and large businesses thrive, jobs are created, redevelopment continues, tourism continues to grow, and businesses locate in the community.

**Action:** No action taken.

V. Adjourn

**Acting Chairman McKiernan** adjourned the meeting at 7:00 p.m.

tk
**Staff Request for Commission Action**

**Type:** Standard  
**Committee:** Economic Development and Finance Committee

**Date of Standing Committee Action:** 7/8/2013

(If none, please explain):

**Proposed for the following Full Commission Meeting Date:** 7/25/2013  
**Confirmed Date:** 7/25/2013

**Changes Recommended By Standing Committee (New Action Form required with signatures)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Contact Name</th>
<th>Contact Phone</th>
<th>Contact Email</th>
<th>Ref</th>
<th>Department / Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/2013</td>
<td>Brandy Nichols</td>
<td>5086</td>
<td><a href="mailto:bnichols@wycokck.org">bnichols@wycokck.org</a></td>
<td></td>
<td>Legal</td>
</tr>
</tbody>
</table>

**Item Description:**
Conveyance of remnant property located at 1119 R W 37th Avenue, Kansas City, Kansas to University of Kansas Hospital Authority for a public purpose, specifically economic development, as authorized by K.S.A. 79-2811. UKHA is looking to acquire this property for future expansion.

**Action Requested:**
Adoption of resolution authorizing County Administrator to execute a Quit Claim deed conveying 1119 R W 37th Avenue, Kansas City, Kansas to University of Kansas Hospital Authority.

**Publication Required**

**Budget Impact:** (if applicable)

**Amount:** $  
**Source:**  
- Included In Budget  
- Other (explain)

---

File Attachment

File Attachment
RESOLUTION NO. ____________________

A RESOLUTION transferring real estate pursuant to K.S.A. 79-2811.

WHEREAS, a property with an address of 1119 Rear West 37th Avenue, Kansas City, Kansas has real estate taxes which remain unpaid from 1981 through 2013; and

WHEREAS, University of Kansas Hospital Authority has acquired all other parcels on the block for future expansion;

WHEREAS, the redemption period with respect to 1119 Rear West 37th Avenue, Kansas City has expired; and

WHEREAS, K.S.A. 79-2811 provides that the Board of County Commissioners may sell certain real estate to provide affordable low-income housing or for community development or economic development purposes; and

WHEREAS, the Unified Government finds that the proposed use of the real estate parcel is for community development or economic development purposes and the proposed use is hereby declared to be for a public purpose.

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

1. That the County Administrator is hereby authorized and directed to execute in the name of the Unified Government of Wyandotte County/Kansas City, Kansas a Quit Claim deed transferring the following real estate to the University of Kansas Hospital Authority:

   South 2 feet of North 17 feet of West 40 feet of Lot 4, Oxford Place, a subdivision in the city of Kansas City, Wyandotte County, State of Kansas (approx. address: 1119 R W 37th Avenue).

2. No warranties of title or other conditions are applicable to this transfer.

3. The consideration for the transfer of real estate from the Unified Government of Wyandotte County/Kansas City, Kansas shall be One Thousand Five Dollars ($1,005.00) and other valuable consideration, what shall be exchanged prior to the recording of the Deed with the Wyandotte County Register of Deeds.

4. The University of Kansas Hospital Authority shall be responsible for the recording of the Quit Claim Deed within 30 days of execution of the deed.

5. This resolution shall be in full force and effect after its passage, approval, and publication in the Wyandotte Echo.
ADOPTED BY THE COMMISSION OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS THIS _______ DAY OF ____________________, 2013.

____________________________________
Mark Holland, Mayor/CEO

ATTEST:

________________________________________
Unified Government Clerk

Approved as to Form:

________________________________________
Brandelyn K. Nichols, Assistant Counsel
1. 1119 R West 37th Street (Parcel #123447).
In June, the Unified Government was selected for two federal-aid grant projects. The first was for the Kaw Point Park Connector Trail, including a walkway from the Riverfront Heritage trail to 3rd and Minnesota, then modifications to the Fairfax/Minnesota viaduct and a new steel pedestrian ramp into Kaw Point Park. The second is the “Fifth Street Phase” of the Missouri River/Jersey Creek Connector Trail which provides a 10’ wide concrete path adjacent to 5th Street from Jersey Creek near Parallel Parkway north to John Garland Park, as well as a connector along Rowland to 7th Street. The Commission previously endorsed these two applications with a Resolution of Support adopted in February (R-11-13 and R-12-13). Design must begin immediately as the grants have a strict schedule. The money expires if construction is not obligated by September 2014.

The local share of the Kaw Point Park project is $510,000 and the local share for the Missouri River/Jersey Creek (5th Street Phase) is $470,000. Federal grants are $1,216,000 and $880,000, respectively. The estimated project costs are in line with grant estimates and are included in the proposed CMIP as presented to the Commission in April.

Action Requested:
Adopt the attached Reimbursement Resolutions so we can begin expenditures for design.
RESOLUTION NO. ______________________

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS:

1. That the Unified Government of Wyandotte County/Kansas City, Kansas (the “Unified Government”) expects to make capital expenditures after the date of this Resolution in connection with the KAW POINT PARK CONNECTOR TRAIL (CMIP #7865) (the “Project”), and the Unified Government intends to reimburse itself for such expenditures with the proceeds of bonds, notes, or a lease purchase agreement.

2. That the maximum principal amount of the bonds, notes, lease agreement, or other obligations expected to be issued for the Project is $510,000.00 plus cost of issuance and interest on any temporary financing.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, THIS ______ DAY OF __________________, 2013.

(SEAL)

Mark Holland, Mayor/CEO

Attest:

______________________________
Unified Government Clerk
RESOLUTION NO. ____________________

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS:

1. That the Unified Government of Wyandotte County/Kansas City, Kansas (the “Unified Government”) expects to make capital expenditures after the date of this Resolution in connection with the MISSOURI RIVER/JERSEY CREEK CONNECTOR TRAIL (CMIP #1611) (the “Project”), and the Unified Government intends to reimburse itself for such expenditures with the proceeds of bonds, notes, or a lease purchase agreement.

2. That the maximum principal amount of the bonds, notes, lease agreement, or other obligations expected to be issued for the Project is $470,000.00 plus cost of issuance and interest on any temporary financing.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS,
THIS ______ DAY OF ______________________, 2013.

(SEAL)

Mark Holland, Mayor/CEO

Attest:

__________________________________________
Unified Government Clerk
Staff Request for Commission Action

Type: Standard
Committee: Economic Development and Finance Committee

Date of Standing Committee Action: 7/8/2013

Proposed for the following Full Commission Meeting Date: 7/25/2013

Confired Date: 7/25/2013

Contact Name: Doug Bach
Contact Phone: 573-5030
Contact Email: pgarmon@wycokck.org
Ref:
Department / Division: Economic Development

Item Description:
As construction and leasing progresses for the Wyandotte Plaza redevelopment project (78th & State), staff has determined in conjunction with RED Legacy (Project Developer) that it would be beneficial to the overall project funding to modify the flow of funds for future project bonds. Currently there is a UG supported bond on the project which is funded through NRA revenues with access to future year project CID funds that currently go to the developer for project related cost. The developer and their lender is proposing that we change the funding commitment to allow full access to future CID revenues to cover all of the CID eligible expenses. In exchange for authorizing this direct flow of funds, the developer will pledge: 1) not to protest property taxes up to the amount in the project pro-forma if necessary to sell the NRA bonds publically; and, 2) add an additional property tax CID to the entire project area if needed to sell all of the currently support UG bonds in the public market when the current note matures.

Developer will provide a project update.
Staff will review proposed amendment.

Action Requested:
Consider approval of potential amendment deal points as presented by staff with the understanding that a finalized amendment to the current development agreement will be brought back to the full Commission for final approval.

Publication Required

Budget Impact: (if applicable)

Amount: $  
Source:  
- Included In Budget  
- Other (explain) Proposed structure should offset any additional expense or project backing by the Unified Government. The property tax minimum payment and CID special assessment provide increased security to the government.

- File Attachment  
- File Attachment  
- File Attachment  
- File Attachment
**Staff Request for Commission Action**

**Type:** Standard

**Committee:** Economic Development and Finance Committee

**Date of Standing Committee Action:** 7/8/2013

(If none, please explain):

**Proposed for the following Full Commission Meeting Date:** 7/25/2013

**Confirmed Date:** 7/25/2013

**Changes Recommended By Standing Committee (New Action Form required with signatures)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Contact Name</th>
<th>Contact Phone</th>
<th>Contact Email</th>
<th>Ref</th>
<th>Department / Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/2/2013</td>
<td>Charles Brockman</td>
<td>573-5733</td>
<td><a href="mailto:cbrockman@wycokck.org">cbrockman@wycokck.org</a></td>
<td></td>
<td>Economic Development</td>
</tr>
</tbody>
</table>

**Item Description:**

City Vision Ministries (CVM) submitted an application to the Unified Government for a Resolution of Support for the use of Section 42 tax credits for the project at 6th and Nebraska Avenue called the Nebraska Avenue Lofts.

The project cost is estimated to be $8.6 million and includes the new construction of a 49 unit housing complex that will have 13 two bedroom and 36 one bedroom units.

**Action Requested:**

Review the application request and forward to Full Commission for consideration.

**Publication Required**

**Budget Impact:** (if applicable)

**Amount:** $

**Source:**

- [ ] Included In Budget
- [ ] Other (explain)
WHEREAS, City Vision Ministries (CVM) submitted an application to the Unified Government for a Resolution of Support for the use of Section 42 tax credits for the project at 6th and Nebraska Avenue (Nebraska Avenue Lofts); and

WHEREAS, this $8.6 million project includes the new construction of a 49 unit housing complex that will have 13 two bedroom and 36 one bedroom units; and

WHEREAS, currently CVM is working on an approved agreement with the Unified Government for the ownership of the parcel; and

WHEREAS, this housing project will be within a proposed TIF district; and

WHEREAS, this project meets the policy for Section 42 Tax Credit development as approved by the Unified Government of Wyandotte County/Kansas City, Kansas; and

WHEREAS, on July 08, 2013 the Economic Development and Finance Standing Committee reviewed the application request and forwarded to Full Commission for consideration.

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

That the Commission of the Unified Government of Wyandotte County/Kansas City, Kansas hereby approves the Resolution of Support for City Vision Ministries, for the use of Section 42 tax credits for this $8.6 million project which includes the new construction of a 49 unit housing complex that will have 13 two bedroom and 36 one bedroom units called Nebraska Avenue Lofts to the Kansas Housing Resources Corporation contingent upon a properly executed property division and ownership is obtained.


__________________________
UNIFIED GOVERNMENT CLERK
### Tax Credit Review - 6th Nebraska Lofts

**Applicant:** City Vision Ministries

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Max. Pts.</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Requirements</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Pre-application meeting completed</td>
<td>Required</td>
<td></td>
</tr>
<tr>
<td>b. Ownership clear</td>
<td>Required</td>
<td>UG owned parcel</td>
</tr>
<tr>
<td>c. Feasible market analysis</td>
<td>Required</td>
<td></td>
</tr>
<tr>
<td>d. Financing in place</td>
<td>Required</td>
<td>LISC - TBD</td>
</tr>
<tr>
<td>e. Zoning and land use compliance</td>
<td>Required</td>
<td></td>
</tr>
<tr>
<td>f. Environmentally acceptable</td>
<td>Required</td>
<td>May 13, 2012 granted access to the site for site testing.</td>
</tr>
<tr>
<td>g. Qualified management team</td>
<td>Required</td>
<td></td>
</tr>
<tr>
<td>h. Adequate storm shelter</td>
<td>Required</td>
<td></td>
</tr>
</tbody>
</table>

*Master-plan compliance - Master-plan compliance is required prior to the project start date; however, it is not required to advance the review to Commission.

Is the developer in compliance with the Master-plan: **X** Yes  ____ No

**Comment:** b and d - Ownership and Financing

b - Ownership. Currently CVM is working with the UG on the ownership of the parcel.  d - Financing LISC (Local Initiatives Support Corp.) has supplied a letter of interest for financing $650,000 but to be determined (TBD) based on the UG repayment schedule.

<table>
<thead>
<tr>
<th>Property Location</th>
<th>3</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. NRA area</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>b. Conforms w/consolidated plan</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>c. Need for housing in area</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>d. Infill site</td>
<td>1 to 2</td>
<td>2</td>
</tr>
<tr>
<td>e. Area part of designated development or planned area</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>f. Qualified census tract</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>g. CDBG low-mod census tract</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>h1. Neighborhood retail (w/in one mile)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>h2. Parks/trails (w/in one mile)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>h3. Transit (w/in 1/2 mile)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>h4. Medical facilities (w/in 2 miles)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>h5. Employment centers (w/in 1 to 3 miles)</td>
<td>1 to 2</td>
<td>2</td>
</tr>
<tr>
<td>h6. School impact</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Comment:** 18 points

None

<table>
<thead>
<tr>
<th>Housing Needs</th>
<th>6</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Rehabilitation of existing housing</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>b. Prevents conversion to market rate or preserves</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>c. Preserves historic structures</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>d. Removes blighted structures</td>
<td>1 to 4</td>
<td>0</td>
</tr>
<tr>
<td>e. Minimal impact to existing market</td>
<td>1 to 2</td>
<td>2</td>
</tr>
<tr>
<td>f. New construction or conversion</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

**Comment:** 5 points

None
### 4. Resident/Tenant Needs

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Max pts.</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Promotes a mixed income community</td>
<td>2 to 10</td>
<td>5</td>
</tr>
<tr>
<td>b. Provides affordable housing for low-income</td>
<td>3 to 4</td>
<td>3</td>
</tr>
<tr>
<td>c. Owner-occupied component</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>d. Units for large families</td>
<td>1 to 2</td>
<td>0</td>
</tr>
<tr>
<td>e. Minimal impact upon public housing</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>f. Set-aside for special needs units or transitional units</td>
<td>1 to 2</td>
<td>0</td>
</tr>
<tr>
<td>g. Residential support services-</td>
<td>1 to 2</td>
<td>0</td>
</tr>
</tbody>
</table>

**Comment:** 10 points

None

### 5. Financing Characteristics

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Max pts.</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Future maintenance and escrow plan</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>b. Additional rehabilitation expense</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>c. Low percentage of soft costs</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>d. Return part of income stream to community</td>
<td>1 to 2</td>
<td>0</td>
</tr>
<tr>
<td>e. Strength of applicant</td>
<td>1 to 2</td>
<td>2</td>
</tr>
<tr>
<td>f. Applicant not fully funded previously</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>g. Leverages other local or federal funding</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>h. Applicant is tax exempt</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>i. Local, Minority and Women involvement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) LBE/MBE/WBE Subcontractors or Suppliers Tier 1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2) LBE/MBE/WBE Subcontractors or Suppliers Tier 2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>j. Prevailing Wage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Under $2 million</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>2) $2-5 million</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>3) Over $5 million</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

**Comment:** 8 points

None

### 6. Planning and Development Standards

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Max 6</th>
<th>Explanation needed - 0</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Design standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a1. Brick/stone construction (50% to 100%)</td>
<td>1 to 2</td>
<td>0</td>
</tr>
<tr>
<td>a2. Landscaping exceeded by 35%</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>a3. Balconies/patios in units</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>a4. Carports or garages</td>
<td>1 to 3</td>
<td>0</td>
</tr>
<tr>
<td>a5. Neo-traditional design</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>a6. Building articulation</td>
<td>1</td>
<td>Explanation needed - 0</td>
</tr>
</tbody>
</table>

**Comment:** Will give 1 pt if an explanation of 35% or more will be achieved. Will give 1 pt if clarification of why basement and 1st floor articulation differs

<table>
<thead>
<tr>
<th>Development Amenities (Families)</th>
<th>Max 6</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>b1. Swimming pool</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>b2. Clubhouse/meeting rm./workout area &amp; kitchen</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Requirement</td>
<td>Max pts.</td>
<td>Application</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------</td>
<td>-------------</td>
</tr>
<tr>
<td>b3. Sports court</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>b4. Trails (30’/unit) or connect to system</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>b5. Play structure w/specific features</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>b6. Other amenities - Sand vball, grills and shelters, fishing basin, in unit washer/dryer, hot tub per 100 units, in-unit fireplace, large patio w/seating area</td>
<td>1 to 2</td>
<td>1</td>
</tr>
</tbody>
</table>

**Comment:** 3 points

**None**

c. Development Amenities *(Senior or Assisted living)*

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Max pts.</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>c1. Other amenities - beauty shop, rose garden,</td>
<td>1 to 2</td>
<td>0</td>
</tr>
<tr>
<td>c2. On-site nursing</td>
<td>2 to 4</td>
<td>0</td>
</tr>
<tr>
<td>c3. Alzheimmer's ward</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>c4. Rehab. services</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

**Comment:** 0 points

**None**

d. Neighborhood Organization Support

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Max pts.</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>d. Neighborhood Organization Support</td>
<td>2 to 5</td>
<td>5</td>
</tr>
</tbody>
</table>

**Comment:** 5 points

**None**

e. Attached or Detached Single-Family Development

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Max pts.</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>e. Attached or Detached Single-Family Development</td>
<td>1 to 3</td>
<td>0</td>
</tr>
</tbody>
</table>

**Comment:** 0 points

**None**

**Total points are 50 and meets the requirement.**

1 point will be given for 6a2 and

**Total Points** 50

1 point will be given for 6a6 for a total of 52 points if documentation is received.
Development Proposal: Nebraska Ave Lofts
Project Summary
6th and Nebraska, Downtown KCK

Developers: City Vision and the YARCO Companies

City Vision, a 20 year old award winning community development corporation, was the developer of Turtle Hill Townhomes, City Hall Lofts and 5th Street Townhomes all located in downtown Kansas City, Kansas. City Vision has invested over $50 million in urban core Kansas City, Kansas real estate development. City Vision remains as part of the ownership group for THT and CHL and is owner and manager of 5th Street Townhomes.

Yarlo is a second generation family owned real estate development company and is one of Kansas City’s largest and most experienced property managers. Yarlo is based in Kansas City and owns or manages over 11,000 housing units in 11 states. Yarlo was an original partner with City Vision in the development of Turtle Hill Townhomes and City Hall Lofts. Examples of projects they own and/or manage in the Kansas City area include: 79 Ward Parkway, Alcarzar, Bridgeport Apartments, Cathedral Square Towers and in Kansas City, Kansas: Parallel Senior Villas and Mt. Carmel Senior.

Proposal Summary:

The Nebraska Avenue Lofts project proposes a 49 unit 3-story, loft apartment building sited at the Southwest corner of 6th and Nebraska. The building would be the first of a two-phase project to include an additional 30 loft units in a mixed use building at the Northwest corner of 6th and State. The Nebraska Lofts building would include 49 on-site surface parking spaces partially served with carports.

The Nebraska Lofts would be composed of 36 one bedroom units and 13 two bedroom. 85% of the units would be financed with Section 42 housing tax credits with the remaining market rate units financed with conventional loans and owner equity. Building amenities would include a business center, fitness room, on-site laundry, elevator, common area rooftop deck at the third level, second floor units with private balconies and first floor units with courtyard patios. The building will be located two blocks from the new Connex transit station being completed in 2013. The transit station will provide easy access within minutes of major shopping, entertainment and employment centers including the Power and Light District, Village West, KU Medical Center and Kansas City Kansas Community College.

Rents are projected at $.87-$1.03 per square foot for market rate units. This is slightly above the rents currently being received at City Hall Lofts. Rents subsidized by tax credits are projected at 73-86 cents per square foot.
Other Financing Requirements

Total project cost is projected at $8.6 million with $5.9 million from tax credit equity from private investors purchasing the credits. The above rents will support a permanent mortgage loan of approximately $1.6 million with additional financing of $650,000 from Greater KC LISC.

A 20 year property tax TIF is requested to cover costs of site preparation and infrastructure improvements. The TIF calculation projects TIF revenue of $342,000.

Timeline

The Section 42 tax credit application would be submitted in February 2014. With approval of the application in May, ground breaking would occur in late fall with project completion in the fall of 2015.

Land Acquisition

This proposal requests a purchase option be issued to the development team to facilitate the state tax credit application. With project financing approval, a payment of $20,000 for the parcel would be made. An option to purchase the second phase parcel for an additional $20,000 is also requested.

Management Services

Lease up and resident management services would be provided by YARCO. Stronger and more consistent property and resident management is generally experienced when the management company is also part of ownership. YARCO currently manages approximately 11,000 units in the metro and multi-state area and is one of Kansas City’s largest and most successful property management companies.
A small parcel (258611) was purchased by Cerner in early 2012, from Kansas Speedway. Previously, this parcel was part of the Kansas Speedway/Prairie-Delaware redevelopment district (TIF). However, at the time of land sale, this parcel was not removed from the TIF district. At this time, we are asking to correct this oversight, and remove the parcel from the TIF District, and place it in the same taxing unit as the rest of the Cerner campus.

Action Requested:
Pass Ordinance removing one parcel from the Prairie-Delaware TIF District.

Publication Required
Publication Date: 8/1/2013

Budget Impact: (if applicable)
Amount: $
Source:
- [ ] Included In Budget
- [x] Other (explain) Positive tax impact.
ORDINANCE NO. O-____-13

AN ORDINANCE REMOVING CERTAIN PROPERTY FROM THE STAR BOND PROJECT DISTRICT WITHIN THE CITY OF KANSAS CITY, KANSAS (PRAIRIE-DELAWARE REDEVELOPMENT PROJECT AREA A)

WHEREAS, the Unified Government of Wyandotte County/Kansas City, Kansas (the “Unified Government”) desires to promote, stimulate and develop the general and economic welfare of Kansas City, Kansas and the state of Kansas (the “State”) and to assist in the development and redevelopment of eligible areas within Kansas City, Kansas, thereby promoting the general welfare of the citizens of the State and the Unified Government, by acquiring property and providing for the development and redevelopment thereof and the financing relating thereto; and

WHEREAS, pursuant to the provisions of K.S.A. 12-1770 et seq., as amended (the “Act”), the Unified Government is authorized to adopt redevelopment project plans within established redevelopment districts, as said terms are defined in the Act, and to finance all or a portion of redevelopment project costs from tax increment revenues and various fees collected within such redevelopment district, revenues derived from redevelopment projects, revenues derived from local sales taxes, other revenues described in the Act, or a combination thereof or from the proceeds of full faith and credit tax increment bonds of the Unified Government or special obligation tax increment bonds of the Unified Government payable from such described revenues; and

WHEREAS, the Unified Government on March 19, 1998, adopted Ordinance No. O-11-98, which created a redevelopment district within Kansas City, Kansas (the “City”), the boundaries of which were defined in said Ordinance (the “Redevelopment District”) and containing three redevelopment project area, including Project Area A (the “Project Area A”); and

WHEREAS, the Unified Government passed an ordinance on June 25, 1998, adopting a redevelopment plan for Project Area A (the “Redevelopment Plan”) for the Kansas Speedway project; and

WHEREAS, the owner of certain property within the Redevelopment District has requested that certain property be removed from the Redevelopment District;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS:

Section 1. Removal of Property from the Redevelopment District. The property legally described on Exhibit A (the “Property”) attached hereto shall be automatically and without further action be removed from the Redevelopment District.

Section 2. Further Action. The Mayor/CEO, County Manager, Unified Government Clerk and other officials and employees of the Unified Government, including the County Attorney, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this Ordinance.
Section 3. Effective Date. This Ordinance shall become effective upon its passage by the governing body of the Unified Government and publication in the official newspaper of the Unified Government.


[SEAL]

_____________________________
Mayor/CEO

Attest:

_____________________________
Unified Government Clerk

Approved As To Form Only:

_____________________________
County Attorney
EXHIBIT A
LEGAL DESCRIPTION

ALL THAT PART OF LOT 1, KANSAS SPEEDWAY CORPORATION, A SUBDIVISION OF LAND IN THE CITY OF KANSAS CITY, WYANDOTTE COUNTY, KANSAS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 1, THENCE SOUTH 02 DEGREES 20 MINUTES 45 SECONDS EAST, WITH THE EAST LINE OF SAID LOT 1 AND WITH THE WEST LINE OF LOT 1C, BLOCK C, TOURISM DISTRICT, AS SHOWN ON CERTIFICATE OF SURVEY FILED APRIL 20, 2011, AS DOCUMENT NO. 2011R-04663, A DISTANCE OF 295.12 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING SOUTH 02 DEGREES 20 MINUTES 45 SECONDS EAST WITH THE EAST LINE OF SAID LOT 1 AND THE WEST LINE OF LOT 1C, A DISTANCE OF 406.04 FEET; THENCE SOUTH 77 DEGREES 45 MINUTES 24 SECONDS WEST, AND NO LONGER WITH THE EAST LINE OF SAID LOT 1 AND THE WEST LINE OF LOT 1C, BLOCK C, A DISTANCE OF 252.63 FEET TO A POINT ON THE EAST RIGHT-OF-WAY LINE OF VILLAGE WEST PARKWAY, THENCE NORTH 12 DEGREES 59 MINUTES 16 SECONDS WEST WITH THE EAST RIGHT-OF-WAY LINE OF VILLAGE WEST PARKWAY, A DISTANCE OF 196.44 FEET TO A POINT OF CURVATURE; THENCE CONTINUING WITH THE EAST RIGHT-OF-WAY LINE OF VILLAGE WEST PARKWAY ON A CURVE TO THE RIGHT HAVING A RADIUS OF 1352.39 FEET, A CENTRAL ANGLE OF 08 DEGREES 39 MINUTES 00 SECONDS, AN ARC DISTANCE OF 204.17 FEET; THENCE NORTH 77 DEGREES 45 MINUTES 24 SECONDS EAST, AND NO LONGER WITH THE EAST RIGHT-OF-WAY LINE OF VILLAGE WEST PARKWAY, A DISTANCE OF 312.23 FEET TO THE POINT OF BEGINNING;

MainStreet Property Group is proposing the development of a "next-generation" skilled nursing and assisted living facility. The $15M project is comprised of a 66,500 square foot, 100 bed facility at approximately 8900 Parallel Parkway in Kansas City, KS. The facility offers a unique main street corridor, with amenities including concierge service and multiple "themed" dining options. The project is expected to create 100 jobs over a three year period, and the Developer is in discussion with KCKCC to fill both the nursing and food service positions. The request is the use of IRBs and a corresponding PILOT for a 10 year period. At this time, the Developer would like to present the project to ED&F, and move forward with a Resolution of Intent to issue IRBs; with a return to FC in August for a Public Hearing on the PILOT.

Action Requested:
Adopt Resolution of Intent.
RESOLUTION DETERMINING THE INTENT OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, TO ISSUE ITS INDUSTRIAL REVENUE BONDS IN THE AMOUNT OF APPROXIMATELY $15,000,000 TO FINANCE THE COSTS OF ACQUIRING, CONSTRUCTING, IMPROVING AND EQUIPPING COMMERCIAL FACILITIES FOR THE BENEFIT OF MS KANSAS CITY, LLC

WHEREAS, the Unified Government of Wyandotte County/Kansas City, Kansas (the “Unified Government”), desires to promote, stimulate and develop the general welfare and economic prosperity of Wyandotte County/Kansas City, Kansas and their inhabitants and thereby to further promote, stimulate and develop the general welfare and economic prosperity of the State of Kansas; and

WHEREAS, the Unified Government is authorized and empowered under the provisions of K.S.A. 12-1740 to 12-1749d, inclusive (the “Act”), to issue revenue bonds to pay the cost of certain facilities (as defined in the Act) for the purposes set forth in the Act and to lease such facilities to private persons, firms or corporations; and

WHEREAS, MS Kansas City, LLC, an Indiana limited liability company (the “Company”), has submitted to the Unified Government an Application for the Issuance of Industrial Revenue Bonds (the “Application”) requesting that the Unified Government finance the cost of acquiring, constructing, improving and equipping certain commercial facilities as more fully described in the Application located at 8900 Parallel Parkway consisting of an approximately 100-bed skilled nursing and assisted living facility, including land acquisition, associated infrastructure, and personal property (collectively, the “Project”) through the issuance of its revenue bonds in one or more series in the amount of approximately $15,000,000, and to lease the Project to the Company or its successors and assigns in accordance with the Act;

WHEREAS, it is hereby found and determined to be advisable and in the interest and for the welfare of Wyandotte County/Kansas City, Kansas and their inhabitants that the Unified Government finance the costs of the Project by the issuance of revenue bonds under the Act in a principal amount of approximately $15,000,000, said bonds to be payable solely out of rentals, revenues and receipts derived from the lease of the Project by the Unified Government to the Company;

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

Section 1. Approval of Project. The Governing Body of the Unified Government hereby finds and determines that the acquiring, constructing, improving and equipping of the Project will promote the general welfare and economic prosperity of Wyandotte County/Kansas City, Kansas, and the issuance of the Unified Government's revenue bonds to pay such costs will be in furtherance of the public purposes set forth in the Act.

Section 2. Intent to Issue Bonds. The Governing Body of the Unified Government hereby determines and declares the intent of the Unified Government to acquire, construct, improve and equip the Project out of the proceeds of revenue bonds of the Unified Government in a principal amount of approximately $15,000,000 to be issued pursuant to the Act.
Section 3. Provision for the Bonds. Subject to the conditions of this Resolution, the Unified Government will (i) issue its revenue bonds to pay the costs of acquiring, constructing, improving and equipping the Project, with such maturities, interest rates, redemption terms and other provisions as may be determined by ordinance of the Unified Government; (ii) provide for the lease (with an option to purchase) of the Project to the Company; and (iii) to effect the foregoing, adopt such resolutions and ordinances and authorize the execution and delivery of such instruments and the taking of such action as may be necessary or advisable for the authorization and issuance of said bonds by the Unified Government and take or cause to be taken such other action as may be required to implement the aforesaid.

Section 4. Conditions to Issuance. The issuance of said bonds and the execution and delivery of any documents related to the Bonds are subject to (i) obtaining any necessary governmental approvals; (ii) agreement by the Unified Government, the Company and the purchaser of the bonds upon (a) mutually acceptable terms for the bonds and for the sale and delivery thereof and (b) mutually acceptable terms and conditions of any documents related to the issuance of the bonds and the Project; and (iii) the Company's compliance with the Unified Government's policies relating to the issuance of revenue bonds.

Section 5. Sale of the Bonds. The sale of the bonds shall be the responsibility of the Company.

Section 6. Limited Obligations of the Unified Government. The bonds and the interest thereon shall be special, limited obligations of the Unified Government payable solely out of the amounts derived by the Unified Government under the Lease Agreement and as provided herein and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the Owners of the bonds, as provided in the Indenture. The Bonds shall not constitute a general obligation of the Unified Government, the State or of any other political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the Unified Government, the State or of any other political subdivision thereof and shall not be payable in any manner by taxation, but shall be payable solely from the funds provided for as provided in the Indenture. The issuance of the bonds shall not, directly, indirectly or contingently, obligate the Unified Government, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

Section 7. Required Disclosure. Any disclosure document prepared in connection with the offering of the bonds shall contain the following disclaimer:

NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT, OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE UNIFIED GOVERNMENT CONTAINED UNDER THE CAPTIONS "THE UNIFIED GOVERNMENT" AND "LITIGATION -- THE UNIFIED GOVERNMENT" HEREIN, HAS BEEN SUPPLIED OR VERIFIED BY THE UNIFIED GOVERNMENT, AND THE UNIFIED GOVERNMENT MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

Section 8. Further Action. Counsel to the Unified Government and Gilmore & Bell, P.C., Bond Counsel for the Unified Government, together with the officers and employees of the Unified Government, are hereby authorized to work with the purchaser of the bonds, the Company, their respective counsel and others, to prepare for submission to and final action by the Unified Government all documents necessary to effect the authorization, issuance and sale of the bonds and other actions contemplated hereunder.

Section 9. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Governing Body of the Unified Government.
ADOPTED BY THE COMMISSION OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS ON JULY 18, 2013.

By: ________________________________

Mayor/CEO of the Unified Government of Wyandotte County/Kansas City, Kansas

(Seal)

Attest:

By: ________________________________

Unified Government Clerk
Senior population, concierge-based services to specifically cater to the evolving demands of the growing
is unmatched in the market place. The result is a hospitality-based product incorporating
feel. Aesthetically-appealing Next Generation™ properties create an approachability that
Mainstreet's Next Generation™ projects offer a high-end, hotel-like desirable look and
Superior, Next Generation™ Properties
At Mainstreet, we offer a unique design concept. Our Mainstreet model is socially driven, focusing on creating properties with a centrally located and larger common areas that promote resident gatherings and group activities, while also providing a sense of community within the facility.
Mainstreet's development model is socially driven. New facilities are state-of-the-art and boast large private rooms, private in-room bathing and restaurant-style dining. Amenities for residents abound, including cafes, marketplaces, fitness centers, community rooms, wellness centers, spas, theaters, chapels, and beauty/barbershops.
the next 10 year based on studies in other markets
Anticipated economic development impact of $1 00+ million over

- Expected annual payroll of approx. $3,400,000
  - Administrative and facility management
  - Professional
  - Nursing and other health care positions
  - Physical, occupational, and speech therapists
  - 100+ jobs to be created

State-of-the-art next generation facility

ECONOMIC ATTRIBUTES OF PROJECT
Staff Request for Commission Action

Type: Standard

Committee: Economic Development and Finance Committee

Date of Standing Committee Action: 7/8/2013

Proposed for the following Full Commission Meeting Date: 7/25/2013

Changes Recommended By Standing Committee (New Action Form required with signatures)

Date: 7/2/2013
Contact Name: George Brajkovic
Contact Phone: 5749
Contact Email: gbrajkovic@wycokck.org
Ref: Department / Division: Economic Development

Item Description:
The UG Board of Commissioners approved O-51-11 on November 17, 2011, creating the Metropolitan Avenue Redevelopment District (TIF). The District was comprised of two Project Areas, at this time a Redevelopment Project Plan has been submitted for Project Area 2. The Development team of Argentine Retail Developers and Lane 4 Property Group have proposed an approximate $9.5M, 61,400sqft Retail Development, anchored by a 41,000sqft Wal-Mart Neighborhood Market grocery. The project is asking for incentives of Property Tax TIF and Home Rule Local Sales Tax to be pledged towards project costs, in an amount not to exceed approximately $4.3M. The Project Plan requires a Public Hearing, and a resolution to set that PH on August 15, 2013 has been submitted for consideration.

Staff will also present key deal points pertaining to this development and after receiving committee feedback, a final development agreement will be completed and presented to the full Commission for consideration after a public hearing is conducted for the TIF plan.

Action Requested:
Adopt resolution setting a Public Hearing to consider the project plan for Project area 2 of the Metropolitan Avenue Redevelopment District.

Two publication dates 08/01/13 and 08/08/13.

☑ Publication Required

Publication Date: 8/1/2013

Budget Impact: (if applicable)

Amount: $

Source:
☐ Included In Budget
☑ Other (explain) Development agreement will be structured to maintain existing tax base and to provide revenues to supplement the current GO Financing, if necessary.
RESOLUTION NO. R-_____-13

A RESOLUTION OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS DETERMINING THAT THE UNIFIED GOVERNMENT IS CONSIDERING ADOPTING A REDEVELOPMENT PROJECT PLAN WITHIN A REDEVELOPMENT DISTRICT IN THE CITY OF KANSAS CITY, KANSAS, ESTABLISHING THE DATE AND TIME OF A PUBLIC HEARING ON SUCH MATTER, AND PROVIDING FOR THE GIVING OF NOTICE OF SUCH PUBLIC HEARING (METROPOLITAN AVENUE REDEVELOPMENT DISTRICT – PROJECT AREA 2)

WHEREAS, the Unified Government of Wyandotte County/Kansas City, Kansas (the “Unified Government”) desires to promote, stimulate, and develop the general and economic welfare of Kansas City, Kansas and the state of Kansas (the “State”) and to assist in the development and redevelopment of eligible areas within Kansas City, Kansas, thereby promoting the general welfare of the citizens of the State and the Unified Government, by providing for the development and redevelopment of property within Kansas City, Kansas, and the financing related thereto; and

WHEREAS, pursuant to provisions of K.S.A. 12-1770 et seq., as amended (the “Act”), the Unified Government is authorized to adopt redevelopment project plans with established redevelopment districts, as said terms are defined by the Act, and to finance all or a portion of redevelopment project costs from tax increment revenues and various fees collected within such redevelopment district, revenue derived from redevelopment projects, revenues derived from local sales taxes, other revenues described in the Act, or a combination thereof, or from proceeds of full faith and credit tax increment bonds of the Unified Government or special obligation tax increment bonds of the Unified Government payable from such described revenues; and

WHEREAS, the Unified Government, on November 17, 2011, adopted Ordinance No. O-51-11, which created the Metropolitan Avenue Redevelopment District within Kansas City, Kansas (the “City”), the boundaries of which were defined in said Ordinance (the “Redevelopment District”) and containing two redevelopment project areas; and

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

Section 1. Consideration of Redevelopment Project Plan. The Unified Government is considering the adoption of the Redevelopment Project Plan pursuant to the Act.

Section 2. Redevelopment District. The Unified Government created the Redevelopment District on November 17, 2011 consisting of two (2) Project Areas. A map and legal description of the Redevelopment District is attached hereto as Exhibit A, which is incorporated herein by reference.
Section 3. Proposed Redevelopment Project Plan; Issuance of Bonds. The proposed Redevelopment Project Plan for Project Area 2, including a feasibility study, relocation assistance plan, and a legal description and map of the area to be redeveloped, are public records and are available for public inspection during regular office hours in the office of the Unified Government Clerk, Municipal Office Building, 701 North 7th Street, Kansas City, Kansas. A map and legal description of the proposed Redevelopment Project Area is also attached hereto as Exhibit B. The Unified Government may issue special obligation or full faith and credit tax increment/general obligation bonds to finance the redevelopment project.

Section 4. Public Hearing. Notice is hereby given that a public hearing will be held by the Commission to consider the adoption of the Redevelopment Project Plan on August 15, 2013, at the Commission Meeting Room, located at the Municipal Office Building, 701 North 7th Street, Kansas City, Kansas, the public hearing to commence at 7:00 p.m. or as soon thereafter as the Commission can hear the matter. At the public hearing, the governing body will receive public comment on the adoption of the proposed Redevelopment Project Plan, and may, after the conclusion of such public hearing, consider the findings necessary for adopting the Redevelopment Project Plan pursuant to the Act.

Section 5. Notice of Public Hearing. The Unified Government Clerk is hereby authorized and directed to publish this resolution in the official city newspaper on August 1, 2013 and August 8, 2013. The County Administrator is authorized and directed to mail a copy of this resolution via certified mail, return receipt requested to the board of county commissioners, the board of education of any school district levying taxes on property within the Redevelopment District, and to each owner and occupant of land within Project Area 2, not more than 10 days following the date of the adoption of this resolution.

Section 6. Further Action. The Mayor/CEO, County Manager, Unified Government Clerk, and other official and employees of the Unified Government, including the County Attorney, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this resolution.

Section 7. Effective Date. This resolution shall be effective upon its adoption by the Commission of the Unified Government of Wyandotte County/Kansas City, Kansas.

ADOPTED by the Commission of the Unified Government of Wyandotte County/Kansas City, Kansas on this ___ day of _____________, 2013.

[SEAL]

______________________________
Mayor/CEO

Attest:
Unified Government Clerk

Approved as to Form Only:

County Attorney
EXHIBIT A

Legal Description and Map of Redevelopment District

Lot 1, ARGENTINE INDUSTRIAL PARK, a subdivision of land in the City of Kansas City, County of Wyandotte, State of Kansas;

and

Lots 1, 2 and 3, and Tract A, HODG SUBDIVISION, a replat of Lot 2, Argentine Industrial Park, a subdivision of land in the City of Kansas City, County of Wyandotte, State of Kansas;

and

Any and all right-of-way adjacent thereto.
EXHIBIT B

Legal Description and Map of Redevelopment Project Area 2

Lot 1, ARGENTINE INDUSTRIAL PARK, a subdivision of land in the City of Kansas City, County of Wyandotte, State of Kansas, and all right-of-way adjacent thereto.
This Redevelopment Project Plan was prepared in consultation with the consultants of the Unified Government of Wyandotte County / Kansas UG, Kansas and the UG Planning Commission, based upon development proposals by the Argentine Retail Developers, Inc.

* Revenues generated within Redevelopment Project Area 2 of the Metropolitan Avenue Redevelopment District may be used to pay project costs associated the Redevelopment Project Area 1.

July 2, 2013
TABLE OF CONTENTS

I. INTRODUCTION ...............................................................................................................1

II. PROJECT DEVELOPMENT TEAM..................................................................................3

III. REDEVELOPMENT PROJECT PLAN.............................................................................4
    A) The Property ...............................................................................................................4
    B) Established Redevelopment District .......................................................................4
    C) The Project – Description and Overview ..................................................................4
    D) Feasibility Study .......................................................................................................4
    E) Meetings and Minutes ..............................................................................................8
    F) Relocation Plans .........................................................................................................8

IV. CONCLUSION ....................................................................................................................8

V. EXHIBITS

    A) Legal Descriptions of Redevelopment District and Redevelopment Project Area 2
    A-1) General Depiction of Redevelopment District
    A-2) General Depiction of Redevelopment Project Areas
    B) Redevelopment District Ordinance No. O-79-09
    C) Proposed Site Plan
    D) Budget
    E-1) TIF Revenue Projections – Neighborhood Market
    E-2) TIF Revenue Projections – Fuel Center + Outlots
    F) UG Meeting Minutes
I. INTRODUCTION

Pursuant to the Kansas Tax Increment Financing Act, K.S.A. 12-1770, et. seq., as amended (“TIF Act”), Kansas municipalities are authorized to establish a redevelopment district and Tax Increment Financing (“TIF”) redevelopment project plans for property within their jurisdiction. Redevelopment districts may be created based upon certain findings by the municipality, including property located within a designated enterprise zone pursuant to K.S.A. 12,17-107 through 12,17-113.

On November 17, 2011, the Unified Government of Wyandotte County/Kansas UG, Kansas (the “UG”), after conducting a duly noticed public hearing, found that the property in Kansas City, Kansas and bounded by Metropolitan Avenue on the South, S. 24th Street on the West, railroad tracks on the North, and 18th Street Expressway on East, is located within a designated enterprise zone pursuant to K.S.A. 12,17-107 through 12,17-113. Based in part upon this finding, the UG created a redevelopment district encompassing such subject property (the “District”).

The TIF Act requires that the Redevelopment Project Plan be created in consultation with the UG. As part of that consultation, the Planning Commission must make a finding as to whether the development components of the Redevelopment Project Plan are consistent with the intent of the UG’s Comprehensive Plan.1

This Redevelopment Project Plan (“Redevelopment Plan”) is presented to the UG for its consideration and approval, with the 20-year term of the Redevelopment Plan to commence upon UG approval of the Redevelopment Plan. As more fully described at Section III herein, the Redevelopment Plan envisions the development of improvements in Redevelopment Project Area 2 (the “Redevelopment Project Area 2”) of the District. It is anticipated that Redevelopment Project Area 2 will consist of approximately 64,100 square feet of retail space, along with associated peripheral related infrastructure.

Importantly, this description of uses, and the buildings the Developer plans to construct for such uses, is not meant to be inflexible. This Redevelopment Plan contemplates reasonable variations from the descriptions above, subject to the terms and conditions of the Development Agreement, generally allowing for mixed-use commercial and office uses.

As shown herein, the Redevelopment Plan proposes to finance Reimbursable Project Costs (as defined in Section III.D.1 below) by capturing through TIF 100% of the allowable ad valorem tax increment for the full term in which the Redevelopment Plan is in place, as well as 1.94% of the UG’s 2.625% local sales tax increment generated within the Redevelopment Project Area 2 on all retail sales therein for the full term in which the Redevelopment Plan is in place.

Based on projections of real property values and sales within the District over the term of the TIF, it is estimated that the TIF will generate present value revenues (“TIF Revenues”) of

---

1 This Redevelopment Plan has been submitted to the Planning Commission for the purposes of eliciting a finding from the Planning Commission that the development components hereof are consistent with the UG’s Comprehensive Plan.
approximately $5,971,612 (present value at 5.50%) from Redevelopment Project Area 2, not including financing and interest expenses. As permitted by the TIF Act, TIF Revenues generated by Redevelopment Project Area 2 may be utilized to pay for Reimbursable Project Costs incurred in connection with Redevelopment Project Area 2.
II. PROJECT DEVELOPMENT TEAM

- Argentine Retail Developers, Inc.
- Lane4 Property Group
- Davidson Architecture & Engineering
- Polsinelli PC
III. REDEVELOPMENT PROJECT PLAN

A) The Property

The property comprising the approved Redevelopment Project Area 2 consists of approximately 21.9 acres of property located in Kansas City, Kansas. (See legal descriptions of the Redevelopment District and Redevelopment Project Area 2, attached hereto as Exhibit A. General depictions of the Redevelopment District and Redevelopment Project Areas are attached as Exhibits A-1 and A-2).

B) Established Redevelopment District

The Property is within an established Redevelopment District approved by the UG on November 17, 2011 pursuant to Ordinance No. 51-11. (See copy of Ordinance No. 51-11 attached hereto as Exhibit B). The approved District Plan contained within the Redevelopment District Ordinance provides, in pertinent part:

Redevelopment Project Area 2: Residential, industrial, commercial, and mixed-use development including, but not limited to, some or all of the following uses: retail, office, hotel, residential, industrial, manufacturing, structured and surface parking, as well as all associated public and private infrastructure.

This proposed Redevelopment Plan for Redevelopment Project Area 2 is consistent with the stated purpose and intent of the approved Redevelopment District.

C) The Project – Description and Overview

This Redevelopment Plan provides for the development of property located within a designated enterprise zone pursuant to K.S.A. 12,17-107 through 12,17-113. It is anticipated that the following will be developed within Redevelopment Project Area 2: (i) an approximately 41,000 square foot neighborhood market store, (ii) an approximately 1,000 square foot fuel center, (iii) an approximately 3,500 square foot retail building, (iv) an approximately 3,500 square foot retail outlot. Notwithstanding the foregoing, the parcels located within Redevelopment Project Area 2 shall not be limited to uses described in this section, and may be used for any use permitted by the District Plan.

D) Feasibility Study

As required by the Act, a study has been prepared to determine whether the Project’s estimated benefits and tax increment revenues are expected to exceed or be sufficient to pay for the Project’s estimated costs. This effort involved utilization of consultants with experience and expertise in the actual design, development, financing, management, and leasing of projects of similar scope and nature. Further, outside resources were consulted to compare and verify cost and revenue projections including outside industry sources and actual taxing jurisdiction data where available. The results of this study are as follows:
1. **Project Costs**

The total estimated cost to complete Redevelopment Project Area 2, including land acquisition, site development, building construction, soft costs, and all fees, is $9,547,076. A breakdown of the estimated costs by category and the amount and basis for determination is set forth below.

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>TOTAL PROJECT COSTS</th>
<th>REIMBURSABLE PROJECT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Acquisition</td>
<td>$292,730</td>
<td>$292,730</td>
</tr>
<tr>
<td>Sitework, Parking &amp; Infrastructure Construction</td>
<td>$2,684,752</td>
<td>$2,684,752</td>
</tr>
<tr>
<td>Vertical Building Construction</td>
<td>$4,869,503</td>
<td>$300,000</td>
</tr>
<tr>
<td>Soft Costs, Fees &amp; Contingency</td>
<td>$1,700,090</td>
<td>$1,066,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$9,547,076</td>
<td>$4,343,482</td>
</tr>
</tbody>
</table>

A more complete budget is attached hereto as Exhibit D.

Pursuant to the TIF Act, only certain costs are eligible for TIF financing and reimbursement (“**Reimbursable Project Costs**”). This Redevelopment Plan contemplates that any and all costs legally reimbursable under the TIF Act shall be Reimbursable Project Costs hereunder. As such, the chart above indicates that approximately $4,343,482 in costs may be Reimbursable Project Costs hereunder.

It is anticipated that Developer will be reimbursed under this Redevelopment Plan on either a “pay-as-you-go” method or through the issuance of special obligation bonds. Alternatively, general obligation bonds may be issued by the UG, at the UG’s sole and absolute discretion, which will be determined at a later date, for the reimbursement of Reimbursable Project Costs. Financing through general obligation/full faith and credit tax increment bonds is being included in this Project Plan in order to preserve this option under K.S.A. 12-1774(b). If the Unified Government determines to proceed with debt financing, it shall have the sole right to select Bond Counsel, Financial Advisor, and underwriter.

2. **Project Revenues**

The present value of TIF Revenues generated over the term of the TIF, as allowed by the TIF Act, are estimated to be $5,971,612 (present value of 5.50%) for Redevelopment Project Area 2. TIF Revenue projections are set forth in Exhibit E, attached hereto.

Pursuant to the TIF Act, TIF Revenues can be generated from two sources:
a) Ad Valorem Tax Increment Revenues - The differential between the ad valorem taxes generated by real property within the TIF District as of the date the TIF District was established and future ad valorem taxes which will be generated after the redevelopment, (less ad valorem taxes not allowed to be captured pursuant to the Act) and

b) Local Sales Tax Revenues - The retail sales dollar amount generated within the Project multiplied by the UG’s portion of the retail sales tax rate, which based on the location of the Project, is 2.625%. As mentioned previously, only 1.94% of the retail sales produced within Redevelopment Project Area 2 will be captured by TIF and utilized for the reimbursement of Reimbursable Project Costs. The remaining 0.685% will not be captured by TIF, but will flow remain with the UG.

**Ad Valorem Tax Increment Captured**

According to the Wyandotte County Appraiser’s Office, the 2011 assessed value for Redevelopment Project Area 2 is $19,710. This serves as the base value against which future Redevelopment Project values can be compared in order to determine the amount of Ad Valorem Tax Increment Revenues that will be generated by Redevelopment Projects Area 2.

This Redevelopment Plan proposes to finance Reimbursable Project Costs by capturing 100% of the allowable ad valorem tax increment for the entire term in which the Redevelopment Plan is in effect.

**Sales Tax Revenues Captured**

It is anticipated that upon full completion of Redevelopment Project Area 2, it will produce a taxable annual retail sales volume of $17,620,000. This estimate is based on:

- Recent versions of the Dollar & Cents of Shopping Centers published by the Urban Land Institute;
- Feedback from announced tenants of the Redevelopment Project Area;
- UG Staff;
- Lane4 Brokers; and
- Expertise from Polsinelli PC’s Real Estate Development Department, whose experience with developing, financing, and entitling similar retail projects is extensive.

The sales tax rate within Redevelopment Project Area 2 totals 8.775%. Of this, 6.15% flows through to the State of Kansas, leaving 2.625% that flows to the UG.
It is proposed that 0.685% of the UG’s 2.625% sales tax on sales within Redevelopment Project Area 2 will flow through to the UG. The remaining 1.94% of the UG’s 2.625% sales tax will be captured by TIF and utilized to reimburse Reimbursable Project Costs. The development of Redevelopment Project Area 2 is estimated to generate sales tax revenues reimbursable to Developer in the first fully developed year of the TIF term in the amount of approximately $341,828.

The pledge of sales tax revenues will be set forth in a development agreement agreement, with due consideration given to the development’s economic impact to the community’s current retail and economic environment.

3. **Tax Increment Revenues and General Obligation Bond Financing**

Based on Redevelopment Project Area 2’s projected captured annual TIF Sales Tax Revenues and the captured annual Ad Valorem Tax Increment, as heretofore described, it is estimated that present value of $5,971,612 (present value at 5.50%) will be available to the Redevelopment Project Area 2, and, further, may be used to pay and support project costs for Redevelopment Project Area 1, as revised, which received project approval on December 6, 2012 pursuant to Ordinance No. 0-64-12. If the UG finances the project with general obligation bonds, the net bonded value of the TIF revenue stream, and thus the amount available to Redevelopment Project Area 2, would substantially increase. Likewise, the principal and interest payments would be based on the generally prevailing debt service coverage ratio and interest rate for general obligation bonds issued by the UG, which is lower than the prevailing debt service coverage ratio and interest rate for special obligation bonds issued and will contribute to the increase in net bonded value of the TIF revenue stream.

4. **Significant Contribution to Economic Development of the City**

The development contemplated in the Redevelopment Project Plan will provide significant economic development for the UG by, among other things, creating a significant commercial center that will provide enhanced commerce, shopping opportunities, employment, and general commerce for area residents. The feasibility study demonstrates that the benefits derived from the development contemplated in this Redevelopment Project Plan will exceed the costs and that the income from the project will be sufficient to pay the costs of the project.

5. **Sufficiency of Tax Increment Revenues Compared to Projects Costs**

The total of the Reimbursable Project Costs that can be financed under the Act are limited by the amount of TIF Revenues generated within the Redevelopment Project Area. Thus by operation, the TIF Revenues will always equal or exceed the amount of the Reimbursable Project Costs. Based on the Redevelopment Plan’s (1) Reimbursable Project Costs and (2) present value TIF Revenues, the revenues are expected to pay for the Reimbursable Project Costs as contemplated under the Act when supplemented by private debt and equity.

- Estimated Redevelopment Project Area 2 Costs $ 9,547,076
• Redevelopment Project Area 2 TIF Revenue
  (present value of 5.50%)  $5,971,612

Given that only TIF revenues generated within Redevelopment Project Area 2 will be utilized to implement this Redevelopment Project Plan, there is no anticipated impact on special obligation bonds payable from revenues described in (a)(1)(D) of K.S.A. 12-1774 and amendments thereto.

E) **Meetings and Minutes**

Upon approval of this Redevelopment Project Plan, the UG Clerk will attach the minutes of all UG meetings where the Project was discussed as Exhibit F.

F) **Relocation Plans**

Developer currently is the contract-purchaser of all property within Redevelopment Project Area 2. The site is currently vacant; thus, the Project will not require the relocation of any tenant.

**IV. CONCLUSION**

Based on the foregoing, this Redevelopment Plan proposes to utilize portions of both the ad valorem tax and sales tax increment, with revenue from the sales tax increment representing 1.94% out of the UG’s 2.625% sales tax which is generated by the Project, to finance Redevelopment Project Area 2’s Reimbursable Project Costs (not including interest and expenses). The Developer hereby submits this Redevelopment Plan for public hearing and due consideration.
Exhibit A

Legal Descriptions

**Redevelopment District**

Lot 1, ARGENTINE INDUSTRIAL PARK, a subdivision of land in the City of Kansas City, County of Wyandotte, State of Kansas;

and

Lots 1, 2 and 3, and Tract A, HODG SUBDIVISION, a replat of Lot 2, Argentine Industrial Park, a subdivision of land in the City of Kansas City, County of Wyandotte, State of Kansas;

and

Any and all right-of-way adjacent thereto.

**Redevelopment Project Area 2**

Lot 1, ARGENTINE INDUSTRIAL PARK, a subdivision of land in the City of Kansas City, County of Wyandotte, State of Kansas, and all right-of-way adjacent thereto.
Exhibit A-1

Depiction of Redevelopment District
Exhibit A-2

Depiction of Redevelopment Project Areas
Exhibit B

Redevelopment District Ordinance No. _51-11

See Attached on Following Page
## Argentine Retail Developers - Project Costs

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>COST</th>
<th>REIMBURSABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ACQUISITION COSTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Price &amp; Closing Costs</td>
<td>$292,730</td>
<td>$292,730</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>$292,730</td>
<td>$292,730</td>
</tr>
<tr>
<td><strong>SITE WORK</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighborhood Market</td>
<td>$1,846,902</td>
<td>$1,846,903</td>
</tr>
<tr>
<td>Pads</td>
<td>$593,782</td>
<td>$593,782</td>
</tr>
<tr>
<td>Contingency (10%)</td>
<td>$244,068</td>
<td>$244,069</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>$2,684,752</td>
<td>$2,684,754</td>
</tr>
<tr>
<td><strong>HARD CONSTRUCTION COSTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Conditions</td>
<td>$329,884</td>
<td>$50,000</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>$3,627,687</td>
<td>$85,000</td>
</tr>
<tr>
<td>Bonds</td>
<td>$92,446</td>
<td>$10,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>$17,834</td>
<td>$5,000</td>
</tr>
<tr>
<td>Contractor's Overhead and Profit</td>
<td>$280,224</td>
<td>$50,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$78,746</td>
<td>-</td>
</tr>
<tr>
<td>Contingency (10%)</td>
<td>$442,682</td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>$4,869,503</td>
<td>$300,000</td>
</tr>
<tr>
<td><strong>SOFT COSTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design-Architect and Engineering</td>
<td>$226,530</td>
<td>$75,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>$45,000</td>
<td>$45,000</td>
</tr>
<tr>
<td>Inspections and Testing</td>
<td>$41,570</td>
<td>$41,000</td>
</tr>
<tr>
<td>Legal</td>
<td>$200,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Construction Administration</td>
<td>$137,765</td>
<td>$50,000</td>
</tr>
<tr>
<td>Development Fee</td>
<td>$355,084</td>
<td>$355,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$204,500</td>
<td>$100,000</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>$206,293</td>
<td>$100,000</td>
</tr>
<tr>
<td>Contingency (20%)</td>
<td>$283,348</td>
<td>$100,000</td>
</tr>
<tr>
<td><strong>SUBTOTAL</strong></td>
<td>$1,700,090</td>
<td>$1,066,000</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition Costs</td>
<td>$292,730</td>
<td>$292,730</td>
</tr>
<tr>
<td>Site Work</td>
<td>$2,684,752</td>
<td>$2,684,754</td>
</tr>
<tr>
<td>Hard Construction Costs</td>
<td>$4,869,503</td>
<td>$300,000</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$1,700,090</td>
<td>$1,066,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$9,547,076</td>
<td>$4,343,484</td>
</tr>
</tbody>
</table>
## Exhibit E-1

### TIF Revenue Projections – Neighborhood Market

<table>
<thead>
<tr>
<th>TIF YEAR</th>
<th>BASE ASSESSED VALUE</th>
<th>PROJECTED ASSESSED VALUE</th>
<th>BASE SALES</th>
<th>PROJECTED SALES</th>
<th>REAL ESTATE TAX INCREMENT</th>
<th>SALES TAX INCREMENT (CITY)</th>
<th>SALES TAX INCREMENT (COUNTY)</th>
<th>TOTAL TIF REVENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$11,582</td>
<td>$11,582</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>$11,582</td>
<td>$333,125</td>
<td>-</td>
<td>-</td>
<td>$6,560,000</td>
<td>$53,718</td>
<td>$65,600</td>
<td>$180,982</td>
</tr>
<tr>
<td>3</td>
<td>$11,582</td>
<td>$666,250</td>
<td>$12,120,000</td>
<td>$109,371</td>
<td>$131,200</td>
<td>$123,328</td>
<td>$363,899</td>
<td>$180,982</td>
</tr>
<tr>
<td>4</td>
<td>$11,582</td>
<td>$672,913</td>
<td>$13,251,200</td>
<td>$110,484</td>
<td>$132,512</td>
<td>$124,561</td>
<td>$367,557</td>
<td>$180,982</td>
</tr>
<tr>
<td>5</td>
<td>$11,582</td>
<td>$679,642</td>
<td>$13,383,712</td>
<td>$111,608</td>
<td>$133,837</td>
<td>$125,807</td>
<td>$371,252</td>
<td>$180,982</td>
</tr>
<tr>
<td>6</td>
<td>$11,582</td>
<td>$686,438</td>
<td>$13,517,549</td>
<td>$112,743</td>
<td>$135,175</td>
<td>$127,065</td>
<td>$374,984</td>
<td>$180,982</td>
</tr>
<tr>
<td>7</td>
<td>$11,582</td>
<td>$693,302</td>
<td>$13,652,725</td>
<td>$113,890</td>
<td>$136,527</td>
<td>$128,336</td>
<td>$378,753</td>
<td>$180,982</td>
</tr>
<tr>
<td>8</td>
<td>$11,582</td>
<td>$700,235</td>
<td>$13,789,252</td>
<td>$115,048</td>
<td>$137,893</td>
<td>$129,619</td>
<td>$382,560</td>
<td>$180,982</td>
</tr>
<tr>
<td>9</td>
<td>$11,582</td>
<td>$707,238</td>
<td>$13,927,144</td>
<td>$116,218</td>
<td>$139,271</td>
<td>$130,915</td>
<td>$386,405</td>
<td>$180,982</td>
</tr>
<tr>
<td>10</td>
<td>$11,582</td>
<td>$714,310</td>
<td>$14,066,416</td>
<td>$117,400</td>
<td>$140,664</td>
<td>$132,224</td>
<td>$390,288</td>
<td>$180,982</td>
</tr>
<tr>
<td>11</td>
<td>$11,582</td>
<td>$721,453</td>
<td>$14,207,080</td>
<td>$118,593</td>
<td>$142,071</td>
<td>$133,547</td>
<td>$394,211</td>
<td>$180,982</td>
</tr>
<tr>
<td>12</td>
<td>$11,582</td>
<td>$728,688</td>
<td>$14,349,151</td>
<td>$119,798</td>
<td>$143,492</td>
<td>$134,882</td>
<td>$398,172</td>
<td>$180,982</td>
</tr>
<tr>
<td>13</td>
<td>$11,582</td>
<td>$735,954</td>
<td>$14,492,642</td>
<td>$121,016</td>
<td>$144,926</td>
<td>$136,231</td>
<td>$402,173</td>
<td>$180,982</td>
</tr>
<tr>
<td>14</td>
<td>$11,582</td>
<td>$743,314</td>
<td>$14,637,569</td>
<td>$122,245</td>
<td>$146,376</td>
<td>$137,593</td>
<td>$406,214</td>
<td>$180,982</td>
</tr>
<tr>
<td>15</td>
<td>$11,582</td>
<td>$750,747</td>
<td>$14,783,944</td>
<td>$123,487</td>
<td>$147,839</td>
<td>$138,969</td>
<td>$410,296</td>
<td>$180,982</td>
</tr>
<tr>
<td>16</td>
<td>$11,582</td>
<td>$758,255</td>
<td>$14,931,784</td>
<td>$124,741</td>
<td>$149,318</td>
<td>$140,359</td>
<td>$414,418</td>
<td>$180,982</td>
</tr>
<tr>
<td>17</td>
<td>$11,582</td>
<td>$765,837</td>
<td>$15,081,102</td>
<td>$126,008</td>
<td>$150,811</td>
<td>$141,762</td>
<td>$418,581</td>
<td>$180,982</td>
</tr>
<tr>
<td>18</td>
<td>$11,582</td>
<td>$773,496</td>
<td>$15,231,913</td>
<td>$127,288</td>
<td>$152,319</td>
<td>$143,180</td>
<td>$422,787</td>
<td>$180,982</td>
</tr>
<tr>
<td>19</td>
<td>$11,582</td>
<td>$781,231</td>
<td>$15,384,232</td>
<td>$128,580</td>
<td>$153,842</td>
<td>$144,612</td>
<td>$427,034</td>
<td>$180,982</td>
</tr>
<tr>
<td>20</td>
<td>$11,582</td>
<td>$789,043</td>
<td>$15,538,074</td>
<td>$129,885</td>
<td>$155,381</td>
<td>$146,058</td>
<td>$431,324</td>
<td>$180,982</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$2,202,122</strong></td>
<td><strong>$2,639,055</strong></td>
<td><strong>$2,480,712</strong></td>
<td><strong>$3,047,678</strong></td>
<td><strong>$135%</strong></td>
<td><strong>$1,236,992</strong></td>
<td><strong>$1,483,182</strong></td>
<td><strong>$4,114,365</strong></td>
</tr>
<tr>
<td><strong>NET PRESENT VALUE</strong></td>
<td><strong>5.5%</strong></td>
<td><strong>$1,236,992</strong></td>
<td><strong>$1,483,182</strong></td>
<td><strong>$1,394,191</strong></td>
<td><strong>135%</strong></td>
<td><strong>$1,236,992</strong></td>
<td><strong>$1,483,182</strong></td>
<td><strong>$4,114,365</strong></td>
</tr>
<tr>
<td><strong>Cross Bond Proceeds</strong> (NPV of Revenue Divided by DSCR)</td>
<td><strong>135%</strong></td>
<td><strong>$916,291</strong></td>
<td><strong>$1,098,653</strong></td>
<td><strong>$1,032,734</strong></td>
<td><strong>135%</strong></td>
<td><strong>$1,288,211</strong></td>
<td><strong>$1,538,811</strong></td>
<td><strong>$4,266,753</strong></td>
</tr>
<tr>
<td><strong>Less: Bond Issuance</strong></td>
<td><strong>14%</strong></td>
<td><strong>$128,281</strong></td>
<td><strong>$153,811</strong></td>
<td><strong>$144,583</strong></td>
<td><strong>14%</strong></td>
<td><strong>$128,281</strong></td>
<td><strong>$153,811</strong></td>
<td><strong>$426,675</strong></td>
</tr>
<tr>
<td><strong>NET BOND PROCEEDS</strong></td>
<td></td>
<td><strong>$788,010</strong></td>
<td><strong>$944,842</strong></td>
<td><strong>$888,151</strong></td>
<td></td>
<td><strong>$788,010</strong></td>
<td><strong>$944,842</strong></td>
<td><strong>$2,621,003</strong></td>
</tr>
</tbody>
</table>
## EXHIBIT E-2

### TIF Revenue Projections – Fuel Center + Outlots

<table>
<thead>
<tr>
<th>TIF YEAR</th>
<th>BASE ASSESSED VALUE</th>
<th>PROJECTED ASSESSED VALUE</th>
<th>BASE SALES</th>
<th>PROJECTED SALES</th>
<th>REAL ESTATE TAX INCREMENT</th>
<th>SALES TAX INCREMENT (CITY)</th>
<th>SALES TAX INCREMENT (COUNTY)</th>
<th>TOTAL TIF REVENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$8,128</td>
<td>$8,128</td>
<td></td>
<td>-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>2</td>
<td>$8,128</td>
<td>$234,375</td>
<td>-</td>
<td>$2,250,000</td>
<td>$37,798</td>
<td>$22,500</td>
<td>$21,150</td>
<td>$81,448</td>
</tr>
<tr>
<td>3</td>
<td>$8,128</td>
<td>$468,750</td>
<td>-</td>
<td>$4,500,000</td>
<td>$76,953</td>
<td>$45,000</td>
<td>$42,300</td>
<td>$164,253</td>
</tr>
<tr>
<td>4</td>
<td>$8,128</td>
<td>$473,438</td>
<td>-</td>
<td>$4,545,000</td>
<td>$77,736</td>
<td>$45,450</td>
<td>$42,273</td>
<td>$165,909</td>
</tr>
<tr>
<td>5</td>
<td>$8,128</td>
<td>$478,172</td>
<td>-</td>
<td>$4,590,450</td>
<td>$78,527</td>
<td>$45,905</td>
<td>$43,150</td>
<td>$167,582</td>
</tr>
<tr>
<td>6</td>
<td>$8,128</td>
<td>$482,954</td>
<td>-</td>
<td>$4,636,355</td>
<td>$79,326</td>
<td>$46,364</td>
<td>$43,582</td>
<td>$169,271</td>
</tr>
<tr>
<td>7</td>
<td>$8,128</td>
<td>$497,783</td>
<td>-</td>
<td>$4,682,718</td>
<td>$80,133</td>
<td>$46,827</td>
<td>$44,018</td>
<td>$170,977</td>
</tr>
<tr>
<td>8</td>
<td>$8,128</td>
<td>$492,661</td>
<td>-</td>
<td>$4,729,545</td>
<td>$80,948</td>
<td>$47,295</td>
<td>$44,458</td>
<td>$172,701</td>
</tr>
<tr>
<td>9</td>
<td>$8,128</td>
<td>$497,588</td>
<td>-</td>
<td>$4,776,841</td>
<td>$81,771</td>
<td>$47,768</td>
<td>$44,902</td>
<td>$174,441</td>
</tr>
<tr>
<td>10</td>
<td>$8,128</td>
<td>$502,563</td>
<td>-</td>
<td>$4,824,609</td>
<td>$82,602</td>
<td>$48,246</td>
<td>$45,351</td>
<td>$176,199</td>
</tr>
<tr>
<td>11</td>
<td>$8,128</td>
<td>$507,589</td>
<td>-</td>
<td>$4,872,855</td>
<td>$83,442</td>
<td>$48,729</td>
<td>$45,805</td>
<td>$177,975</td>
</tr>
<tr>
<td>12</td>
<td>$8,128</td>
<td>$512,665</td>
<td>-</td>
<td>$4,912,584</td>
<td>$84,290</td>
<td>$49,216</td>
<td>$46,263</td>
<td>$179,768</td>
</tr>
<tr>
<td>13</td>
<td>$8,128</td>
<td>$517,792</td>
<td>-</td>
<td>$4,970,800</td>
<td>$85,146</td>
<td>$49,708</td>
<td>$46,726</td>
<td>$181,580</td>
</tr>
<tr>
<td>14</td>
<td>$8,128</td>
<td>$522,970</td>
<td>-</td>
<td>$5,020,508</td>
<td>$86,011</td>
<td>$50,205</td>
<td>$47,193</td>
<td>$183,409</td>
</tr>
<tr>
<td>15</td>
<td>$8,128</td>
<td>$528,199</td>
<td>-</td>
<td>$5,070,713</td>
<td>$86,885</td>
<td>$50,707</td>
<td>$47,665</td>
<td>$185,257</td>
</tr>
<tr>
<td>16</td>
<td>$8,128</td>
<td>$533,481</td>
<td>-</td>
<td>$5,120,420</td>
<td>$87,767</td>
<td>$51,214</td>
<td>$48,141</td>
<td>$187,123</td>
</tr>
<tr>
<td>17</td>
<td>$8,128</td>
<td>$538,816</td>
<td>-</td>
<td>$5,172,634</td>
<td>$88,658</td>
<td>$51,726</td>
<td>$48,623</td>
<td>$189,007</td>
</tr>
<tr>
<td>18</td>
<td>$8,128</td>
<td>$544,204</td>
<td>-</td>
<td>$5,224,360</td>
<td>$89,559</td>
<td>$52,244</td>
<td>$49,109</td>
<td>$190,911</td>
</tr>
<tr>
<td>19</td>
<td>$8,128</td>
<td>$549,646</td>
<td>-</td>
<td>$5,276,604</td>
<td>$90,466</td>
<td>$52,766</td>
<td>$49,600</td>
<td>$192,834</td>
</tr>
<tr>
<td>20</td>
<td>$8,128</td>
<td>$555,143</td>
<td>-</td>
<td>$5,329,370</td>
<td>$91,386</td>
<td>$53,294</td>
<td>$50,096</td>
<td>$194,776</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$1,549,403</strong></td>
<td><strong>$905,164</strong></td>
<td>-</td>
<td><strong>$850,854</strong></td>
<td><strong>$3,305,420</strong></td>
<td><strong>$508,713</strong></td>
<td><strong>$478,190</strong></td>
<td><strong>$1,857,247</strong></td>
</tr>
</tbody>
</table>

### NET PRESENT VALUE

- **5.50%**

**Gross Bond Proceeds (NPV of Revenue Divided by DSCR)**: 135%
- **$644,699**
- **$376,825**
- **$354,215**
- **$1,375,738**

**Less: Bond Issuance**: 14%
- **$90,258**
- **$52,755**
- **$49,590**
- **$192,603**

**NET BOND PROCEEDS**
- **$554,441**
- **$324,069**
- **$304,625**
- **$1,183,135**
EXHIBIT F

MINUTES (attached)
1. Shortfall on UG backed bonds from Project Area 1

2. Service debt on Project Area 2

3. Service debt on Infrastructure/Street improvements

4. Remaining TIF funds available to super sink bonds or fund other eligible projects
# Economic Development & Finance Standing Committee

## Goals & Objectives

<table>
<thead>
<tr>
<th>Commission Goal</th>
<th>Objective</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Development</strong></td>
<td>Grow small business</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grow existing businesses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expand large businesses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Attract large businesses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Create jobs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Redevelop community</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grow tourism</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Collaborate w/BPU to waive water &amp; electric</td>
<td>Program complete - Marketing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BPU agreed to waive connection fees in relation to the UG waiving permit fees and sewer connection fees for single family residences through Dec. 2013</td>
</tr>
<tr>
<td></td>
<td>Single family construction</td>
<td>Complete - marketing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Waive building permit fees and sewer connection fees for single family housing through 2013.</td>
</tr>
<tr>
<td></td>
<td>Discuss Port Authority</td>
<td>No action at this time.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jody Boeding reported to SC as to how a Port Authority could be created and Mike Taylor reported on how this could be done through the Kansas Legislature.</td>
</tr>
<tr>
<td></td>
<td>Public Building Commission</td>
<td>Complete - Approved by Full Commission 11-15-12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approved by Standing Committee as a finance tool.</td>
</tr>
</tbody>
</table>