I. Call to Order / Roll Call

II. Approval of standing committee minutes from February 3, 2014.

III. Committee Agenda

Item No. 1 - FUNDING REQUEST: DOWNTOWN YMCA

Synopsis:
Requesting additional funding for continued operations of the 8th Street YMCA for the next 12 months, submitted by Gordon Criswell, Asst. County Administrator, and Reginald Lindsey, Budget Director.
Tracking #: 140110
Item No. 2 - RESOLUTION: BPU $13M LOAN FROM KDHE

Synopsis:
A resolution authorizing the BPU to obtain a loan from the Kansas Public Water Supply Fund administered by the KDHE, submitted by Jody Boeding, Chief Legal Counsel. Funds will be used for 1) filter and pumping improvements at the Nearman Water Treatment Plant and 2) water main rehabilitation projects in the distribution system.
Tracking #: 140086

Item No. 3 - RESOLUTION: BROWNFIELD COALITION ASSESSMENT GRANT

Synopsis:
A resolution authorizing approval of a Memorandum of Agreement with KCMO and MARC as part of the OneKC Bi-State Brownfield Coalition Grant, submitted by Marlon Goff, Economic Development.
Tracking #: 140105

Item No. 4 - RESOLUTION: MARKETING SERVICES FOR FORMER INDIAN SPRINGS

Synopsis:
A resolution approving a proposal submitted by Lane4 Property Group, Inc. regarding marketing services for the former Indian Springs Mall site (Midtown Redevelopment District), located at approximately 4601 State Avenue, submitted by George Brajkovic, Economic Development Director.
Tracking #: 140102

Item No. 5 - RESOLUTION: ASSIGNMENT OF BENEFITS BY SPEEDWAY HEIGHTS

Synopsis:
A resolution allowing the assignment of benefits by Speedway Heights, LLC, to Sanders Brothers Investments, LLC, in connection with the $21M Taxable Multifamily Housing Revenue Bonds (The Heights at Delaware Ridge Project, 130th & State), Series 2012, submitted by George Brajkovic, Economic Development Director.
Tracking #: 140108
IV. OUTCOMES

Item No. 1 - DISCUSSION/ADOPTION: ECONOMIC DEVELOPMENT POLICY

Synopsis:
Request discussion and adoption of the updated Local Economic Development policy regarding TIFs, submitted by George Brajkovic, Economic Development Director.
Tracking #: 140103

V. ADJOURN
The meeting of the Economic Development and Finance Standing Committee was held on Monday, February 3, 2014, at 6:34 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners Townsend, Murguia, Walters, and BPU Board Member David Alvey.

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

Chairman McKiernan said I do want to make sure that everyone is aware that we do have two additional—we have one blue sheet and one pink sheet for tonight’s agenda. There was an Item No. 4 added to the Committee Agenda and Item No. 2 has been added to our Outcomes Agenda. We want to make sure that we do cover those in due time.

Committee Agenda:

Lew Levin, Chief Financial Officer, said again, this is just our quarterly investment report through December 31, 2013. No action is required. It’s for information only. I’ll just highlight a few numbers in the report. You can see our total investments as of December 31st, $200M slightly over. That included about $60M that was subsequently distributed in tax distributions to other entities in mid January. Our average yield or our earnings on those investments, or outstanding investments rather, 0.54%, and our total earnings for the year $751,000.

What I thought might be interesting was I went back and looked at the same report for December 2008 to describe maybe the contrast maybe of what we were earning in terms of interest simply five years ago, and that was at the time of the outset of the recession. In 2008,
our total investments for the same period, we had $220M. We had a stronger, I’ll say, cash balance at the time. Our average yield was just under 3% and our interest earnings for the year in 2008 were $7.5M. Just to contrast that, last year we earned $6.8M less than we earned five years ago. That really translates into—this has been a major impact in addition to property tax and other impacts we’ve had since the recession. I would rate this as one of the top three impacts that has, I’ll say, negatively affected our cash reserves and our fund balance and put pressure on our property taxes. Our inability to earn significant interest monies on the converse with our ability to borrow funds on a long-term basis is we’re able to borrow at a lower rate than we were in 2008. In the short-term, it’s a significant impact upon our budget.

Chairman McKiernan said my only question would be, how do we get that back up to 3%, but that’s not something that we’ll solve here tonight.

Action: For information only. No action required.

Item No. 2 – 140031… Resolution authorizing a memorandum of understanding with the Fund for Cities of Service, Inc., relative to a grant for the implementation of Growing from the Ground Up, funded by Bloomberg Philanthropies, submitted by Misty Brown Polo, Legal.

Misty Brown Polo, Legal, said you have before you a resolution. The Unified Government was awarded a grant for $25,000 with the possibility of an additional $5,000, totaling $30,000 from the Cities of Service. The resolution you have before you authorizes the Unified Government to accept the grant and enter into a contract with Cities of Service. Jason Banks from the mayor’s office and Steve Curtis from CHWC are here to talk more about the program and what the grant intends to do.

February 3, 2014
Jason Banks, Assistant to the Mayor, said as this group is certainly keenly aware, Mayor Holland is committed to addressing a number of health disparities in our community. Over the years, there have been a number of studies and without citing them individually, most of the correlates in those studies point back to the lack of healthy foods, fresh foods, and vegetables in the diets of our children in our community. This is a pretty unique opportunity, we think, to one, engage our community in a real organic way and also to move the needle on some of those health indicators.

What I have upon the slide for you are the lots that have gone through the Land Bank transfer that will be the site for these community gardens. The memorandum outlines many of the key indicators. I won’t read this to you, but I would like to turn the presentation over to Steve Curtis to talk about some of the logistics of our grant.

Steve Curtis, Community Organizer, CHWC, said getting this grant provides an opportunity to do several things. As a community organizer, those of you that have been in the business before know that you have to look at every opportunity to interface with somebody in the community in a multifaceted way. There are so many opportunities that exist out there. This was to set up an urban farm. It’s located about 50 ft. east of M. E. Pearson Elementary School. 96% of the kids that go to that school qualify for a free lunch. About 39% of people that live in that area live at the poverty line or below.

We worked with some KU architectural students this fall and they surveyed a lot of the population in the immediate area. One of the things that they commented most about was not having fresh fruits and vegetables available to them.

We chose this lot primarily for two reasons. One is to produce produce. One of the other opportunities we saw was a chance to create a learning center where we could be a resource for people in the neighborhood, not only to get produce, but also to learn how to do it themselves. We partnered with the K-State Extension Group. We’ve talked to Cultivate KC and Community Gardens to work with them; communities and schools at the school to work with the kids. We hope to start working on this sometime in the next two weeks. We still have about a foot to 16 inches of frost line in the ground so there’s no sense wasting a lot of time.

The other thing before I move on is you see several other opportunities here. You can see the trash along the alleyway. You can see the graffiti and the abatement treatment along the
walls. I think we can make an impact on the kids in the area and this alley as well by schools so when these kids walk to school, they don’t have to see something as depressing as this. We’ll put murals on the walls, work with the kids there and we’ll set up the gardens so that we’ll produce at least 500 pounds of produce this first year to give away to neighborhood residents.

The program is focused on using volunteers so we’ll be using young people from the school itself that will come over and visit and help us do some planting. We’ll be using volunteers out of the community, particularly in the blocks that surround that area. Most of the blocks have about 20 houses and each house has about 2.5 residents in it, according to census. That may be off a little bit now. That’s generally the idea of what we want to do.

Mr. Banks said I would like to note that as Steve mentioned, the impact volunteering component of this, I would like to extend an invitation to this governing body to come out as soon as we thaw out and help us turn the soil. Don’t feel pressured to respond now, but that’s an open invitation.

Commissioner Townsend asked how will the produce that comes as a result of this be made available to the public. Mr. Curtis said what we’re thinking about doing is making that available on Saturdays and informing the neighborhood through fliers in the neighborhood itself; concentrating a lot on the volunteers that work there. I think they’re the ones that probably should receive some produce first, but it will be set to give away. The other component of that is you know things don’t always work out the way you want so if they don’t show up to pick up produce, we’ll go door-to-door and try to give it away.

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

Item No. 3 – 140026... Resolution authorizing an intergovernmental cooperative agreement for tax verification information between the UG, Johnson County, KS, Jackson County, MO, and the city of

February 3, 2014
General Program Overview
- Program Intent
- Initial Focus: Occupational Licensing & Delinquent Real Estate Taxes
- Unified Government’s Targeted Thresholds
- Communication Requirements (Process & Workflow)

Participating Jurisdictions
- Unified Government (Occupational & Delinquent Real Estate)
- Johnson County, Kansas (Personal Property/Delinquent Real Estate)
- City of Kansas City, Missouri (Earnings Tax)
- Jackson County, Missouri (Personal Property/Delinquent Real Estate)

Formal Commencement Date – Pending Adoption

The general program itself, like I said, is the four jurisdictions trying to work together. We’re going to talk a little bit about the intent of what we’re trying to do here tonight as well with the initial focus of what we’re actually doing as well on occupational licensing and delinquent real estate. The other agencies themselves are—Johnson County is looking basically for personal property and delinquent real estate whereas the city of Kansas City, MO, is going to be looking
at earnings taxes, their initial adoption over there for their protocol; and Jackson County is basically doing the same thing with personal property and the area as well.

**Core4: Tax Clearance Initiative**

Program Intent
- Cooperative Intergovernmental Agreement to Verify Delinquent Tax Debts
- Communication protocol creates verification status prior to award, which in return, creates an additional revenue stream for collecting delinquent taxes
- The Unified Government will be required to provide tax clearance information on the targeted UG tax obligations to the participating jurisdictions, and the UG will seek formal verification from the participating jurisdictions prior to awarding of UG contracts

Initial Focus – Unified Government
- To effectively establish the internal communication process, the Unified Government will initially concentrate on occupational business licenses and delinquent real estate taxes
- Occupational Licenses: Verified through MAUW system
- Delinquent Real Estate Taxes: Verified through the Tax Administration System (TAS)

We are going to start here tonight by talking a little bit about the collaboration. I think my experience with CORE4 has been good so far. There are a lot of great initiatives coming out of this thing and I think when Gordon called, we started talking a little bit with Kansas City, MO, in particular, Mike Schumacher, which allowed us to basically get this initiative together. When you look down at program intent, we’ll basically allow the four jurisdictions to set a threshold for any of their types of contracts. As an example for the Unified Government, when we would receive a call basically or an email or a communication, we’re going to start this thing light too. That’s the important thing.

I’m a technology guy. I’d like to think that someday in the future we could have this all integrated. That’s one of the things that we’re definitely looking down the road too but we want to start simple. I think it’s very important to get the communication protocol built first. Once we do that, I think this thing will be seeded well enough that we can get some communications behind it and a little bit of technology to make it a little easier too. At the onset, emails, a text verification letter from the other agencies as an example, would allow us to basically view if there are taxes owed say in our jurisdiction. If Kansas City, MO, was to receive a contract request, they could actually contact us. We will look into our files to see if that vendor has any
taxes due in our jurisdiction as well as the other two remaining jurisdictions would reply back to KCMO and then vice versa for us.

**Core4: Tax Clearance Initiative**

**Targeted Thresholds – Unified Government**
- Construction Contracts/Awards: $50,000+
- Commodities/Services: $20,000+ (Any cost that exceeds formal bid threshold)

**Communication Requirements – Unified Government**
- Unified Government receives formal tax verification request from participating agency, researches formal database account(s) to verify tax status, and responds accordingly via email to participating jurisdictions within 5 days.
- When business thresholds are reached, the Unified Government sends a formal request to the 3 participating jurisdictions to verify the current tax status of the proposed contractor/vendor prior to award.
- If a tax debt is owed in any/all of the remaining 3 jurisdictions, the UG will not award the contract to the bidder/vendor until a tax clearance letter is received, and in some cases, may award the contract to the next qualified bidder/vendor.
- Once the taxes have been paid-in-full by the prospective vendor, a formal tax clearance letter will be authored/published by the participating jurisdictions, and the Unified Government can choose to move forward with the proposed contract award after receiving the formal tax clearance notification.

We’re going to be looking at, like I said, our initial focus is going to take and show construction contracts and awards of $50,000+ and then your general formal bid threshold for commodities of $20,000 is where we would start asking the other jurisdictions to respond back to us with some type of letter of clearance showing that the vendor would not owe any taxes in those other jurisdictions.

The communication requirements, once again, are going to be real simple at the frontend, not to convolute the process, but to allow us to establish a protocol that’s going to drive additional revenue in here. I think that’s real simple. We basically have five days to comply with the request. We’ll search, like I said, our database. It would be MAUWI for occupational tax and then it will be the Tax Administration System for anything that deals with delinquent real estate. With that being stated, I’m going to let Misty talk a little bit about the resolution and we’ll open it up for questions.

**Misty Brown Polo, Legal**, said, commissioners, the resolution is pretty straight forward. Because this is an agreement involving three other jurisdictions, we need commission action that would allow us to enter into this agreement and also support the initiative. The resolution just simply says please let us do it and do you support this initiative.

February 3, 2014
BPU Board Member Alvey asked have other localities across the country tried this same approach and what have been the results. Mr. Deichler said I don’t believe there’s been anyone that’s actually tried this yet. That’s not to say we didn’t uncover it. I haven’t seen anything. Mike Schumacher and I kind of did a little bit of research on the frontend of this thing. We communicated pretty extensively for four or five months on this thing and there wasn’t anything out there like this yet. Everybody got real excited about it at the frontend and we started talking about how we could communicate this thing and then we went back and said let’s get back and ground this into a real process and move it forward and learn how to communicate inside of that protocol. I don’t believe so, but it wouldn’t surprise me if something’s already out there.

BPU Board Member Alvey said certainly if you’re going to start a business in Wyandotte County, you have to get a tax clearance letter from the state of Kansas and provide that to the UG. It’s part of the application process. It’s interesting that you took that approach, that same tactic and applied it to municipalities. Mr. Deichler said exactly. It seems like a great plan and I think we can add things to this as we go along once we establish the protocol. That’s why we’ve all kind of selected the jurisdictions saying what do we want to look at. We’re looking at things that interest us right now that we think there’s with occupational and delinquent real estate. Those are two fairly large areas. There could be some significant revenue there. We’ll know a little bit more. We’ll start to benchmark some things for you, report some things out on the backside and how this thing performs and try to move this program into overdrive and then put some electronics behind it too and make it real simple.

Doug Bach, Deputy County Administrator, said one, I think this is a really good program. You guys really put your heads together to think of new ways to come up, you know, to work together as jurisdictions. Probably, if there is one concern I see when I looked at Jackson County as focusing on earnings tax, which is their way of reaching out to people throughout the metro area to make them pay taxes; where the rest of us are all focusing on property tax which means if someone is not paying their property taxes, we’re hurting those people that live within our jurisdictions and they’re not going there from Jackson County. Is there a reason why they don’t have the same focus?

Mr. Deichler said actually, Doug, I think it’s Kansas City, MO, for the E tax. I talked to Mike about that and that’s basically legislatively they have to do that. I asked Mike a little bit in
detail about looking for delinquent real estate and things like that and they said this is where they wanted to focus initially because they were kind of required to do that under legislative law and to focus on it. They have some things with the IRS and other things that they comply with inside. They’ve got a few more papers and things that they’ve had to adopt internally that we didn’t necessarily have to look at because of that. I think that is the only reason why. It is interesting though.

Commissioner Townsend said I’m just curious as to how, knowing let’s say for instance that a vendor in Missouri has outstanding taxes of some type, whether its earnings tax, how knowing that information is going to help us. What do you see is the benefit to the UG for knowing that information? Mr. Deichler said when we, as an organization and as a CORE4 group, start to assist in identifying delinquent taxes that are on the books somewhere, when we’re asking someone to do that for us, they’re looking out for our interest whereas we’re doing the same obviously when they ask if there are delinquent taxes in our jurisdiction. At the end of that result, there will be a payment of some type that has to come through because there is language that’s going to support the issuance of a contract per se that would say if you do not pay your taxes that are owned in Jackson County because you were under ABC Core over there, we know who you are and now you owe $50,000 there. We have the right to basically refuse issuance of that contract. That’s where we’re talking about how the resolution is going to convey what we’re going to try to do as far as a business protocol. They’re going to have to pay those dollars and show that those are paid over there. In that case, Kansas City, MO, would collect tax dollars that they wouldn’t necessarily get. Just to reverse that process, when we’re actually identifying taxes and we collect those taxes too before KCMO would actually commence with their agreement. Does that make sense?

Commissioner Townsend said I hear what you’re saying. I’m just trying to figure out how we are going to benefit. I guess it just depends on where the vendor is and what you’re looking for. Maybe the other jurisdiction benefits in some way one time and we do in another.

Do you foresee this taking a tremendous amount of time of our staff to make these inquires and to do these checks? Mr. Deichler said at the onset, I don’t think there’s a lot of staff time required. We’ve tried to work some of the business alignment with other staff members here and try to get the communications and keep them simple. I think that’s the main
thing at the frontend of this. I think as this program grows, commissioner, you’re probably going to have someone dedicated to this program that is going to work it full-time. If we can get enough interest in the program, set the actual process up to where it’s beneficial and look at the cost allocations and compare it to the actual revenues generated, I think we can actually show that this thing is going to pay for itself and then some, but the program is going to have to grow a little bit. I think at the onset where we’re establishing these first two initial protocols, I don’t think there’s going to be an absorbent amount of staff time required for this that’s going to require us to lose any real manpower that will cost us additional funds during the year. I’m anticipating this program growing and getting some teeth and getting a few more things in there. Maybe 1, 3, 5 from now, we’re looking at something that’s much bigger but it’s a full blown program and it’s actually dynamically built in a business process and it’s also electronically built so it’s a whole lot cleaner at the frontend which will allow us to expedite our service at this site too.

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

**Item No. 4 – 140039…** Purchase agreement with CBC Real Estate, LLC, for the sale of UG owned property at 651 Village West Parkway (10.5 acres), submitted by George Brajkovic, Economic Development Director.

*George Brajkovic, Economic Development Director,* said we’re here tonight for you to consider a contract purchase agreement for property that we commonly refer to as Site C. It’s about a 10.5 acre tract of property that is under UG ownership, part of the Village West development area. Site C, although it is 10.5 acres, has some challenges. Typography is fairly rough. Between two transition points, there’s about a 40 ft. change in elevation from high to low spot. It’s been a challenge in marketing that site in the past, although we’ve had projects that we’ve considered there.

*February 3, 2014*
I was talking with Mr. Crandall a while ago. Some high profile projects like NASCAR hall of fame didn’t end up occurring there. We think it’s a premier office site. Recently, the Kansas Department of Commerce issued a project overview for a new office project looking in the western Wyandotte corridor. We did an evaluation of our site. We felt that because of some of the limitations or restrictions the site had, it wouldn’t be a strong contender as a standalone site. That’s where Mr. Crandall approached us and said they had interest from the Speedway on a site that the Speedway was also looking to partner up for this very specific use.

Again, I think we put some of the highlights of what the project overview from the state up to 100k sq. ft. user, 300+ new jobs, $90,000+ average salaries year one. Again, the site itself is 10.5 acres. One of the provisions we put in the contract before you is should the user not be inclined to take the entire site, we wanted to charge a premium because we assume that the leftover property would continue to be a difficult property to market and sell.

With that, I would like to introduce Bill Crandall with CBC Real Estate Group, LLC. They’re our proposed partner in this. Bill probably has a few comments.

Bill Crandall, Managing Principal, CBC Real Estate Group, LLC, 4706 Broadway Ste. 240, Kansas City, MO, said it’s a pleasure to be back in front of the Unified Government again. It’s been quite a while. There are all new faces since the last time I was here except Doug and George. I’m excited about the opportunity. We are looking for approval for an exclusive agreement for this one response. The RFP isn’t yet out on the street for the proposer as of yet so we haven’t lost any time which is good in my world. We would have a similar relationship with the Kansas Speedway for the adjacent piece of property. Until we know the specific program of the user, we know generally the size of the requirement but we don’t know a lot more than that at this point. Until we know those things, we don’t know exactly how we’ll use the UG land versus the Speedway land. I do think it’s a great office site as evidenced by the fact that Cerner has built two brand new buildings there as well. I’d be happy to answer any questions that you may have.

BPU Board Member Alvey asked would you anticipate that this site, these offices, would be geared to some kind of support for Cerner. Mr. Crandall said my understanding of the requirement that’s out on the street right now is it’s independent of the Cerner facilities.
Action: BPU Board Member Alvey made a motion, seconded by Commissioner Walters, to approve. Roll call was taken and there were five “Ayes,” Alvey, Walters, Murguia, Townsend, McKiernan.

Chairman McKiernan said I want to make a comment to the people on the committee. This blue sheet process unfortunately may become more routine than we want it to because we moved up the deadline for items by a week to give us more time to review the agendas ahead of time. There may be items that come like this that the Economic Development staff feels it’s important to move forward in a timely manner. Just be prepared. We may be getting periodic blue sheets as last minute items come in.

Doug Bach, Deputy County Administrator, said in relation to that too, you noted that there are no minutes on this month’s agenda. That’s just a staffing issue. The Clerk’s Office could get them onto that calendar. You’re probably going to be that month behind. Once were in cycle, but you’ll be going back and approving a cycle behind. We’re not going to work overtime or such like that to get the minutes on the agenda unless directed that’s necessary. Otherwise, we can’t turn them with the other meetings in that timeframe.

Outcomes

Item No. 1 – 140029… Discussion and presentation on workforce housing and its relationship to the LIHTC.

Chairman McKiernan said Item No. 1 on our outcomes agenda tonight is a presentation on workforce housing. To give a little bit of a background, in our last couple of meetings, we’ve had some discussions about, call it what you will, affordable housing, workforce housing, low income housing and we have had some discussions about looking at and possibly revising the scoring scale that we use to score proposals that come forward to us to determine whether or not we would give a UG letter of support to that proposal. Effectively with the timing of the state such as it is, there’s really no time pressure for us to make those provisions right now because there won’t be more proposals coming forward to us that I’m aware of because the state’s deadline has already passed for the early part of 2014. That gives us then some time to just add some additional items for discussion and for consideration. In talking with staff, they thought it might be good for a representative from LISC—and I see Steven Samuels is here tonight. It’s
good to have you here—to give us a little bit of a presentation from the LISC perspective on how low income housing, or affordable housing, or workforce housing works as one part of a larger overall strategy to build mixed income neighborhoods that are attractive to retail. Thank you for being here tonight. We look forward to your presentation.

Stephen Samuels, Executive Director, Greater Kansas City Local Initiatives Support Corporation (LISC) said I’m joined by our Senior Lending Officer, Chris Vukas, who some of you may already know. I’m going to watch the time because I can just babble on and on about low income housing tax credits and I don’t want to.

I’ll introduce this by just saying that LISC, we are the largest community development corporation in the country. We’ve been around for over 30 years. I’m not here as a neutral opinion on LIHTC. We lobby at the federal, state, and local levels these tax credits. If it wasn’t for them, millions of housing would not be done in the country and people would be struggling to find homes that they could afford. It is one of those tools if not for, bottom line is, it wouldn’t get done.

LIHTC makes development occur where the private market won’t come. We’re big advocates for it. I think there are many different ways to perceive LIHTC and perceive it as a tool. I think that’s maybe a place where we could all benefit from looking at it from different angles and seeing how it can best help KCK.

**LIHTC is a critically important tool which:**

- Provides affordable, workforce and senior housing
- Replaces obsolete, public housing
- Promotes good, property management through effective, regulated oversight
- Spurs Transit Oriented Development (TOD)
- Can be a catalyst for a larger, mixed-use phases of development
As a development tool, we view it as being beneficial in terms of it provides affordable workforce and senior housing where the private market won’t come. Across the country, the large old public housing projects, LIHTC has done a terrific job replacing those with much more contemporary mixed use, mixed income projects.

Because it’s a federally regulated program, every LIHTC property has to be managed and has a high level of oversight which makes them oftentimes a better ran property than properties that are just left up to any independent landowner.

As I mentioned, it tracks equity capital. There are many examples, and I’m going to leave you with a great piece of easy to read research, but where LIHTC as well as new markets and historic are being used for transit oriented development types of projects and being catalyst for that.

Lastly, you can find many examples across the county, including right here in KCMO and KCK where really the first phase of multiple phases of development that are much more market rate driven that do have retail and commercial uses involved and they are just the centerpiece.

What is LIHTC?

- The Tax Reform Act of 1986 created LIHTC to provide affordable rental housing to low-income families.
- Provides tax credits to attract equity capital to help finance new development.
- Developers are awarded tax credits for qualified projects and sell those credits to investors to raise capital.

I don’t know how much you know about LIHTC from an academic standpoint, so I’m going to paraphrase and we can always return.
What is LIHTC?

- Reduces developers federal income tax liability over a period of 10 years.
- The developer receives credits in exchange for reducing rents below market for specified number of units for a period of 30 years.
- Private investors bear the financial risk and provide all equity up front.

As I mentioned, it has generated over 2.5 million units in the country since it started. It is a program that gives developers income tax credits for 10 years in exchange for keeping properties at a certain income level for 30 years.

There are two types of LIHTC products, the 4% and the 9%. It’s the 9% that we read about. Very often it is the most competitive product out there. There is a lot of work happening right now on how to make 4% more attractive. As you see, the 4% really leaves the developer with still a gap to fill where the 9% oftentimes does not.

This is just kind of how it is administered from the national level down to the local level where the federal government issues the credits based on population levels. As you know, it’s really up to cities like you guys to support and endorse the projects for the state level.
LIHTC Housing Credits in Kansas since 1986

- 31,533 affordable apartments
- 36,578 jobs created
- $2.8 billion of local income
- $271.2 million in state and local tax revenue
- $785.2 million in federal revenue
- $111.9 million in new construction and rehabilitation Housing Credits

Source: Affordable Rental Housing A.C.T.I.O.N. website

To give you an idea of scale for the state, since 1986 – 2010, you can see here the volume that low income tax credits have generated. Of course, a lot of studies have been done in terms of the direct and indirect economic benefits. Is it arguable? Yes, it’s arguable. There are many approaches to determining the economic spinoff effects, but this is one touted piece of research here where LIHTC has generated over $213M in state and local for their coffers and over $100M in housing credits in total.

LIHTC in Kansas City, KS

We took a snapshot of one year, and I think it’s actually the next two slides that get really interesting, but for Kansas the state, this is the volume that was produced here. The jobs by the
way are jobs attributed to those projects. That’s construction, predevelopment, design, etc. That was the state. We’ve been given all of like four days to put this together by the way.

### LIHTC Housing Credit Statistics

<table>
<thead>
<tr>
<th>Districts in Kansas</th>
<th>District 1</th>
<th>District 2</th>
<th>District 3</th>
<th>District 4</th>
</tr>
</thead>
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<td>Major city in district</td>
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<td>Topeka</td>
<td>Kansas City</td>
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<td>6911</td>
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<td>4221</td>
<td>8898</td>
<td>8017</td>
<td>7675</td>
</tr>
<tr>
<td>Dollars in New Construction and Rehabilitation Housing Credits</td>
<td>$18.1M</td>
<td>$105.8M</td>
<td>$23.37M</td>
<td>$18.56M</td>
</tr>
<tr>
<td>Return in Local Income</td>
<td>$318.76M</td>
<td>$671.98M</td>
<td>$605.4M</td>
<td>$579.56M</td>
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<tr>
<td>Return in State and Local Tax Revenue</td>
<td>$31.3M</td>
<td>$65.97M</td>
<td>$59.43M</td>
<td>$56.9M</td>
</tr>
<tr>
<td>Federal Revenue</td>
<td>$90.61M</td>
<td>$191.01M</td>
<td>$172.08M</td>
<td>$164.74M</td>
</tr>
</tbody>
</table>

Source: Affordable Rental Housing A.C.T.I.O.N. website

We did want to drill this down a little bit deeper with the research that we could find and we used our New York office quite a bit for this. In the four congressional districts, again, looking at it from 1986, you can start to see where District 3 falls in terms of a comparison. It’s the second largest district in terms of receiving those LIHTC credits, which also makes it, of course, one of the biggest districts to receive those economic benefits.

This is what I found particularly interesting and I think worth examination over the long-term. If you just took that 2010 snapshot, I’m new to the area, but to me this says there’s been a big contraction here in District 3. It went from being the second largest receiver to in 2010, the smallest. I would have to do more research to see why that is and how that compares to other snapshots of years. It seems like it just hasn’t been a place that’s been cultivating this kind of development.

With the help of our New York office, we actually mapped all of the LIHTC since ‘86 for you so you could see the distributions. Sometimes people think that these tax credits are all about congregating poverty when in actuality, as you can see when you start to map it out; it’s really about deconsentrating affordable housing units.

The pink, because the legend is a little hard to read, the pink are all projects done pre-2000. The blacks and grays are post 2000. The bottom layer is actually household income and
how it’s dispersed across the area. I don’t have a pointer, but you know where KCK is. The average household income there is between $11,000 and $35,000. Many would say that’s a great market for LIHTC. You’re building for the people who live there. It’s well distributed. I’ll give you a comparison which is kind of a very interesting one.

LIHTC in Kansas City, MO

This is KCMO across the river. You can see how they are really leveraging these tax credits to do a much higher degree of development. I think it’s a big contrast. To me, again, as a community development person, as an urban planner, I see a downtown in KCMO that has a high level of development activity and it’s obviously being reflected as well by their use of LIHTC.
Occupancy Threshold Requirements

- 20% of apt units must be for residents with incomes at or below 50% of area media income
  or
- 40% of apt units must be for residents with incomes at or below 60% of area media income

Although many LIHTC projects will use all 100% of their units for the 60% AMI requirement, it’s certainly not a requirement. I think there is definitely flexibility there. These are the minimums for eligibility. You can speak with the developer. If you can figure out a way to close the gap with other creative tools, there’s no reason why a project has to be 100% at a 60% or 50%.

LIHTC Rent Limits for 2014

<table>
<thead>
<tr>
<th>Bedrooms</th>
<th>At 60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>$735</td>
</tr>
<tr>
<td>1 Bedroom</td>
<td>$787</td>
</tr>
<tr>
<td>2 Bedroom</td>
<td>$945</td>
</tr>
<tr>
<td>3 Bedroom</td>
<td>$1091</td>
</tr>
<tr>
<td>4 Bedroom</td>
<td>$1217</td>
</tr>
</tbody>
</table>

Looking at it specifically for your jurisdiction, 60% of your AMI, which is the requirement to receive LIHTC, puts rep limits on units. Here in Kansas, that limit would place a one bedroom, the high limit at $787, a two bedroom at $945, and a 3 bedroom room at $1,091. Again, when I did this research, I said to the team, so what does that mean. What are rents in KCK? We
quickly did an average rent scenario for KC metro which I know is a little different than KCK specifically. A one bedroom apartment average rent in 2014 is $719, so the 60% requirement at $787 isn’t even at market rate. Again, I would have to do more research, but there is a very good chance that you could put a LIHTC unit up for rent that had to be eligible could charge 77 but your market doesn’t even support that. The distinction between whether this is about affordable housing, or workforce housing, or market housing, there’s no distinction until the market starts to really pick up and then you’re forced to say okay, we have to lower our rents. That’s probably not the case here.

<table>
<thead>
<tr>
<th>Household Size</th>
<th>60% income limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Person</td>
<td>$29,400</td>
</tr>
<tr>
<td>2 Person</td>
<td>$33,600</td>
</tr>
<tr>
<td>3 Person</td>
<td>$37,800</td>
</tr>
<tr>
<td>4 Person</td>
<td>$41,940</td>
</tr>
<tr>
<td>5 Person</td>
<td>$45,300</td>
</tr>
</tbody>
</table>

* Median Family Income: $69,900

These are your income limits when you’re dealing with LIHTC. A person cannot apply to live there unless they meet these guidelines. For a one person household size, the maximum that they can be bringing in, in household income is $29,400. We often say that the average household size is a three person household so that would be $37,800. The median family income for the area is based on a four person household of $69,900. That’s how you end up with $41,900 at the 60%.

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Kansas City, Kansas Statistics

- 2010 Population of Kansas City, Kansas
  157,505. Of employed,
  - 13,466 earn less than $1,250 per month
  - 28,114 earn between $1,251-$3,333 per month
    ($27,500/yr)
  - 17,379 earn more than $3,333 per month

- 2010 Population of KCK Urban Core 73,055

So again, we ask ourselves, who is that person. Again, we wanted to look at the statistics here in KCK. Based on U.S. Census information, the total population here is 157,000. About just under 50% of those individuals are employed. If you look and you broke those down into what those people are making, you would discover that your largest group is averaging between $1,200 and $3,300 per month, which is about $27,500 a year. The market is here for LIHTC type of units. This is what these people can afford to pay. If you’re building for your population, then this is a great tool.

I understand as well that you want to build for new people and the decision then becomes is do you do nothing in the meantime or do you also want to replace the aging housing that you have and make sure that people have new, well-managed homes. We just, again, went to the Department of Labor just to find out what kind of people make these kinds of incomes. Are these great citizens and residents? I would say yes. I would say this is your workforce. This is why, in my opinion, low income housing tax credits should be called workforce housing tax credits. These are hard working people. These are blue collar. I hate this terminology, but it is the working poor if that’s something that you want to call it. It’s the service industry, your security guards, your technicians. That’s who’s eligible to live in LIHTC properties.
Transit Oriented Developments (TOD)

- Equitable TOD aims to ensure all people along a transit corridor have opportunity to reap the benefits of easy access to housing, employment, human services, grocery stores and childcare centers.

Source: Pollack, Melinda. Filling the Financing Gap for Equitable Transit-Oriented Development

Chris Vukas said, Stephen, I will say one interesting thing that stuck out at me when I was doing this research is, on the retail front, while those are entry level so that’s you just got a job. Typically that is minimum wage and that goes into the average medium which is more around $25,000 - $30,000 when you start moving up in management. If you look at your retail population, that’s 14,000 people that live in Wyandotte County that work in retail. That’s a huge population that can take advantage of this. A lot of those folks would be on TOD lines because quite frankly, they may not be able to afford gas for their car to drive out to western Wyandotte to work. We all know where the centers are. That stuck out as a big one. The other one is in the food industry. There is a large population of food industry employees that live in Wyandotte County and could also take advantage of this type of housing.

Mr. Samuels said the last piece that I was made aware of and that I noticed when I first got to town and I met with the mayor and met with some of you is the investment that you’ve made in your transit, transit hub, and the rapid bus system. To me, when you’re investing in transit, when you’re investing in bus ridership, there’s a certain market that you’re really trying to take care of and that’s this market. We’re grabbing some of the statistics because it all just kind of fits together. That piece of research I’m going to share with you is about transit oriented development. The kind of gap financing that often has to come into place when you want to cultivate a market. That’s really what I think is happening in KCK. You’re trying to cultivate a new market.

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We grabbed a few case studies for inspiration. There are a range of things. There is a project in Denver, CO, called Mile High Vista using LIHTC for 70 units. It is also on a highly utilized bus corridor just like yours. As you can see from the picture, it’s the residential part of that diagram. It is the building block for a library and a commercial. That’s how they’re getting this whole development along the block started using LIHTC.

There’s a project in Racine, WI, that we thought had some relevance; 18 units. It’s a mixed income. 18 units have no income restrictions. 28 are at the 60%. It generated 95 jobs. I put some quotes in here. They’re using it as a catalyst for economic development and to spur development in their downtown core. Again, without it, nothing would be happening, not nearly at the pace.
Mr. Samuels said just to highlight. When you look at this particular development, you don’t know that’s an affordable housing project. If they’re done right and they’re designed with a city in mind, what the city wants, there’s no way you can tell whether it’s a workforce housing project or not. What people see is, there’s development happening and new development is tough to come by in a lot of areas. You can use this tool to build new construction in areas that have had disinvestment.

Quality Hill in KC MO

- Quality Hill Phase II
- Downtown District
- 84 total low-income units
- New Construction
- Placed in service 1993
- Rents: $815-1 BD; $950-2 BD

Mr. Vukas said an example from across the river, I thought that was important for you all to see that there’s some great projects, you know, that happened in KCMO. Again, you wouldn’t know the difference whether it was a LIHTC property or not. I think there are only one or two others.

Graphic Art Lofts in KCMO

- 58 total low-income units
- Acquisition & Rehab
- Placed in service 2007
- Rents: $599-1 BD; $750-2 BD

There is another one across the river, the Graphic Art Lofts.
Prairie Hills in Dickinson, ND

- "As we expand with restaurants and other service jobs, [the workforce] will need a place to stay," said Shawn Kessel, City Administrator.
- 36 units for residents earning up to 60% of the area median income
- NAHB local one-year jobs estimate: 44

One in Dickerson. I forget why I pulled this one. Oh, I know. It was because there’s a real focus on the workforce. They’re really building it for the people that were servicing the area.

East Liberty in Pittsburgh

- Contributing to neighborhood revitalization
- "You have someone earning $100,000 a year living next to someone earning 40 percent of the area median income," said James Eby, senior project manager for nonprofit developer The Community Builders, Inc.
- NAHB local one-year jobs estimate: 66
- 5 units with no rent restrictions; 11 reserved for residents earning up to 80% of the area median income; 38 at 40% to 60% AMI

This project being a catalyst for neighborhood revitalization. This has examples. I could send you hundreds more.

In closing, we were asked to come here to try to provide just yet another perspective on this great tool that LISC really believes in. We certainly hear from developers and community development corporations in KCK looking for our support. KCK, as you know, is one of our neighborhoods now so we’ve been investing in this community and we want to support the developers that are going after LIHTC if the project makes sense. I want to do it knowing that
you also support it. I certainly don’t want to support someone and have them come here. I feel like there is room here to kind of come together perhaps on some vision.

**BPU Board Member Alvey** said when you point out that sometimes the LIHTC housing creates additional opportunities for other mixed income development, is it usually done as a larger project at the beginning or do those projects, the low income housing then attract the interest of investors after the fact. In other words, do you simply try to strategize and find developers at all levels of the income to get the development going in a particular area? **Mr. Samuels** said I’ve seen it happen and read about it in all ways. Sometimes the LIHTC property will build retail and commercial onto their first floor and you have a mixed use project. Sometimes they partner and they’re at the first of two or three phased development. Sometimes they are just doing their project, but because of the public sector, really working and incentivizing in other ways—other private developers to support it suddenly you’ve got more of a master planned concept.

**BPU Board Member Alvey** said part of our discussion has been that there’s been a concern that perhaps low income housing has been concentrated in neighborhoods east of I-635. If it’s really about workforce, providing workforce housing, why are developers perhaps not looking to the I-435 corridor in Wyandotte County to put together LIHTC development for workers who will be out west? **Mr. Samuels** said I’m just trying to figure out—I don’t know what I-435 is. **BPU Board Member Alvey** said if the jobs are out west at The Legends, many of them are right, then it would seem to me that LIHTC would be looking to put some developments out there and it would be an easy—you could do a TOD. The jobs are out there. It would be less of a problem for transportation. It would pull some of that interest from perhaps east of I-635 out to the western part of the county. Any ideas why?

**Mr. Samuels** said a lot of times it’s about density. If there is less density out west when they do their calculations, it’s about population. It’s about who’s going to be the user of that. If they’re out west, a lot of folks don’t have cars and take the bus. If they’re out west—if you’re living out west, you have a car because you have to drive somewhere for the most part. I would say that is one particular concern. They like to put a lot of affordable housing projects in more concentrated areas like in urban core just because, again, as we’ve seen, that’s the market that’s here. That’s who wants to be able to afford $600 to live along a corridor like downtown KCK.

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BPU Board Member Alvey asked is another reason why the real estate prices would be cheaper east of I-635 so it’s easier to develop. Mr. Samuels said that’s a good question because acquisition costs are not an allowable cost for low income housing tax credits. The more expensive it is to acquire the land, the less subsidy you get for the development. It just adds extra development costs so when you start to pencil it out, it’s either it could be that, depending on the unit size. If you get up to like 70, 80, 90, 100 units, then you get some economies that scale, but a lot of communities don’t want 100 units because we talk about concentration of it. You want smaller; you want some mixed income folks in those buildings. Acquisition costs are a big issue when it comes to evaluating your financial performa.

BPU Board Member Alvey said finally, you had noted that there are far fewer of these projects happening in KCK as opposed to let’s say Kansas City, MO. Is that because Kansas City, MO, perhaps is more aggressive in trying to seek these folks out? Do they have a larger toolbox to provide other incentives to leverage these projects? Mr. Samuels said yes, I guess Kansas City, MO, provides HOME and CDBG for multifamily residential. They use that as a tool to increase their stock. They have an aging infrastructure and, again, this is a tool to help support income in low income areas. They have used different financial tools; historics as well we’ve seen. On 4% deals, you have to use historic to actually get to a deal to pencil out and also sprinkle in some HOME funds and some CDBG because there are not a lot of 9% credits that are out there. That’s part of the issue. They are aggressive. They are very supportive of low income housing tax credit work.

Workforce housing has done some great things with the Bancroft school and that whole area is starting to revitalize now. I think they have 100 units around Bancroft now in the neighborhood and they’re beautiful units. We’re going to hopefully start to see a ripple effect with property values and people fixing up their homes. When they started to redevelop that area, they were already seeing people starting to paint their houses and starting to keep their lawns a little bit nicer because that area is starting to transform.

Mr. Vukas said I would now just add that I think that you need capacity and cooperation to do these deals. Projects, workforce housing and LIHTC deals is a blood, sweat, and tears kind of stuff. One of the reasons why it doesn’t just happen like in certain areas is because a typical developer doesn’t want to deal with it. A typical developer wants to be developing in green.

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fields and build A frame houses; knows he’s in and out in 16 months. That’s the name of the game for the majority of players. A lot of these deals are community development corporations or they’re very dedicated developers who are in that—really have learned how to work with the target market and learned how to work with their political jurisdiction because it’s competitive and it’s hard.

**BPU Board Member Alvey** said I’m assuming that there is a limited number of developers who actually do LIHTC. Not just anybody jumps into it. You have to give some—**Mr. Samuels** said no, I would not—anyone can, but, yes, I mean you would typically become someone who has become adept. The approval process is complicated. Creating the applications is complicated so there are some folks like Yarco, Gary Hassenflu, Dolmar, there are some groups that specialize in it, McCormick Bear and Salazar has done some great work near 18th & Vine. Those are 99% leased up.

The other fact that I didn’t have in the presentation that I want to throw out is the foreclosure rate on these projects is .61% today. Very, very few of them are ever foreclosed upon. That was something that I stumbled through on my research and I thought, wow, that’s pretty amazing that in 2013, less that 1% have been foreclosed on so they are also safe.

**BPU Board Member Alvey** said because you have to develop some and be adept at this kind of project and you’re looking at different jurisdictions, you will tend to focus your efforts and your opportunities in areas that you have developed the most capacity and that’s why you would tend to see more in KCMO than you would in KCK. **Mr. Vukas** said I would say, I think, if I understood the question right, there’s not a lot of probably capacity here; not a lot of experience yet maybe on how to really leverage these tools. You would probably have your three or four developers that you like to work with, that you believe in to do these kinds of projects. I don’t know if you have that. **Mr. Samuels** said I think it definitely takes support of the governing body to get these done. In KCMO, they’re supportive of those and they do allocate—they have more resources because they have a larger population right so that’s one big thing that they have. They have more resources. They’re also promoting. **BPU Board Member Alvey** said from my understanding, they have a more robust public transportation, especially in the urban core. **Mr. Vukas** said that little thing called a street car.
Commissioner Murguia said I have a little different take on LIHTC, but we’re all entitled to our own opinion. You made the comment that we have a market here in Kansas City, KS, that could specifically benefit from this kind of housing. If they are in need of new housing, then if they live here, where do they live now? Mr. Samuels said I can answer that. It’s also about attracting new people to Kansas City, KS. If you want to attract someone who works at KU Med, there are a million profiles of people who could utilize this. Let’s say the wife and husband makes $65,000, $70,000 a year. Well, if you have a baby, let’s face it, you’re not going to be sending your kid to daycare because you can’t afford it. It’s not worth working. So a mother or father would stay home and then you have one single earner. They may make $35,000 a year at their job as a teacher or as someone that works in the medical profession is, I think, the biggest example because we have a hospital right over there that has how many people that make within this income range.

It’s about marketing to new folks that want to live in KCK for an affordable price who can live near where they work and also have some transit. It’s not all about transit. People have cars obviously, but it’s about attracting more people with new construction. Oftentimes you can’t attract somebody unless you have something new that they want to live in. I would say that’s kind of where the take is from what we see across the country is once you have something new, someone wants to live there. Mr. Vukas said but also I would imagine college students moving on from their dorms and their roommates, and people growing up and leaving their homes and people who want to have a new piece of property.

Commissioner Murguia asked are you familiar with the trend with college students and what they’re spending on dormitories right now. I’m super familiar with that. I would tell you that the average college student is paying almost luxury apartment rents for the apartments that they’re living in. I’m talking about the average college student. They’re financing their housing. That’s the trend whether I agree with it personally or think it’s a good idea, is not in that equation. I’m just telling you that’s the trend. Universities around the country are building very high-end apartments to accommodate their students.

All that set aside, you were talking about you want to attract new people. We have a lot of affordable housing in Kansas City, KS, and Wyandotte County right now. If we didn’t, our median income wouldn’t be as low as it is. We have a number of people that we’re already
housing here. My understanding from the last seven years of serving on the commission is to develop a mixed income neighborhood, a mixed income neighborhood where you have low, middle, and high income people living together. That can be challenging, but it can also work if you take it one step at a time.

I am concerned about low income housing tax credit projects adding to the low income housing stock that we already have an abundance of and not being able to have an impact on our median income. What’s very clear is that when commercial developers look at areas to develop commercial properties, they look at median income and disposable income and we don’t have that right now. I think we’re very different from Kansas City, MO. We don’t have near the density that they have. You do have nice apartments around the Quality Hill area where the LIHTC came in after those apartments were already in place.

There’s a difference. When you have a city that has pockets of wealth that are in favor of bringing lower income housing to that area, then I can see it working fine. I think what Mr. Alvey was saying is that the one geographic area of Kansas City, KS, of wealth seems to be in western Wyandotte County and we haven’t been successful in locating low income housing properties out there. I’m not saying we should do that just for public record. I don’t know anybody that lives out there. I’m not saying we should do that. I’m simply saying that continuing to stack poor people on top of poor people east of I-635 is not the answer either.

I will tell you that we just got a presentation from NorthPoint a month ago who developed luxury, it’s a category, luxury apartments out in the Village West area and they told us who their primary market was or who their renters were and they were coming all the way from KU Hospital and KU Medical Center, down in my district and District 3. No subsidies; luxury rents. My focus has been in my district. I can’t speak for the whole commission. I’m developing a mixed income neighborhood. Adding additional LIHTC doesn’t get me to that goal.

What I thought this discussion was going to be about wasn’t going to be about how LIHTC works. My concern when this came up is I asked it to come back on the agenda to discuss specifically on how we, as commissioners, could vote no on a project and have more flexibility with those LIHTC projects that came in front of us and have it mean something. Right now, the way the criteria are, if a developer comes in front of us and they meet those criteria, we
can’t stop that LIHTC development from happening. I can tell you it would be a major impediment to what I’m doing in my district and the way of attracting retail.

We just approved a $9 whatever million Wal-Mart deal on a superfund site that people are struggling with all across the country. I would tell you to whittle away and lower my median income any more than it already is, that would not be good for commercial development. Again, I’m looking for a mixed income neighborhood. I’m specifically—this tool I totally agree. I think it should be up to the commissioner in their district and whatever their vision or their plan is for the area that they represent. Personally, I’m looking for a way that I’m not locked into saying yes to a developer that meets sort of an obscured criteria that may not ducktail with the vision or the long-term plans I have for my district.

Chairman McKiernan said to respond to that, we discussed—and last time after the last meeting, Mr. Brockman sent our current scoring scale and current criteria to all of us for our review. Since we didn’t have time pressure to get that updated immediately because of the timing of the state allocations and since we have new members on this committee who don’t have as much background and don’t understand where this tool fits in the broad scheme, we thought it would be good to get that background to give some additional perspective.

Now, what I would ask is having had this presentation, having the criteria and the scoring scale from Mr. Brockman, now we look at that. We come back and we decide what changes, if any, we want to make to that particular scoring scale which may address some of the concerns that you have. We talked about a number of things including geography, density, and all of these things. Now it’s our opportunity to look at our tool and find out how we want to modify our tool so that it meets our needs.

Commissioner Murguia said I thought the meeting was different than that. For me, specifically, I said I want to figure—all I want to know is a way that I can vote no in my district when it doesn’t fit the long-term plan that I have for my district. What I was asking for specifically is for staff to come back with a solution to that specific problem. If we, in fact—I wanted to make sure I was clear so I reviewed the public taping of this on our YouTube site to make sure I was very clear. If you review that meeting online, you’ll see I was very clear about—I don’t know what to tell staff to do, how to alter our policy in a way that when I vote no it counts and that it’s not all about just a criteria. That’s what I care about.
I mean, listen, welcome to Kansas City. I’m glad you’re here and I do think LISC does some really good projects. I do hear what you’re saying and I do see how LIHTC projects can be used in a way that you’ve talked about. They are few and far between. I run a not-for-profit. I’m super familiar with LIHTC. I know what it’s like to do redevelopment in a very challenging area with very little government assistance. I would tell you, yes, in some situations these work. I can’t speak for Commissioner Townsend or Commissioner Walters in their particular areas and what they want. I don’t want to get in the way of what their goals are. I just know that District 3 is moving forward rapidly. Our median income in 10 years has risen by over $10,000. It is significant. To get commercial to take a harder look at me, I need to get my median income to $50,000 a year. I’m almost there. I’m going to continue to work towards that so that retail and housing developers will look at my district without a non-profit intermediary. I don’t want to be in the middle of that anymore. That’s my goal, specifically. Without starting all over from scratch, I just want to know what needs to happen so that commissioners can have a voice on LIHTC in their district. I would ask staff to bring that forward because I am definitely not qualified to figure out that kind of policy.

Charles Brockman, Economic Development, said so be it. Mr. Bach said I actually have a couple of questions I’d like to ask them but I can respond to that as well.

Commissioner Townsend said I think it would still be beneficial for us, as a committee, to have the discussion. My recollection of previous discussions when this topic came up about how the commissioners could have a voice and a meaningful vote, my recollection was if certain criteria are met then we see it, but there’s no action that we can take. I understand you want to have a voice and a vote that can make a difference. My recollection was that if we have this discussion, we may come up with certain points that will make a difference in identifying criteria that we can add, not that I’m an expert in it either. That was part of my recollection of how this could happen and of course with the expertise of staff. I think that would still get to what your point is. I still think we need to have that discussion.

Commissioner Murguia said I just know—and I’m okay with that, Commissioner Townsend. I would just tell you that’s a giant undertaking. I mean I’ll just tell you that’s my experience because LIHTC is very controversial and it really does depend on what perspective you’re
looking at it from. Development is a tricky thing. You have to be very flexible. You have to be able to work with lots of different parties to make things happen. Yes, LIHTC absolutely could be used as a tool. I would agree with them. I don’t see that happen very often but it could be used as a tool. I’m willing to go through that exercise; I guess I’ll say that. If you need to go through that, I’m willing to do that with you but just know going into it, it’s a long discussion just so you know.

Commissioner Townsend said we’ve been there before. I think just going through the discussion, it would certainly be helpful for me and those that may be listening and we don’t have to start from scratch. We’ve got something obviously that’s already there so this would be an opportunity to say what else might we want to add that would take into account the concern that you’re raising. We’ll go from there.

Mr. Bach said I appreciate you guys coming tonight. I guess a little bit of this points to the questions that were asked. When you do your study, when you look at the different areas that you have, are you able to tell or do you know where low income housing or the affordable workforce housing comes into place whether or not the people that live in that area in those new houses now are at or above, or are they below the current income of the people that are around them? What I’m asking is, you build a new project in an area, people move into it. Are there any measurable numbers to show that the people that have moved into that? Are they existing residents, or like you say, are they someone that’s moved into it? Any data to show that one way or another? Mr. Vukas said we didn’t get that data. I’m sure it’s out there. I’m sure there have been enough white papers, case studies, and research done on this if you could find at least—Mr. Bach said I didn’t figure you had it so I didn’t mean to put you on that point. I just wondered whether that’s something, you know, we could look for that too if you guys could help us, point us in the right direction. I think we could have some staff members try to work on it as well because I think that goes a long ways toward looking at some of the questions that the governing body has about that.

The other question I have is, in areas in KCMO, do they have any kind of house for house type replacement projects where theirs go or is it wide open, meaning that when they come in with an affordable housing project, do they take out something else for it to go in there or is it just whatever property they can get to put it in that’s where they’ll go. Mr. Vukas said there’s a committee requirement to have an x number of affordable houses that they, I believe, manage or
in production but they don’t take other ones out. Sometimes they’ll replace like if a particular project is past its 15 year compliance period, they’ll actually either renovate it or they could tear it down completely and build new, but they don’t take them out of production if they build additional units. They look at this as a catalyst. They look at their population. They look at what people can afford and the developers build these deals.

Mr. Samuel said I just want to say one other thing to that. Even if one is successful in growing a mixed income, vibrant place over the course of 10 or 20 years, you will at some point say to yourself, and in fact, the more successful you’ll be, the more you’ll be forced to ask yourself this question, where are we going to build housing that’s affordable. The more successful you are, the less affordable the housing becomes. Eventually, you’ll come to the point where workforce housing and the entire term started which is, I’m going way to the extreme here, but it started like in Aspen, CO, because everything was unaffordable and the person that served you dinner at the restaurants had to live 30 miles away. At some point, you’ll always end up back at now we have to build affordable housing because eventually the housing, even if you think you have enough today, if it takes you 20 years to create that beautiful place that you want to create, those houses are going to probably be old and then you have to build some new ones anyway.

Mr. Vukas said, Stephen, its LISC experience and we’ve been around for over 35 years. We have invested $1B last year in low income communities across the country and we overwhelmingly support low income. We never would think that low income housing 50 units or 100 units would ever reduce a median income to somewhere that is measurable. What it also does is add volume and oftentimes in places like Kansas City where we don’t have—we didn’t build up, we built out. It adds units. It adds people with purchasing power which is a secondary look at when you’re talking about a grocery store in the urban core. It’s not just about median income; it’s about how many people are there. You could build 300 units. What you’re saying is your income is going to stay the same in Kansas City, KS, but you’re going to add a whole lot more purchasing power because those people are going to be spending money locally in your stores. We’ve seen the statistics on what they generate for the local income from federal taxes. They create jobs; they have all these ripple effects.

I guess I would argue that we are overwhelmingly supportive. We think the evidence is out there. We ask you all to go out and look at OMB. The evidence is overwhelming. This is
one of the most successful programs in the government’s history. We firmly believe that it is necessary to kind of turn around an area that has had so much disinvestment that no one is going to come there unless you have something new and shiny to attract them.

Mr. Bach said I wanted to get to Commissioner Murguia’s question. She did present that last time. I looked at the policy and that’s why we sent it out. We also included on this knowing we’d have the presentation from the LISC folks coming here but then also if you chose to get into the policy any tonight.

When we developed this policy about 10 years ago, there’s an interesting point within it that gets into the need for the affordable housing in different areas. We divided out six different districts within the community and that actually was kind of looked at from the opposite perspective because it said where do we not have affordable now. The two areas that came up were one you would guess would be the Piper area and the other one that came into the area was in the Turner/Muncie area which you wouldn’t think as much would pop out from that but that’s where it showed in those projects.

That actually was an opportunity to score points, but I think, and I haven’t had Legal get into it, but this was a criteria we just put forth to look at when we were developing this policy back then to say, okay, here’s a data center we can go to and put this information in. I think it’s every bit our own right in developing our policy to come back to this and say here’s an area in the community that we’ve determined there is adequate affordable housing today and we either want to put a negative point value if somebody brings a project to it to come into that area or you could put a—we do have some prequalifiers that just say if you come to this area, we’re not going to approve it. I don’t know about that option, but you could do it to say we built—and that way we’re not kind of doing a blanket over the whole city. You’re coming to specific areas and saying these are areas we already feel like there’s adequate affordable housing in place and if you propose a project in this geographic area, you’ll have a negative 10 points on your score. I think that gets you down the direction you’re going but still leaves our program open to come into other areas where we determine where we determine that we think we do want to have affordable housing.

Commissioner Murguia said I would second that motion. Mr. Bach said I need to do a little more follow-up on that and maybe one of the four staff attorneys we have here in the office.
can assist me with that. You guys were all in on this tonight weren’t you? Everybody showed up. We really researched this a lot last time when we went through it and dug into it from a legal perspective as to what we thought we could defend. Having worked on it back then, I think this is the criteria we could work on. I don’t think we want to be it’s an absolute no, but I think it could just like we put different balancing criteria that added points, if somebody added amenities to certain areas, there’s different things you can do about this. It’s our policy. We just have to be uniform in how we apply it later. You can have different—and uniform still can be different criteria for different areas. We gave more points if somebody was close to transportation. If you were further away, you didn’t score as well. Obviously, you score more points when you take out or replace existing housing in a certain area. If you revitalize an old building that was burned out or just something like that, you would score better.

Commissioner Murguia said, Doug, I would agree with both of your comments, the gentlemen from LISC and yourself, that in older urban neighborhoods, we do have an aging housing stock and we do need to address that issue, I think, countywide. I do think we need to take a look at that. That’s why in the last meeting, the other thing that we discussed was the replacement. For example, don’t anybody think that I am using a real example because I’m not. I’m just making this up. Let’s say we have an apartment complex that is old and dilapidated and rundown and was providing housing for low income families. If there was a way to incent a developer to come in to acquire that property and demolish that and build new using LIHTC meeting the needs of that same population, I have no objection to that. I do think there needs to be a plan to get rid of some of this older housing stock that really isn’t good housing stock for anyone to live in that people are currently living in. I think that is one strategy.

Commissioner Townsend, that’s why I said in development, whether it's housing or commercial, you have to have lots of flexibility. There should be no absolutes. I definitely wouldn’t want an absolute that you could never do a LIHTC project in District 3, but I want to have the ability to deny LIHTC in District 3. I think what you said, Doug, is good feedback. I think it’s a good starting point where you lose; I would say 20 points if you build a LIHTC deal in District 3, unless it’s replacement. If its replacement, I’d give them 20 points. It’s hard, I know. We’re trying to set policy for an entire county when that’s very difficult because everybody’s district is very different and has different needs. I feel very passionate about it,
obviously. It’s very upsetting to me, I’ll just tell you. I don’t want my own personal opinions of this kind of housing product to get in the way of Brian’s progress, or your progress, or anyone’s for that matter.

Chairman McKiernan said my hope for where this discussion would go is kind of like just where you just went. Here’s a criterion on which we could change our current scoring scale that might make a meaningful difference in terms of putting projects that we believe are good in place and keeping projects that we don’t believe are good out of place. I think you just articulated a potential change to our scoring scale that would have a meaningful difference on this. That’s where I hoped that we could go with this with the information that Mr. Brockman gave you, with the information that Doug and other staff can bring back for next month, with the information provided by LISC here tonight, that we could start thinking about how can we use our scoring tool to make sure that development happens in the right way. That would be my goal for us is to bring back that discussion.

Commissioner Murguia said what might be helpful for staff, this is just a suggestion is, Doug, and I know your time and staff is limited, but to meet with the commissioners individually and get feedback from them about what their long-term vision is for their district and where they would like to see housing go within their district and to find some common ground amongst the commission. Again, I’m not opposed to talking about it; I just think that’s a more efficient way to come forward with some potential changes to the policy.

Mr. Bach said I would agree with that. I think really to get into what you see from the policymaker in that area, we probably need to have that one on one discussion. We may need to have more areas than six for something like this that comes into play now because there may be a section of your area and you say I don’t think this fits into this area but over here, I mean, and granted, the way its divided up now, obviously, it’s not divided by district because we divided it by six. It’s not divided by eight. We didn’t go into it from that perspective; we’re really looking at some geographic breakouts. I honestly can’t remember why we came up with those dividing lines, how they’re broke out today, but I think that would play into it and then we may have more areas to divide into it too.
Chairman McKiernan said with that, the case then, what it seems like we should do here is wait for staff then to come back to us, drive this point forward when they are ready to come back and either bring information or facilitate the discussion we have it. Until then, we don’t. Commissioner Murguia said that would be great.

Mr. Bach asked, Charles, is there any reason anyone would be coming to us needing an endorsement on part of the Unified Government in the next couple of months. Mr. Brockman said yes, sir. There’s a LIHTC project coming through for approval. Mr. Bach said the state’s deadline has passed and they have the opportunity if the state elects to go with the summer award program. So this is somebody wanting to get theirs done now? Mr. Brockman said correct. We go through the application process year-round and they had contacted the state already and they said that it’s going to be lagging. If it gets there prior to them announcing awards, they’ll go ahead and accept the application.

BPU Board Member Alvey said well, again, I don’t think we should assume this particular project would be something that the commission would be opposed to. I think if we would go ahead and follow through with the same process, even though we’re in the process of amending the criteria, I think we’re probably in good shape. Am I wrong? Mr. Bach said I guess—Jody, I’d probably ask you to come up on this. Is there an opportunity for us if we wanted to suspend our program knowing that especially if we have someone coming through and maybe have to look at this, but if we were to say we’re not going to offer our recommendation on a project until we go through and reevaluate our criteria for the next 90 days, I mean with some timeframe—I would say based on what Charles has said, that obviously it could adversely affect that specific project.

Jody Boeding, Chief Legal Counsel, said I would have to research whether they would have a cause of action against us for that. We have a policy in place, but you probably could suspend it. Since their application was already in to us, we might be obligated to consider it under the current policy.

Mr. Bach asked only one in at this time, Charles. Mr. Brockman said yes, sir. It’s not the city application; it’s the predevelopment meeting prior to submitting an application which was adopted previously on an amended plan. Mr. Bach said I guess maybe what I would recommend is rather than dig into whether we have a legal issue or whatever that may or may not be contested is that we would take the one project, continue to work it through as we normally
would, but if the governing body would provide direction back to Charles or staff that we would just suspend our program for 90 days while we work it. If anybody else comes in, we tell them we’re suspended while we evaluate it. **Commissioner Townsend** said that would be fair.

**Commissioner Murguia** asked do we need to take action on that, make a motion. **Mr. Bach** said it would be good to get a vote from you all on that. **Commissioner Murguia** said so you make a motion to suspend our LIHTC policy for the next 90 days pending policy potential revisions. **Mr. Bach** said with the exception of projects that are already in and have been submitted.

**Action:** Commissioner Murguia made a motion, seconded by Commissioner Walters, to approve suspension of the current program for 90 days pending revisions but to work the one application that has already been received. Roll call was taken and there were five “Ayes,” Alvey, Walters, Murguia, Townsend, McKiernan.

**Item No. 2 – 120137… Discussion and presentation on UG based loan program concepts.**

**Chairman McKiernan** said the other item is the item that was the pink sheet. It was also an addition, not part of the original agenda. I was reminded that we had said that we would come back and revisit this discussion again at this meeting. We had a discussion in our last meeting about the possibility of the Unified Government becoming a lender in certain situations and for certain projects. We had said that we would consider some of the framework of how that might look if we were to do that and bring that back for discussion right now.

**Doug Bach, Deputy County Administrator,** said, before I turn this over, Lew and George gave us all the answers here to make this work for everybody. I will say bringing this in today; we’re looking at it from a perspective of a project without bringing the specific project here. The objective here was how can we do this Unified Government loan program in a sense that its one where we, as a government, could actually see the fruits of actual additional revenue coming in

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place from the interest rate overage that we could charge to somebody, you know, to come to it and say it’s an economic development loan. It’s tied to a specific project that will come into play. The project most likely, or we believe, will go out and can find other financing, but they could more easily do the financing through us and it will allow us to charge a premium on it and make an amount of money. That’s kind of the discussion to get into.

I didn’t bring it with a specific project and we didn’t bring it, I don’t think, from a perspective to say if we were to do something like this, we’d want to have—I don’t think we need to set out a bunch of parameters around it and work it to that great detail. I would just say if you gave me the parameters to do this that said this is the objective for which you could solve by and maybe that’s an uncertain amount of money, then like any other economic development deal, we’d go out and work it and try to bring back the necessary safeguards tied to it that gave you that protection.

That being said, I asked Lew to dig into this and go through it and probably give me his analysis of it if he had said, it’s not a project; we don’t need it in order to make the project happen, then what’s your opinion on it if we’re doing it in order to make money. I’ll let Lew speak for himself, but I think he has a lot of cautionary points that come to mind especially after being grilled for several hours this week and working on bond ratings and such like that as to things that could come into play.

**Lew Levin, Chief Financial Officer**, said a little background on how I approached it. I guess the questions I asked myself, one, can we structure such a program for this purpose. Do we have the legal authority to actually move forward with such a program? I reviewed these questions with bond counsel and determined the following: we could issue general obligation bonds for economic development purposes. The government would have to take action. We could issue GO debt and we would say we would be doing it under our home rule authority for economic development purposes.

The government has the ability, we could have it enter into a development agreement with a potential developer and we could charge an interest rate that would be above the interest rate of the debt we would issue. We would have that authority. Debt would be issued on a taxable basis. The reason it would be on a taxable basis is we would be making a payment for private use to the developer, and we would require private payments back from the developer to
us. If the debt is issued on a taxable basis, maybe that interest spread difference between what
the developer could get under private financing and what we would get the debt would be
narrow. The debt would count against the government’s debt burden. What Doug alluded to
was the credit calls that I just went through and our existing level of debt was raised by both the
credit agencies that reviewed our debt, where we are in terms of debt today. My first conclusion
is yes, we could do such a program. We could structure such a program.

My concerns about such a program are one, on a capital program today, we’ve set a debt
threshold and we actually adopted a debt policy just recently in this committee. We said on an
annual basis in the interim period where our finances are today, we want to limit our debt on an
annual basis of approximately $12 to $15M. If we were to issue debt, I’ll say for a loan to a
developer, and for round numbers I’ll use the amount $1.2M, we would be using up 10% of our
debt capacity approximately and that would limit our ability to do other capital projects. That’s
one concern.

The second is any additional debt, it adds to our debt burden. When we have discussions
with our credit agencies, they look at the type of debt we’re issuing and they say is it essential
debt for the government. They like to see debt that’s for street improvements or sanitary sewers.
They want to see basic governmental service debt. They understand that communities may enter
into debt for economic development purposes, but they want to clearly see what’s the revenue
stream associated with that debt and our ability to pay back that debt if it’s tied to an economic
development project.

What we would potentially earn would be on what I’m going to call the interest spread.
Let’s say we did this debt, we issue debt of approximately $1.2M. The cost of that debt, and
we’ll say it’s on a short-term period, a 3 to 5 year period, we enter into a development agreement
and the developer is willing to pay us say a 5% charge for issuing that debt to him. At the same
time, we may issue that debt. We’re issuing it on a taxable basis and we may be able to,
depending on market, issue that short-term debt with cost of issuance at maybe 2% or even 3%
less than what we’re going to get from the developer. Let’s say I’ll split the difference and say
we’re able to issue it at 2%, 2.5% less so we’re issuing debt for a little over a million dollars and
what the revenue we’re going to get back on an annual basis is going to be somewhere $25,000 -
$30,000. So we’re going to issue debt for a project that hopefully, you know, is going to

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succeed. If it doesn’t succeed, we’re putting over a million dollars at risk for our ability to generate income of $25,000 - $30,000. That high level of risk from the seat I sit in concerns me.

Where I think supporting a development is meaningful, is this a development or project that the government wants to support and then we can look at making available to the developer our various tools and maybe it is supporting a loan. For example, on the Metropolitan Avenue development, we issued general obligation bond debt. It’s backed by project revenues. We have some level of certainty because that particular project, the developer, we know there’s a revenue stream. We had the Sav-A-Lot store initially. We have a Dollar General and so we know there’s property tax and sales tax revenue so we have some confidence of a revenue stream. It was the project that this committee and the commission felt had from a policy standpoint, it was necessary to enter into.

I know we’re looking at a downtown grocery store. If that’s a project that the commission feels is important to the community, to me, then that’s the time where we want to provide financial support. I guess my concern is, do we want to provide a loan where the main purpose of the loan is to receive that interest spread differential where we’re reducing monies that might be available for other capital projects. I really think that potentially there are projects that could be at risk. Certain projects have less risk than others. We’ve certainly seen over the years a residential project that the developer has high intentions for and the project doesn’t go forward or it doesn’t move as fast as it has. I guess that’s my overall view on this proposal.

**Mr. Bach** said I will probably offer that, you know, I think Lew and I look at it—I mean there are different perspectives because certainly from an administrative perspective, the financial concerns that Lew lays on the table leave me to believe why would we get into this business at all. The economic development side of me gets to it and says, well, there is some opportunity to leverage some financial revenues that we could earn that we otherwise wouldn’t get to. I probably, as Lew laid out the risk, I don’t see the risk so much coming from who we would do the loan with and if that money would come back. I think we could secure ourselves into a pretty good environment there just like we did at the 39th & Rainbow project when we ended up doing one there.

Somewhere down the road, I mean, there’s obviously a risk level. Any time you make a loan to somebody, will you get it back. You can look at high levels of pain that it’s going to
cause somebody if they don’t pay you back that money. It could really hurt them financially on a lot greater level. If George has this as a tool, we could work under parameters that we wouldn’t bring you a project back that we thought had really any kind of, I mean, if more than a marginal level of risk that you’re always going to have.

The risk side that Lew talks about when he talks about what the bond raters do to this and how they look at our overall debt ratio and what that could do to us on an annual basis when they go through and say, well how much did you put into debt this year. Yeah, one project, that probably doesn’t have much impact, if any. Four or five, it does. That changes the way we would look at it from that perspective. I would say if that hurts our rating any and we get dinged 0.1 or 0.2, then we’re talking, well, if we made $150,000 here, we just spent $200,000 - $400,000 here annually, every year until we can figure out how to get our rating back up and that can be several years before that could happen even long after this loan is paid off.

Those are the two sides of the equation, you know, that we looked at that I think really brings it back to this table. You know, it can be a tool and it’s an area, an opportunity for us to increase some revenue but there is a certain policy risk you have to take when you go to it to say, is that how you want to work with the tax dollars. I think we can answer questions or whatever from our evaluation.

BPU Board Member Alvey asked Lew, I’m assuming you brought this to bond council. Mr. Levin said yes. BPU Board Member Alvey asked what was their general reaction to this, their gut level reaction to this idea. Mr. Levin said they thought it was an interesting proposal. They said it would strictly be—we would have to do it under the home rule authority. It would have to be viewed as an economic development grant. I can’t say they were necessarily supportive of it. BPU Board Member Alvey asked would you say they were cautious, they were resistant, they were afraid. Mr. Levin said I think bond council will work with us to try to structure something under the legal authority that, you know, the state allows us to do a financing. I guess where I might have had more questions would be from working with our financial advisor. I’ll say their support was certainly less favorable and they viewed it as more adversely.

Commissioner Townsend said, Mr. Brajkovic, if you could help me out. When this issue came up for discussion, we were talking about a project that was not as fruitful for small businesses as
we thought and this idea rose up, that discussion, a month or two ago. I know I was viewing it when I heard it as the type of option that you might do more frequently than the one time. You know, maybe we do four or five times and have this as an opportunity for the UG to make money, but based on what Mr. Levin said, I don’t know that I see it that way anymore that there’s a lot more risk to it.

Also, you use the word developer, Mr. Levin. Did you envision using this for more than just the developers? What about the small businesses? That’s the original context. **Mr. Levin** said I think small business gets back to that last point. If we had a pool of money and it could be a budgeted amount of money that his commission sets forth, then you’re doing it for policy. You’re saying you have money available to make loans to small businesses and the reason you want to do it is you want to build small business capacity. Then you’re willing to take a level of risk on the program. I view that as you’re not necessarily trying—I guess, what is the main goal or objective of the program? Is the program to generate revenue, that interest spread revenue differential, or is it to provide a pool that small businesses might be able to use for loans?

**Commissioner Murguia** said I have a little different opinion than Lew does. Lew, I got to tell you, when you talk about the facts of the financing and how it works, there seems to be some political opinion in there versus what the financial facts are. The financial facts are this, when we brought up the lending program, we weren’t speaking of small loans originally because I’m the one that brought up the lending program originally to staff.

Let me back up and give a little history here. One of the things we talked about in strategic planning was declining revenues within the Unified Government and an increase in cost to run our government. That’s about as general as I can get for you. One of the things that the mayor emphasized was how can we creatively broaden our revenue streams and do all these other things like economic development, encourage economic developers to come to our communities and do those kinds of things without putting our good credit rating at risk.

I will tell you the reason I didn’t consider small micro loans is because they tend to be very risky by government standards and by business standards. They’re very high risk. I looked at potentially larger loans that were not risky by business standards and by fair market standards. In order to figure out a way to generate additional revenue back to the Unified Government, that was the whole intent so that we could establish, through this mechanism, a pot of money to do
micro loans or whatever the commission decide they want to do with that pot of money. It might be buying down the debt.

What I heard Lew say, and I also met with bond council, and what I heard Lew say is that bond council looks at things like how much debt we have. If we have so much debt that we are concerned about a million or two million dollar loan, we have big trouble in Wyandotte County. I find it hard to believe that we’re concerned about a million or two million dollar loan. Let’s say we did ten of those loans, I would find it concerning if we were worried about $10M of debt. I think that if we had our bond council and our financial advisor here, if we’re in that kind of trouble, then I’ve been on this commission for seven years and I’ve been gravely misinformed about our financials.

This is the other thing. We talk about this deal. Let me speak in real terms so that you understand the deal. One of the proposals on the table was a million dollar loan where the borrower would put a personal guarantee up on the million dollars, would pay $150,000 in interest the minute they received the loan in advance. It’s like paying all the interest on your car loan in advance and then the loan was a short-term loan of three years. There’s not a lot that can go wrong in three years, especially with a personal guarantee of the developer. We don’t do deals here at the Unified Government ever where we loan money on projects that are that risk adverse.

It is true what Doug says when government gets involved. We get involved because if we don’t get involved, then the project doesn’t happen. To me, that tells me those deals are very, very risky. If they can’t go out and get a bank to loan them the money and they have to come to government and get us to do it and to loan it at 2%, then that deal is very risky.

Now when Lew and Doug talk about policy, this government has taken on some of those projects for what I categorize as social good. For example, if we want to build a grocery store in the northeast, which we all want to see happen, absolutely, if this government is willing to be at risk in order to see that happen.

The way I would phrase the lending program more is, is this government willing to take a fraction of that level of risk, a fraction of that level of risk to get $150,000 return on a million dollar investment in advance of a three-year term loan. To me, it is an easy deal; it is a very low risk deal; and more importantly for me when we just had a meeting a week ago and this government sat around and already is talking about raising our mill levy a mill and a half to pay

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for security equipment, a mill and a half is about a million and a half dollars. If we can do ten of these deals where we receive $150,000, we’ve raised the money for that security equipment without raising the mill levy and increasing taxes for people in this county.

I would rather take that risk than continue to ignore opportunity that’s out there for this government to make money and raise people’s taxes. Raising taxes isn’t a strategy to develop long-term revenue streams. I have a very strong, very different opinion and I personally am not going to vote for a property tax increase no matter what is on the table if this government isn’t willing to think out of the box, roll up their sleeves, and try some new ways of broadening revenue streams. I am not raising that mill levy.

**Commissioner Townsend** asked are we talking about a particular item that’s before the board. You mentioned a million dollars. **Commissioner Murguia** said I gave you an example because Lew—but there is a project that has come to my attention that I think would be a great project. Be clear, Doug is exactly right. This million dollar project, it’s going to happen with or without this government. It’s not one of those projects that we’re going to do it for social good. It’s going to happen. I simply saw it as an opportunity to develop another revenue stream for our government. When people are upset because I won’t vote for a property tax increase, I’m going to bring this up again. I’m going to say, well, I tried to help this government expand their revenue portfolio and they weren’t interested in that so I’m going to bring it up again. I’m just saying—I’m not saying you’re voting no on this. I’m just saying so—originally when Doug and I talked about this, we did talk about it being a program and this is where I think it’s a little bit different.

I don’t think it should be a program. I think we have really quality economic development staff at the Unified Government. We have Greg Kindle, we have George Brajkovic, and we have Doug. They do a phenomenal job and I know that because I’ve worked with them on economic development deals. I think we owe it to them to let them use some professional discretion on these kinds of deals. I think they working with finance could bring forward these deals without having a lending program. Maybe there’s just a really good deal that’s coming forward that it’s a small amount of money that the developers are going to go out and borrow from the bank and it’s very low risk. If these guys want to loan them the money and
make us some money, they should be allowed to do that in my opinion, but that’s just my opinion.

Chairman McKiernan said I will say this puts a whole new light on it because when I first heard this framed, I thought it was a lending program. For that to take place, I still have questions I want to have answered on that. You’re now talking, not something that’s a broad policy decision that we make, but something that is very specific, very development oriented, very unique and one of a kind, and frankly, we’re already doing those kinds of things. I don’t know that we needed this discussion because we’re already doing these things. Commissioner Murguia said I completely agree with you. Chairman McKiernan said, so again, excuse me if I misunderstood, but I thought last month when we talked about this, we were talking more broadly, more globally in terms of a lending program that we might undertake that could be applied across the board. As I said, I still have lots of questions about how that would be actualized. I guess from my perspective what I’d say is, we’re already making these kinds of development decisions in the development agreements we’re negotiating and signing now. Commissioner Murguia said agreed.

BPU Board Member Alvey said I just want to clarify, to go back to the point you made that the UG had set an annual credit limit of $12M - $15M. Is that correct? So you chose $1.2M as a 10%; this is a round number. The problem with giving any loan, taking any of that money and floating a general obligation bond so that we could make specific loans would decrease the amount of money that the UG would then be able to use to do the capital improvements that had been set for the county. Mr. Levin said our CMIPs are determined on an annual basis. That’s simply a target. There’s nothing, I’ll say, definitive that we couldn’t vary it up or down. BPU Board Member Alvey asked but that was the target that was set. Mr. Levin said yes. BPU Board Member Alvey said so the issue still remains that you would reduce, you would basically take that money out of the CMIP to be able to float a loan even something as glorious as a 15% return on an investment for a $1M loan.

I guess the other question I would have is if someone is willing to pay a $150,000 in interest up front for a $1M loan over three years, they could certainly do better than that in the private market. Commissioner Murguia said they can’t. BPU Board Member Alvey asked
they can’t get—**Commissioner Murguia** said it depends on what you’re borrowing the money for. If you’re borrowing it for acquisition, you’ll have one interest rate. If you’re borrowing it for renovation or rehabilitation, that’s a different rate. **BPU Board Member Alvey** said but based upon what you said, if the market is saying that, that’s a high risk loan and, therefore, they don’t want to loan money at that rate, why would it be a good idea for the Unified Government to do the same. Am I making sense? Is that a fair question?

**Mr. Bach** said I had the same thought too when I originally started looking at that. I’ve talked to three, four different developers about this. It is just one that really came in where it works and it’s the way they have their investments when they come into their equity portion of their loan. If they’re investing their current equity, and I think that’s how I understood that their situation was, if they’re investing their equity at a higher rate, they don’t want to pull it out of there. They can. They can pull it out of there, but if they can get it from us for 2.5% or 3%, then they’re making a much larger delta. In the other cases, you know, maybe it was just a couple percent difference that they were around 5% or something like that because you have large companies that are trying to invest their money out and they have larger blocks of sums that they can go on short-term. Just for a couple of percent, it doesn’t work. When you start to get out there 4% or something like that or 5%, then it does work.

I will say my thought to it is, yeah, as you talk about interest rate that if you were to proceed down this path, it would be—it’s more of a loan fee that you’d come to it and say you’re going to cover all our cost of issuance and you’re going to cover whatever our interest rate is over this time period and then you’re going to pay us $150,000 as a loan fee in order to do this because I appreciate where you’re going with it to say let’s make some money off of it. If we’re going to go through all the work to do it, let’s make some money off of it. $150,000 is a lot of money, but it’s not a lot of money either. It has to be enough money to be worth our time and I believe it’s also an analysis that the developer’s looking at. If they can make $40,000 or $50,000 off this, well then it’s worth their time because it’s money here or money there. Really, they just have to come out ahead for it to be worth their time, you know, when it comes down to something like that. That’s a side of it, I guess, it would be a parameter without being a real parameter, without a policy that we have, but something to go back to and say if you’re going to bring this to us, bring to us and it’s actually something that’s worth their while.
I want to speak also to your point to Lew on the—I want to be clear on this, Lew, on the annual bond allocation. When we go through our debt projects and we run that number and we used to run them up there, we were around $18M. That looks ahead to what our long-term debt structure is. We go out and we issue our GO notes and so on an average, you know, we’re looking that we’re turning, that we were bringing back about $18M in debt at the time we had I think 16 mills dedicated to that and we were earning over each mill, and each mill isn’t worth more than a million dollars, then the bond market dropped—not the bond market, our valuation dropped and we fell down below a million in valuation. That’s where we reeled that back and got down below $15M down to the $13M number that we’re working with now.

Unfortunately for us, it takes years to get that cycle back caught up but the objective of the governing body was, hey, we don’t want to increase our mill rate that’s dedicated toward our debt reserve fund. It has to stay flat and not increase. I believe with this kind of loan program, the objective here is that we’re not going to actually issue a bond, we would issue a note for three years and then take that note out so we would never have to go back toward our bond debt to pay that off.

Mr. Levin said I think it depends if the program’s limit—depending on how you structure the program, there’s no reason if you have such a program that it could be a 10-year or a 15-year loan if you want to limit. Certainly if you limit it to just one year, two years, you’re limiting your risks, I guess. Mr. Bach said that’s an important point to keep in mind. I would say, no way would we ever want to take this kind of loan that tapped into what our debt structure would be because then the bottom line for you is if you took that $150,000 that you made off this deal and you spend it today, in four years I’m going to come back to you and say, or five years, and say you need to raise your mill levy at least enough to equal $25,000 or $30,000 this year to pay this off over this time period that will go out and that’s not where you’re going with this. Commissioner Murguia said that’s not—just so we’re all clear, that’s not what we’re doing. Mr. Bach said you’re not trying to increase our debt burden; you’re just trying to structure a program that takes this out in it. Right now, the only way I’d see would probably be a short-term and I think that would be limited to four years on a note. Mr. Levin said if we issue a temporary note, we have authority up to four years. Mr. Bach said when you’re in a three-year program; you’ve got a year to work it out if there was a problem that would come down the road.

February 3, 2014
Chairman McKiernan said well I’m glad we had this discussion because from my perspective, my recommendation after this discussion would be to let our Economic Development & Finance staff use their professional discretion evaluating all factors and have this be an allowable tool in their toolbox—Commissioner Murguia said that’s it—Chairman McKiernan said if all the factors say we get something of value from the deal, then they have the discretion to do that, that we don’t do anything programmatically.

Back to the small business loans, the micro loans. That’s as different as night and day from what we’re talking about here. I would say from my perspective, from a policy view, if we want to come back and revisit the micro loan or the small business loan program and how we might pull that off, I think we can absolutely do it, but it’s not this discussion today.

Commissioner Townsend said but I thought, and we could roll the tape from a couple of weeks ago, that part of this was to raise and then take the money that we get and put that into a pot for micro loans. That’s how this whole thing started if you roll the tape from a couple of weeks ago. Chairman McKiernan said actually we could absolutely do that or we could decide.

Commissioner Murguia said no, I agree with Gayle. That’s exactly how far we got. Let me back up. I couldn’t get staff beyond the first part of the deal, okay, to make the $150,000 to use for the micro loan. Do you know what I mean? You’re right. That’s what we talked about. I remember it distinctly also except the first phase of it was from the way we look at it, is the first phase is the lending possible. Is it legal? Is the deal a good deal? Is it worth staff’s time? There were all those questions. That’s the first piece of it.

What happens—wait a minute I’ve had this discussion before. I’m willing, because this is what I like to do, go out and work with developers to bring these kinds of deals forward so that there is money coming in. Frankly, I think $150,000 on a million dollar loan is a heck of a return, and I think people would be lined up out front to have that deal especially with a personal guarantee and only over a three-year term.

If we can do that multiple times and increase debt, Lew won’t like this, but increase our debt, but get a larger return where we’re bringing in half a million or a million dollars in revenue, then all I’m going to say is what we do with that earned revenue could be up to the commission. All I was saying in the last meeting is that could be a micro program. It could be a lot of things. It could buy down—Lew could take it all back to buy down the debt. You know Jim and I talked
today that it could also be money that goes to buy down the debt on bad TIFs. By taking care of
the debt on bad TIFs, it could potentially improve our credit rating and what’s going on there that
we’re not liable for that debt on that TIF. I’m not saying it can. I’m saying its things we can
look into. The other option is to use that money for something like a micro lending program. It
depends on where the real concern is, how we use that money that comes in. I’m just saying
there are lots of potential options here. We’re just getting through the first piece of it.

Mr. Bach said I think the other part of that discussion came because we brought up the
revolving loan fund kind of at the same time and that’s how they—they kind of got tied together
a little bit. We have the federal program that we’re trying to untie ourselves from at this point. I
know George and Charles have had discussions with the feds about whether or not we can get
some of our money out of that. If we try to tie getting our money out of it to go right into a
revolving loan fund but under our own administration maybe is an opportunity that allows us to
get it out. Obviously, if we get it out and there’s nothing that ties to I, then it just comes back
and you all can say put it in the general fund; we’ll decide what we’ll do with it during the
summer. It all depends, and we haven’t got that release yet or the word on how that’s working,
but I think that’s how we kind of tied these two issues together and they are completely separate.
Commissioner Murguia said but they’re in steps.

Mr. Bach said I think we’ve looked—I will say this. I mean those kind of small loan
programs are very labor intensive and they are high risk. I mean that’s a different kind of money
and, of course, we’re talking about different levels of dollars. If you put $500,000 in that
program, you have to be willing to think, I may not get that $500,000 back but we’re going to do
it in a way that we do good things with it during that timeframe. You know, the chances that you
don’t get it all back are low, but just like we have had, but this program’s gone since when,
Charles, 1985. There was money put into it and it’s continue to revolve and revolve and over
that time we’ve had a—here’s a loan for $25,000 and somebody went belly-up and we got
$3,000 back out of it. On the flipside, we’ve got loans that pay it all back and we’ve earned
more interest back over the past 30 years than we definitely put into it. It’s worked. It’s just we
can’t get—the parameters that are in the federal program now are just too tight to make it work.

Commissioner Walters said, Brian, I support this project and look forward to the staff sort of
flushing it out a little bit. At the end of the day, I do believe we need a written policy, not a
program, but one of the policies like the whole list that we approved just a few weeks ago at the commission meeting. I know we’re going to be looking more at the TIF policy to maybe expand on that a little bit, but rather than just rely on the meeting minutes for this meeting, to chart our course forward. I do believe we need to come up with a written policy and go from there.

Chairman McKiernan asked what would you think about trying—since we’re going to be revisiting the TIF policy anyway, since that is a policy on economic development tools, for lack of—I’m not sure that’s how it’s phrased in the policy, but is it possible that we could articulate a short directive that is kind of broad in the subsection of that policy. It has several headings dealing with the various economic development tools. Commissioner Murguia asked you mean the lending tool. Are you saying—Chairman McKiernan said correct? Commissioner Murguia said say that again. Chairman McKiernan said the lending tool that we just discussed here could then be listed in the economic development policy as one of the subheadings—Commissioner Murguia said oh, absolutely—Chairman McKiernan said and the potential options for economic development. Commissioner Murguia said oh, absolutely, like IRBs—Chairman McKiernan said exactly. Commissioner Murguia said and TIF and then it would say lending. Chairman McKiernan said UG lending and, again, it would articulate what we’ve talked about here where economic development staff and finance staff consider all the variables.

Mr. Bach said it’s a matter of one, if I’m hearing what seems to be a direction of consensus from this group, understanding you want a policy to come with it, we have an opportunity right now to try to mold this with the one project that we’re working and could bring something back and have the parameters tied around it as far as how that would work. It’s hard to write a policy about something if I’ve never done it.

Commissioner Walters said yes, but what I was hearing were a lot of principals, like three or four years maximum loan. Mr. Bach said okay. Commissioner Walters said there might be a maximum dollar amount. Somehow there might be a demand of a personal guarantee. There might be a demand of first position in the payback in the debt. There are several, I think, elements that we’ve talked about that could be put together. Those policies that we have now are not real specific. They leave a lot of latitude. Mr. Bach said we could probably bring that back with it. I would say if this project works, we’d probably be back on the
next month’s agenda stating here it is and we’re ready to roll if that project flows, but we could also have those policies like that laid out.

Chairman McKiernan said given the fact that we’ve already done some lending, some borrowing, you know, in the context of some other economic development deals that we’ve done, we really have the broad umbrella that I would think covers this particular specific instance. Under that broad umbrella, ask our staff to use their best discretion putting together another deal then use lessons learned from that to articulate a little bit tighter policy related to the specifics of lending being a tool. Does that seem reasonable? Use the broad umbrella that we really kind of already use and then sharpen our focus with this test case.

Commissioner Murguia said and only I would add—agree with all of this. The only thing I would add is you have to be able to do it. Make sure that it’s not something—I mean developers are going to look at it and go, oh that’s pretty but I can’t use it. I mean it has to be practical. That’s why I like what Jim and Brian both said. We’ve already sort of got the parameters based on what the current developer has brought forward. If a real life developer is saying I’ll give you a personal guarantee, I’ll pay the interest on the frontend, it’s apparently exciting to them and it’s good for us. I think $150,000 on a million dollars in three years—immediately and then over three years paid back is a great deal for us. Heck, I’d loan it to them. I would just say those might be some good initial parameters that could then be promoted throughout other developers then we know it’s workable. Do you know what I mean? Mr. Bach said yes.

Commissioner Townsend said let me throw in there for just consideration too. How many of these—would there be a limit to the time period or the number of these that we could do in a year. My concern would be what a deal like that because of the money that may be involved might do to our bond rating at anytime. Commissioner Murguia said right. Chairman McKiernan said I think that those would all be things that we’d have to factor in and certainly Doug, George, Lew and the rest of the team have much more insight into how all of that plays. At the end of the day, they’d have to make a deal like they do in any development agreement that works for everybody. Commissioner Murguia said right.
Commissioner Murguia said you’re right, Gayle. I don’t want it to affect our bond rating either. Commissioner Townsend said it’s just for consideration. Commissioner Murguia said we do need to come up with an idea, you know, when would that be effective. However, I would be disappointed if they set it at $5M and then someone comes in front of us and asks us for $10M for a social good project. I’m telling you I would be disappointed by that because to me that doesn’t make any sense.

Chairman McKiernan asked is that something you think we can—Mr. Bach said yes, we can work on that and evolve it. I think, see that’s where I struggle with the whole bond rating one. I mean yes, if it’s big numbers, we know it and I said that at the beginning of the meeting. If it’s a one million or two projects, I’m confident that’s not going to have an impact. If we go out and do seven or eight, then it starts to get some attention that it’s looked at and if you continue to do it. I’d also say just on a capacity level and the number of projects coming in, I don’t think that’s a concern I have right off the bat that we’re just going to have so many of these pumping through all the time. If that’s the case, then we’re probably going to come back to you and ask for a chunk of that money to add somebody on staff to be able to handle it because I don’t know how we can do it.

Commissioner Murguia asked can’t you outsource that though and charge the developer to pay like when you verify the personal guarantee and stuff like that. Can’t you outsource that and so you don’t even have to mess with it internally. Mr. Bach said potentially. In fact, I would say in verifying personal wealth, we will do that—Commissioner Murguia said yeah. Mr. Bach said and then we will just get a letter back to us that says the financial stability or something like that because when you’re looking at personal wealth, if George and Lew went out and did that and came back with all their records and everything, then it’s immediately open record and not everybody wants to have their personal wealth just available to the entire public to go through. That’s where we would bring in a confident firm that would go do that analysis for us and then write us a letter that comes back onto it. Commissioner Murguia said that’s great.

Chairman McKiernan said you will bring back as many specifics as you can for the next time and then we’ll fold this discussion into our policy discussion whether it occurs next month or the month after that. Mr. Bach asked, George, you ought to have what, four or five projects ready with this next month. Mr. Brajkovic said only four or five. Mr. Bach said you’ve got two and
a half weeks to get them on the agenda. Mr. Brajkovic said now that could be a problem. Chairman McKiernan said no, you just blue sheet them in. Mr. Brajkovic said I learned something new today, pink sheets. Commissioner Murguia said it’s a beautiful thing.

Mr. Brockman said I just wanted to step back a little bit on the LIHTC. I wanted to make sure—actually I didn’t say it so I apologize. There is one LIHTC project that we are going to be reviewing. There is a LIHTC project that has been in the works for three or four months now and that is Crossline Towers, so I just wanted to make sure that—because it will be coming to standing committee again, either March or April. Chairman McKiernan said I thought that had already gone through. Commissioner Murguia said we already approved that. It came to full commission. That was the one where I wanted to vote no but they said it didn’t matter. I’ll just lay it out there. Mr. Bach said I know we brought it. I’d have to look back and see. I guess I would qualify that as one if we haven’t done final, but it’s already in the system for us.

Chairman McKiernan said I could have sworn we had already discussed—Mr. Brockman said excuse m, commissioner. I believe that was Tartan Residential and Bob Hughes was there because he is the universal manager. Commissioner Murguia said, yeah. Gail just filled me in. That’s right. Mr. Brockman said they are actually totally remodeling the Crossline Towers. Mr. Bach said oh, what happened—remember we brought the garage—Commissioner Murguia said that project has been before us. That was Steve Foutch. Mr. Bach said we brought the garage component and said we would allow them to couple that into their deal. Mr. Brockman said the MOU, memorandum of understanding. I just wanted to make sure—I didn’t want to surprise you with that. Mr. Bach said thanks for clarifying, Charles.

Adjourn

Chairman McKiernan adjourned the meeting at 5:41 p.m.

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February 3, 2014
In order to keep the downtown YMCA open and operating for the next year while efforts continue to provide for a new YMCA which is contemplated as part of a downtown Healthy Campus, additional funding will need to be authorized to amend/extend the Unified Government current contract with the YMCA. The YMCA has agreed to continue operations and building upkeep at a cost of $6,250 per month beginning this April. This is $3,750 less per month than our current agreement.

Request to provide funding in the amount of $75k for continued operations of the 8th street YMCA for the next 12 months, recommend funding come from Casino Grant that is in our current 2014 Budget as part of the Consolidated Parks Fund but currently not allocated for any specific expense in 2014.

Action Requested:
Consider authorization of current budgeted dollars for use to cover requested contract with the YMCA.

Budget Impact: (if applicable)
Amount: $
Source:
☑ Included In Budget Requested funding has not been designated for a specific use in 2014
☑ Other (explain) Commission approval is required in accordance with the recently adopted budget policy for discretionary expenditures in excess of $50,000.
Today's Date: March 26, 2014

Department/Division: Finance/Budget

Description/Title: 8th Street YMCA Funding

Account Distribution: 113-063-4021-5443

Revision Request Type (Check One):
- Emergency Repair
- Non-Personnel Expense
- Change to Existing CMIP
- Other [X]

Department Funds Available:
1. Amount: $75,000
2. Amount: $0
3. Amount: $0
4. Amount: $0

Other Funding Needed: Yes

Detail Description: Request to provide funding in the amount of $75k for continued operations of the 8th street YMCA for the next 12 months, recommend funding come from Casino Grant that is part of the Consolidated Parks Fund.
Attached is a resolution authorizing the Board of Public Utilities to obtain a loan in the amount of $13,000,000 from the Kansas Department of Health and Environment from the State Revolving Loan Fund which provides financial assistance in the form of loans to Kansas municipalities at below market interest rates for construction of public water supply system infrastructure. The two capital projects for which the BPU intends to use the funds are: (1) filter and pumping improvements at the Nearman Water Treatment Plant in the approximate amount of $3,000,000; and (2) water main rehabilitation projects in the distribution system in the approximate amount of $10,000,000. The loan term is 20 years and will have an interest rate of 2.79%. It is estimated that semi-annual payments will be $298,388. These projects are in the BPU capital budget. Representatives from the BPU will be present to answer any questions.

Action Requested:

Adopt resolution
RESOLUTION NO. R-___-14

A RESOLUTION AUTHORIZING THE BOARD OF PUBLIC UTILITIES OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS TO OBTAIN A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY FUND ADMINISTERED BY THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

WHEREAS, the Unified Government of Wyandotte County/Kansas City, Kansas (the “Unified Government”) is a municipal corporation duly organized under the laws of the state of Kansas (the “State”) as a consolidated city-county; and

WHEREAS, the Unified Government owns and operates a public water supply and distribution system (the “System”), which is managed, operated, maintained and controlled on a day-to-day basis by an administrative agency of the Unified Government known as the Board of Public Utilities (the “BPU”); and

WHEREAS, the Board of Directors of the BPU (the “BPU Governing Body”) has heretofore determined it to be in the best needs of the customers of the System to undertake certain modifications and improvements to the System, including (i) water pipeline replacement projects in the water distribution system at an estimated cost of $10,000,000 and (ii) rehabilitation of the filters, backwash pump and high service pump at the Nearman Water Treatment Plant at an estimated cost of $3,000,000 (collectively, the "Projects"), and to pay Loan origination costs; and

WHEREAS, pursuant to K.S.A. 65-163c et seq. (the “Act”), the Kansas Department of Health and Environment (“KDHE”) administers the Kansas Public Water Supply Fund (the “Fund”) from which loans are made to certain qualified Municipalities (as said term is defined in the Act) to finance modification and improvements to public water supply systems; and

WHEREAS, the BPU has heretofore made an application to KDHE for a loan in an aggregate amount not to exceed $13,000,000 (the “Loan”) to finance the Projects; and

WHEREAS, the BPU Governing Body has heretofore conducted a public hearing on the advisability of proceeding with the completion of the application for the Loan and has authorized the appropriate officials of the BPU to accomplish the completion process; and

WHEREAS, the Board of Commissioners of the Unified Government wishes to authorize the BPU to enter into the Loan to finance the Projects.

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 Loan. The BPU is hereby authorized to obtain the Loan in order to provide financing for the Project.
Section 2. Further Proceedings. The Mayor, Unified Government Clerk and other officers and representatives of the Unified Government are hereby authorized and directed to take such action as may be necessary to implement this Resolution.

Section 3. Further Authority. This Resolution shall be in full force and effect from and after its adoption.

ADOPTED by the Governing Body of the Unified Government of Wyandotte County/Kansas City, Kansas on April 24, 2014.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

By: ____________________________
    Mayor/Chief Executive

(SEAL)

ATTEST:

______________________________
Unified Government Clerk
Unified Government (UG), Kansas City, Missouri (KCMO) and Mid-America Regional Council (MARC) received a Brownfields coalition grant from the Environmental Protection Agency (EPA). This $600k assessment grant will be administered by the coalition partners and provide equal funding for projects in both state jurisdictions.

This memorandum of agreement outlines the administrative roles and procedures to be used in carrying out grant activities by the coalition members.

Action Requested:

A resolution authorizing UG Mayor/CEO to execute the Memorandum of Agreement with KCMO and MARC as part of the One-KC Bi-State Brownfields Coalition Grant

Budget Impact: (if applicable)

Amount: $
Source:
☐ Included In Budget
☑ Other (explain) Grant funded.
RESOLUTION NO. ________________

WHEREAS, the Unified Government of Wyandotte County/Kansas City, Kansas (Unified Government), the Mid-America Regional Council (MARC), and the City of Kansas City, Missouri (KCMO) wish to enter into a OneKC Bi-State Brownfields Assessment Coalition (Coalition) to implement a Brownfields Assessment Coalition Grant funded by a Cooperative Agreement with the United States Environmental Protection Agency (EPA); and

WHEREAS, the EPA awarded KCMO a Brownfields Coalition Assessment Grant in the amount of $600,000.00 on behalf of the proposed coalition; and

WHEREAS, the coalition shall equitably distribute its resources between the Unified Government and KCMO to perform inventory preparation, site selection criteria development, assessments, planning (including cleanup planning) relating to Brownfield sites, outreach materials and implementation, and other eligible activities and programmatic costs as allowed by EPA;

WHEREAS, the Unified Government must enter into a Memorandum of Agreement with MARC and KCMO which sets forth each parties’ responsibilities and requirements relating to the grant and formally establishes the Coalition,

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

1. That the Unified Government Mayor is hereby authorized and directed to execute in the name of the Unified Government of Wyandotte County/Kansas City, Kansas, the attached Agreement.

2. That the Unified Government Administrator and staff are hereby authorized to take all necessary actions to carry out the terms of the Agreement.


____________________________________
Unified Government Clerk
ONE-KC BI-STATE BROWNFIELDS ASSESSMENT COALITION
MEMORANDUM OF AGREEMENT BY AND BETWEEN THE
CITY OF KANSAS CITY, MISSOURI
AND
UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS
AND
THE MID-AMERICA REGIONAL COUNCIL

This Memorandum of Agreement (Agreement or MOA) is entered into on the ____ day of
__________, 20__ by and between THE CITY OF KANSAS CITY, MISSOURI, a
constitutionally chartered municipal corporation of the State of Missouri, hereinafter referred
to as “CITY”; UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY,
KANSAS, a municipal corporation of the state of Kansas, hereinafter referred to as
“UNIFIED GOVERNMENT”; and the MID-AMERICA REGIONAL COUNCIL,
hereinafter referred to as “MARC” (collectively the “Coalition Members”). This Agreement
documents the roles and responsibilities of the various parties involved in the Assessment
Coalition with regard to the OneKC Bi-State Brownfield Coalition Assessment Project.

RECITALS

WHEREAS, the parties hereto each have the authority to enter into a cooperative
agreement; and

WHEREAS, on September 26, 2013, a Brownfields Coalition Assessment Grant
(INSERT THE GRANT NUMBER) in the amount of $600,000.00, (hereinafter the “Grant”), was
awarded to the CITY on behalf of the Coalition Members by the U.S. Environmental Protection
Agency (EPA); and

WHEREAS, EPA and CITY have entered into a federal grant cooperative agreement
(insert number), (hereinafter the “Cooperative Agreement”) to fund the Coalition (as defined
below) and its activities.
AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter expressed, the parties mutually agree as follows:

1. The Coalition Members hereby agree to enter into the OneKC Bi-State Brownfields Assessment Coalition, (hereinafter the "Coalition"), in accordance with the terms and conditions of this Agreement, for the purpose of implementing the Cooperative Agreement funded by the Grant. The CITY shall be the Lead Coalition Member of the Coalition.

2. Activities funded through the Coalition may include inventory preparation, site selection criteria development, assessments, planning (including cleanup planning) relating to brownfield sites, outreach materials and implementation, and other eligible activities and programmatic costs as allowed by EPA for brownfield assessment grants and as the Coalition members may agree ("Coalition Activities").

3. It shall be an objective of the Coalition Members that the amount of Coalition Activities funded, the number of sites and projects assisted by the Coalition, and the overall pool of Coalition resources shall be equitably distributed between the CITY and UNIFIED GOVERNMENT, and shall be equitably distributed across the geographical area of the Coalition program boundaries, to the extent practicable and consistent with the Cooperative Agreement and the goals, objectives and tasks of the Work Plan (as defined below).

4. The Coalition shall be comprised of three members. The representation of the Coalition shall be as follows: one representative of CITY shall be appointed by the Mayor of Kansas City, Missouri; one representative shall be appointed by the Mayor/Chief Executive Officer of the UNIFIED GOVERNMENT; and, one representative of MARC shall be appointed by the Board of Directors of MARC. From time to time, each Coalition Member may appoint an alternative representative or designee to act in the designated representative’s stead.
Lead Coalition Member Responsibilities

5. CITY is responsible to EPA for management of the Cooperative Agreement and compliance with the statutes, regulations, and terms and conditions of the award, and, with the cooperation of the other Coalition Members, ensuring, to the extent practicable, that all members of the Coalition are in compliance with the terms and conditions of the Cooperative Agreement.

6. It is the responsibility of CITY to provide timely information to the other Coalition Members regarding the management of the Cooperative Agreement and any changes that may be made to the Cooperative Agreement over the period of performance. If any changes or amendments to the Cooperative Agreement alter the responsibilities of the Coalition Members, either individually or collectively, under this Agreement, then this Agreement shall be amended to reflect such changes, subject to the approval of each of the Coalition Members, which approval shall not be unreasonably withheld, conditioned or delayed.

7. CITY shall administer the Cooperative Agreement and ensure compliance with all terms and conditions of such agreement. A copy of the Cooperative Agreement is attached to this Agreement as Attachment 1. CITY shall administer a Work Plan, as amended and approved by EPA (the “Work Plan”), for the purpose of implementing the Cooperative Agreement. To the extent possible, the terms of the Work Plan, including the Work Plan Budget and Schedule, shall be acceptable to all Coalition Members. A copy of the current Work Plan, is attached to this Agreement as Attachment 2.

8. The Coalition Members will work to develop a site selection process based on agreed upon factors and will ensure that a minimum of six (6) sites are assessed over the life of the Cooperative Agreement unless otherwise agree to by the Coalition Members, subject to EPA approval.
9. There shall be assessed a minimum of three (3) sites selected by CITY, and a minimum of three (3) sites selected by UNIFIED GOVERNMENT, provided that no single site, or group of properties treated as a single site, will utilize a total of more than $150,000 of the Coalition grant resources without the express written agreement of all Coalition Members. Additional sites identified by Coalition Members may be selected for assessment, funds permitting. All sites shall be selected according to a process agreed upon by all Coalition Members that includes public participation, confirms site and program eligibility, and strives to ensure that projects will address the needs of disadvantaged communities. Selected sites will be submitted to EPA for prior approval to ensure eligibility.

10. For Coalition Activities approved for designated sites in the UNIFIED GOVERNMENT, CITY and UNIFIED GOVERNMENT may enter into a sub-award agreement, consistent with the terms and conditions off the Cooperative Agreement and subject to approval by EPA ("Sub-award Agreement"). UNIFIED GOVERNMENT shall procure services for Coalition Activities on designated sites and pay eligible expense using Sub-award Agreement funds, all in accordance with the Sub-award Agreement and in accordance with the Cooperative Agreement and the Grant. The CITY will work with the UNIFIED GOVERNMENT to ensure compliance with all Cooperative Agreement terms and conditions for all Sub-award Agreement activities, including site eligibility determinations, procurement, design of eligible assessment project scopes of work, project management, progress reporting, ACRES entries, and other eligible programmatic activities related to UNIFIED GOVERNMENT sites. It will be the responsibility of the UNIFIED GOVERNMENT to obtain all required permits, easements, and/or access agreements as may be necessary to undertake assessments at designated sites.

11. In accordance with the budget of the approved Work Plan, up to 10 percent of the Coalition Grant resources may be utilized by CITY for eligible, reasonable and necessary
programmatic costs associated with administration of the Coalition Activities and ensuring compliance with the Cooperative Agreement, including community outreach and information, progress reporting, and financial reporting and recordkeeping. CITY may assign any or all of these duties to MARC and provide corresponding Grant resources therefor.

12. In accordance with the budget of the approved Work Plan, CITY may retain consultants and contractors under 40 CFR 31.36 to undertake reasonable and necessary programmatic costs of approved activities funded through the Cooperative Agreement.

13. Except for any Sub-award Agreement between CITY and UNIFIED GOVERNMENT, CITY may procure qualified professional consultant services in compliance with 40 CFR 31.36 requirements and applicable administrative regulations of CITY. The CITY may issue Requests for Proposals, Requests for Qualifications, or utilize other appropriate solicitation methods, and will be the entity responsible for the selection and award of contracts.

**Coalition Members General Responsibilities**

1. MARC and UNIFIED GOVERNMENT shall designate and authorize a representative to participate on their behalf in the Coalition and Coalition related activities. MARC and UNIFIED GOVERNMENT shall ensure their representatives to the Coalition are duly appointed and will actively participate in the meetings and activities of the Coalition.

2. MARC and UNIFIED GOVERNMENT shall comply with all terms and conditions of the Cooperative Agreement, Work Plan, Budget and Schedule that are applicable to the Coalition Members, including applicable laws, regulations, executive orders and policies made applicable by the Cooperative Agreement, and the terms and conditions of any Sub-award Agreement each may enter into, as authorized by the Cooperative Agreement.

3. MARC and UNIFIED GOVERNMENT shall not expend or obligate any funds of
CITY, the Grant or the Cooperative Agreement for Coalition Activities, or enter into any agreement to expend or obligate such funds unless approved by CITY as the Lead Coalition Member.

4. MARC and UNIFIED GOVERNMENT shall provide all Coalition Members and contractors undertaking Coalition Activities access to properties, documents, reports and information, as allowed by law, within their control or possession concerning the activities of the Coalition.

5. MARC and UNIFIED GOVERNMENT shall provide all Coalition Members such other reasonable non-monetary assistance, as necessary, to ensure compliance with the terms and conditions of the Cooperative Agreement. Neither MARC nor UNIFIED GOVERNMENT shall undertake any activity or task that may, in any way, hinder the CITY’s ability to maintain compliance with the Grant or the Cooperative Agreement.

6. Contact information for the authorized representatives of the Coalition is as follows:

For CITY:

Mayor Sly James (or designee)  
City of Kansas City, Missouri  
City Hall, 29th Floor  
414 E. 12th Street  
Kansas City, MO 64106

With a copy to:

Andrew Bracker  
Brownfields Coordinator  
City Hall, 16th Floor  
414 E. 12th Street  
Kansas City, MO 64106

For UNIFIED GOVERNMENT:

Mayor/Chief Executive Officer Mark Holland (or designee)  
Unified Government of Wyandotte County/Kansas City, Kansas  
One McDowell Plaza
701 N. 7th Street  
Kansas City, KS 66101

With a copy to:  
Marlon Goff  
Analyst  
Unified Government of Wyandotte County/Kansas City, Kansas  
One McDowell Plaza  
701 N. 7th St., 4th Floor  
Kansas City, KS 66101

FOR MARC:

Executive Director David Warm (or designee)  
Mid-America Regional Council  
600 Broadway  
Suite 200  
Kansas City MO 64105-1659

With a copy to:  
Marlene Nagel  
Mid-America Regional Council  
600 Broadway  
CenterSuite 200  
Kansas City MO 64105-15541659

MARC Responsibilities

1. MARC shall work with Coalition Members to develop, adopt and implement an appropriate Community Involvement Plan (CIP).

2. MARC shall work with the CITY and UNIFIED GOVERNMENT to prepare and post notices and convene public stakeholder meetings, provide meeting space, translation and accessibility services (as needed), and coordinate public outreach and involvement activities as directed by the CIP.

3. MARC shall coordinate Coalition project activities with other relevant MARC regional partnerships and initiatives.

4. MARC may assist CITY in performance of eligible programmatic activities, including
the following grant management responsibilities: monitoring compliance with cooperative agreement terms and conditions; preparing quarterly progress reports; preparing and updating property profile forms; tracking and reporting minority-owned enterprise (MBE) and women-owned enterprise (WBE) participation; and other grant management activities in accordance with the approved Work Plan.

Miscellaneous

1. The provisions of this Agreement are severable. In the event that any provision of this Agreement is held to be invalid, illegal or unenforceable to any extent, then the remaining provisions of this Agreement and the portion of the offending provision (or any application thereof) which is not invalid, illegal or unenforceable shall remain in full force and effect.

2. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all which together shall constitute but one and the same instrument.

3. The Recitals are incorporated into this Agreement and shall be binding upon the parties as if fully set forth in this Agreement.

SIGNATURE PAGES TO FOLLOW.
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives the day and year first above written.

APPROVED AS TO FORM & LEGALITY:

By: __________________________
    Assistant City Attorney

ATTEST:

CITY OF KANSAS CITY, MISSOURI
CITY DEVELOPMENT DEPARTMENT
A Constitutionally Chartered Municipal Corporation of the State of Missouri

By: ____________________________
    City Clerk

By: ____________________________
    Assistant City Manager/Director, City Planning & Development Department

State of Missouri )
 )ss
County of Jackson )

BE IT REMEMBERED, that on this _____ day of ____________, 2013, before me, the undersigned, a notary public in and for the county and state aforesaid, came BOB LANGENKAMP, Assistant City Manager/Director, City Planning & Development Department, of Kansas City, Missouri, a municipal corporation duly organized, incorporated and existing under and by virtue of the laws of the State of Missouri, and, MARILYN SANDERS, City Clerk, of Kansas City, Missouri, who are personally known to me to be the same persons who executed, as officials, the within instrument on behalf of said municipal corporation, and such persons duly acknowledge the execution of the same to be the act and deed of said municipal corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

________________________________
   Notary Public

My commission expires: ____________________________

9
ATTEST:

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

By: ____________________________
   Name: Mark Holland
   Title: Mayor/CEO

By: ____________________________
   Name: ____________________________
   Title: ____________________________

State of Kansas )
 )ss
County of Wyandotte )

BE IT REMEMBERED, that on the _____ day of ____________, 2014, before me, the undersigned notary public in and for the county and state aforesaid, came MARK HOLLAND to me personally known, who being by me duly sworn did say that he is the MAYOR(CHIEF EXECUTIVE OFFICER OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, and that the seal affixed to the foregoing instrument is the corporate seal of said county and that said instrument was signed and sealed on behalf of said corporation by authority of its board and said MARK HOLLAND acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

______________________________
Notary Public

My commission expires: ________________________________
ATTEST: MID-AMERICA REGIONAL COUNCIL

By: ____________________________
    Name: David A. Warm
    Title: Executive Director

State of Missouri  )
     )ss
County of Jackson  )

BE IT REMEMBERED, that on the ___ day of ____________, 2014, before me, the undersigned notary public in and for the county and state aforesaid, came DAVID A. WARM to me personally known, who being by me duly sworn did say that he is the EXECUTIVE DIRECTOR of MID-AMERICA REGIONAL COUNCIL, a Missouri not-for-profit corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

________________________
Notary Public

My commission expires: ____________________________
Attachment I
Cooperative Agreement
OneKC Brownfields Coalition Assessment Grant Workplan
Kansas City Brownfields Assessment Coalition
Workplan for CERCLA Section 104(k) Assessment Coalition Agreement
October 1, 2013 through September 30, 2016

GOAL 4: Healthy Communities and Ecosystems
   Objective 4.2: Communities – Sustain, Clean Up, and Restore Communities and the Ecological Systems that Support Them.
   Sub-objective 4.2.3: Assessment, Clean Up and Redevelop Brownfields
CFDA: 66.818 Brownfields Assessment, Cleanup and Revolving Loan Fund Grants

1. OBJECTIVE
This Work Plan implements Kansas City Brownfields Coalition Hazardous Waste Assessment Project (Project) pursuant to a cooperative agreement between the City of Kansas City, Missouri (City) and the U.S. Environmental Protection Agency (EPA) in the amount of $600,000. The Project will perform hazardous waste Phase I and Phase II Environmental Site Assessments (ESAs) on selected Coalition sites. The Coalition will assess sites to identify real or perceived environmental impacts to facilitate cleanup and sustainable reuses that are protective of human health and the environment, and benefit local residents, the environment and the economy. The Coalition Project will focus on sites and assessment activities that promote four priority initiatives: Infrastructure Leverage, Urban Agriculture, High-Speed Broad Band, and Workforce Development. The Project consists of following general tasks: Community Outreach, Phase I All Appropriate Inquiry assessments, Phase II Environmental Site Assessments (ESAs), and Risk Assessments.

The Coalition includes:
   a. Lead Coalition Member. City, the Coalition lead member, is a general purpose unit of local government. Point of Contact is Andrew Bracker, Brownfields Coordinator, (816) 513-3002, Andrew.bracker@kcmo.org.
   b. Coalition Member. Unified Government of Wyandotte County/Kansas City, Kansas (Unified Government) is a general purpose unit of local government. Point of Contact is Marlon Goff, Analyst, Department of Economic Development, (913) 573-5545, mgoff@wycokck.org.
c. **Coalition Member.** The Mid-America Regional Council (MARC) is a Missouri public benefit corporation created pursuant to Revised Statutes of Missouri, Section 355.096.2(2) (the Missouri Nonprofit Corporation Act. Point of Contact is Marlene Nagel, Executive Director, (816) 474-4240, mnagel@marc.org.

2. **MANAGEMENT AND COORDINATION.**

The Coalition Project will be led by the City through its Department of City Planning and Development. As the Cooperative Agreement Recipient (CAR) the City will be the grant administrator and fiscal agent for the EPA cooperative agreement and will be responsible for compliance with all terms and conditions, including provisions regarding the use of grant funds, reporting requirements, procurement procedures, and grant closeout procedures. In accordance with the Memorandum of Agreement (MOA), MARC will assist the City in the performance of various City CAR responsibilities, including community involvement, grant management and reporting duties. In addition, a qualified environmental professional may be hired by the City or MARC to assist in performance of the City's CAR responsibilities including, but not limited to: eligibility analysis for proposed Coalition project sites, management of ACRES database entries for Coalition sites and activities, quarterly progress reporting, and Quality Assurance Project Plan (QAPP) compliance. The City, with MARC assistance, will organize Coalition meetings and events, and coordinate Coalition Member participation and activities. The official responsibilities of the City regarding the Project, including entering into agreements, contracts and any amendments thereto, will be performed by the Director of the Department of City Planning and Development. Day to day responsibilities of the City will be performed by the City Brownfields Coordinator and City staff members, and by MARC staff members in accordance with the MOA. The City will ensure that periodic and final reports are submitted on a timely basis to the USEPA Project Officer. Quarterly reports will document the incremental progress at achieving the project deliverables and provide information as listed in the Cooperative Agreement Terms & Conditions.

Coalition sites and activities will be selected by a deliberative body that includes equitable representation by each Coalition Member, in accordance with a Memorandum of Agreement, attached to this Work Plan. The Coalition will select sites and assessment activities in an open and public process that includes opportunities for public input and participation. The process of site selection will strive to ensure an equitable distribution of sites, assessment activities and resources between the City and Unified Government Coalition Members and geographic locations within the Coalition Project area. The Coalition will select a minimum of six (6) sites for assessment during the cooperative agreement period. There shall be assessed a minimum of three (3) sites nominated by the City, and a minimum of three (3) sites nominated by Unified Government. No single site, or group of properties treated as a single site, will utilize a total of more than $150,000 of the Coalition funds without the express written consent of all Coalition Members. Additional sites will be selected, funds
permitting. All selected sites and proposed assessment activities will be submitted to EPA confirmation of eligibility under the terms of the Cooperative Agreement.

The Coalition will also review and approve scopes of work, requests for proposals or bids, selections of contractors, contracts for services, and other uses of Coalition funds. With Coalition approval, the City will procure and contract for approved services on Coalition sites and projects. The City will also advise Coalition Members to ensure compliance with cooperative agreement terms and conditions. Contractors will be selected and hired in accordance with EPA procurement regulations. Cooperative Agreement funds will be drawn down by requests made exclusively by the City through one of EPA’s automated payment systems, after it has been verified that such expenses are reasonable, allowable and allocable under the terms of the Cooperative Agreement.

The City and other Coalition Members may perform certain programmatic activities, and incur related costs, as allowed by the terms of the Cooperative Agreement and this Work Plan and Budget. Such activities may include public outreach, advertisements of public notices, review of assessment scopes of work and reports, drafting and review of agreements. The City will request EPA cooperative agreement funds to reimburse Coalition Members for eligible programmatic activities allowed by the Cooperative Agreement and this Work Plan and transmit these funds to Coalition Members according to the terms of the Memorandum of Agreement.

It will be the responsibility of each Coalition Member to obtain all required permits, easements, and/or access agreements as may be necessary to undertake assessments at the selected site. The City and Unified Government shall provide access to properties, documents, reports and information within their control or possession concerning the activities of the Coalition, as allowed by law.

3. WORKPLAN TASKS AND SCHEDULE
To support progress toward the goals, objectives and sub-objectives referenced above, the City will utilize its on-going comprehensive brownfields database to compile Project information on the following outputs and outcomes (and enter the same information into the ACRES system) and in the outputs described for each Project Task.

Outputs:
- Number of Sites Phase I ESA Completed (measure: approved by City technical staff)
- Number of Sites Phase II ESA Completed (measure: approval by City technical and state officials, where enrolled in the Missouri or Kansas VCP)
Outcomes:

- Jobs created by redevelopment projects assisted (measure: # of permanent full time equivalents (FTEs)).
- Vacant properties reused (measure: # of acres of vacant property and structures redeveloped for commercial, residential or greenspace, gardens).
- Tax revenue increased on properties assessed (measure: $ increment in county assessed value after assessment)
- Development funding leveraged ($$ committed in signed written agreements)
- Health Risks Addressed (population of target community affected by risks addressed)

Task 1 – Community Outreach
Upon notification from EPA, the first step will be to organize a “kick-off” public meeting to brief community officials and stakeholders on the Coalition Project, its purposes and resources, and the important ways in which Coalition stakeholders are invited to participate. The Kick-Off meeting will introduce the four priority initiatives of the Coalition and discuss examples of brownfield sites, areas and projects that could further each: Infrastructure Leverage, Urban Agriculture, High-Speed Broad Band, and Workforce Development. The next steps will be to build community outreach capacity and enhance efforts to reach stakeholders and involve them in the Coalition Project. Coalition Members will identify key stakeholders that should be notified and invited to participate in the Project. Coalition Members will also identify locations within their respective jurisdictions where public meetings may be held. The Task includes quarterly meetings and special meetings over the three-year period of the cooperative agreement. Programmatic costs\(^1\) associated with this task include staff services directly related community outreach activities and events, and also include portions of quarterly progress reports and the final performance report that relate progress and accomplishments concerning community outreach activities.

The kick-off event and quarterly Coalition meetings will be advertised in publications of general circulation in the bi-state project area. The normal location of meetings will be MARC offices. Special meetings will be held in communities impacted by identified brownfield projects and areas to work with community representatives to identify projects for grant assistance. As sites are selected and funded, community members will be encouraged to learn about assessment activities, help identify at-risk populations, share knowledge of site history, and help advise how funds are to be spent.

\(^1\)All programmatic costs will be tracked on a daily basis and attributed to eligible, site-specific activities or required progress and financial reporting activities in accordance with an EPA approved work plan.
The Coalition will report progress at meetings of the neighborhood organizations impacted and at Coalition public meetings. The Coalition will use best efforts to accommodate non-English speaking participants and those with impaired hearing, eyesight or mobility. For Coalition meetings, multi-language publications will be used to provide notice to non-English speaking residents.

### Table 1: Activities, Outputs/Measures and Schedule for Task 1

<table>
<thead>
<tr>
<th>Activities</th>
<th>Outputs/Measures</th>
<th>Outcome/Measure</th>
<th>Date to be completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of presentation &amp; outreach materials for public meetings, website and mailings.</td>
<td>Outreach materials, PowerPoint's, FAQ s</td>
<td>Increased community involvement in brownfields (# of meetings)</td>
<td>November 1, 2013</td>
</tr>
<tr>
<td>“Kick-Off” Meeting</td>
<td>Meeting Minutes</td>
<td></td>
<td>July 18, 2013</td>
</tr>
<tr>
<td>Quarterly Meetings</td>
<td>Meeting Minutes</td>
<td></td>
<td>Ongoing</td>
</tr>
<tr>
<td>Program Management</td>
<td>Quarterly progress reports, final performance reports.</td>
<td></td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

### Task 2 – Phase I AAI

Task 2 includes the completion of up to three (3) Area-Wide and nine (9) single-site Phase I ESAs conducted by an environmental professional in accordance with the All Appropriate Inquiry (AAI) Rule (40 C.F.R. Part 312) and ASTM Method 1512-05 (or more current version if available) on sites and areas selected by the Coalition in accordance with the Memorandum of Agreement (MOA) and the process outlined therein. Funds also may be used to update previous Phase I assessments. Area-wide Phase IIs will be encouraged to produce economies of scale, promote larger projects, and create greater benefits for communities. Site eligibility determinations will be completed and submitted for each site prior to the start of site-specific assessment activities. Site and project evaluation criteria, similar to those used by the existing Kansas City Brownfields Commission, will be adopted by the Coalition and applied to proposed sites and projects. Whenever possible, the Coalition will ensure Phase I ESAs are performed in strict compliance with the AAI Rule and current ASTM requirements and are timed in coordination with anticipated property transactions so as to benefit eligible prospective purchasers and other parties eligible for Superfund liability defenses and eligible to seek federal brownfield cleanup grants, loans and subgrants.

Programmatic costs associated with this task include staff services directly related to site-specific assessment activities such as preparation of scopes of work, services procurement, review of deliverables, and preparation of progress and financial reports. Programmatic costs for Tasks 2-4 also include progress reports, financial reports, meetings with EPA, ACRES entries and updates, and final performance reports to the extent each of these reports and program management
activities relates progress, performance, and information concerning the use of cooperative agreement funds to perform Phase I ESAs, Phase II ESAs and Risk Assessments.

**Task 3 – Phase II Environmental Site Assessment**
The City will work with the EPA, and consult with the Missouri Department of Natural Resources (MDNR) and the Kansas Department of Health and Environment (KDHE), to develop and apply a generic Quality Assurance Project Plan (QAPP) for this class of assessments and site-specific addenda. Sampling activities will not be taken until approval is received from EPA, and the KDHE or MDNR, where applicable. This project task includes up to four (4) hazardous substance Phase II ESAs, four (4) hazardous substance materials surveys, two (2) petroleum Phase II ESAs, and three (3) area-wide Phase II ESAs. All Phase II site assessments will be performed in compliance with ASTM E1903-97 (or more current version, if available). Site eligibility determinations will be completed and submitted for each site prior to the start of site-specific assessment activities. Innovative approaches will be implemented to streamline assessment and reduce costs, including working with EPA and state officials to approve the application of generic QAPP plans that can be easily modified for quick approval on specific sites, using TRIAD methods, combining site mobilizations, and coordinating projects in close proximity. Programmatic costs associated with this task include staff services directly related to Phase II assessment activities such as preparation of scopes of work, services procurement, and review of deliverables.

**Task 4 – Risk Assessments**
This project task will fund further site characterization, monitoring and risk assessment as required by applicable MDNR and KDHE rules and guidance on up to four (4) sites. Activities include quarterly groundwater monitoring and limited additional site characterization to develop data for a risk assessment, preparation of site conceptual models, analyses of current and potential exposure pathways, ecological risk assessments, risk management plans that may include remediation and institutional controls, and analyses of brownfield cleanup alternatives (ABCA) for public review and comment. The task will include working with the state VCP to gain approval of risk assessments and risk management plans and conducting community outreach to inform and involve stakeholders. Site eligibility determinations will be completed and submitted for each site prior to the start of site-specific activities, if not previously completed under the previous tasks. Programmatic costs associated with this task include staff services directly related to risk assessment activities such as preparation of scopes of work, services procurement, and review of deliverables.
<table>
<thead>
<tr>
<th>Activities</th>
<th>Outputs/Measure</th>
<th>Outcome/Measure</th>
<th>Date to Be Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOA</td>
<td>MOA signed by Coalition Members</td>
<td></td>
<td>Signed prior to draw down of funds under this agreement</td>
</tr>
<tr>
<td>Select Sites for Phase I, Phase II or other site-specific activities</td>
<td>Perform Brownfield Eligibility Determination and submit to EPA</td>
<td>Jobs created (# of FTEs); Vacant properties reused (# of acres); Tax revenue increased ($ increment); Development funds leveraged ($$ committed); Health risks addressed (population affected); infrastructure reused (# of acres); hire local brownfield job trainees (# hired)</td>
<td>Ongoing; EPA will be notified no later than 30 days prior to the anticipated start of an assessment</td>
</tr>
<tr>
<td>Conduct Phase I Assessment Activities</td>
<td>Start date identified in Quarterly Reports</td>
<td></td>
<td>Throughout first 1-2 years of grant, details provided in quarterly reports</td>
</tr>
<tr>
<td>Prepare Phase I ESA Reports</td>
<td>Phase I ESA Reports Date completed reported in ACRES; Measure: Number of Phase I ESAs completed</td>
<td></td>
<td>Throughout first 1-2 years of grant, details provided in quarterly reports</td>
</tr>
<tr>
<td>Complete Property Profile Forms/Update ACRES</td>
<td>Enter Property Profile Forms into ACRES online database after assessment is completed</td>
<td></td>
<td>Entered into ACRES within the quarter they are completed</td>
</tr>
<tr>
<td>Apply Generic QAPPs for Missouri and Kansas sites</td>
<td>Number of sites approved under generic QAPPs</td>
<td>Time and costs avoided in preparing site-specific QAPPs for Coalition sites</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Prepare Site-specific QAPP addenda/Sampling &amp; Analysis Plan for Phase II ESAs</td>
<td>Submit SAP to USEPA and state VCP for approval</td>
<td></td>
<td>Ongoing but no later than 21 days prior to anticipated start of environmental sampling activities.</td>
</tr>
<tr>
<td>Conduct Phase II Assessment Activities</td>
<td>Start date identified in Quarterly Reports</td>
<td>Same as for Phase I Assessments</td>
<td>Throughout first 1-2 years of grant, details provided in quarterly reports</td>
</tr>
<tr>
<td>Prepare Phase II Report</td>
<td>Phase II Report for each site Date completed reported in ACRES; Measure: Number of Phase II ESAs completed</td>
<td></td>
<td>Ongoing</td>
</tr>
<tr>
<td>Conduct Risk Assessment</td>
<td>Report of Risk Assessment,</td>
<td>Same as for Phase I Assessments</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Activities</td>
<td>Outputs/Measure</td>
<td>Outcome/Measure</td>
<td>Date to Be Completed</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
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<td>----------------------</td>
</tr>
<tr>
<td>Enroll sites into Voluntary Cleanup Program</td>
<td>Described in the Quarterly Report</td>
<td></td>
<td>Ongoing</td>
</tr>
<tr>
<td>Risk Management Plan (RMP)</td>
<td>RMP for each enrolled site when applicable. Technical Assistance public meeting for each RMP. Measure: number of RMPs approved by MDNR</td>
<td>Help promote green remediation practices (if of green RMPs prepared)</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Program Management</td>
<td>Quarterly progress reports, financial reports, final performance reports, ACRES entries and updates</td>
<td></td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

4. BUDGET  
Budget Table and Narrative.

<table>
<thead>
<tr>
<th>Budget Categories</th>
<th>Task 1 Community Outreach</th>
<th>Task 2 Phase I AAR</th>
<th>Task 3 Phase II Assessment</th>
<th>Task 4 Risk Assessment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>12,000</td>
<td>12,000</td>
<td>12,000</td>
<td>0</td>
<td>36,000</td>
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<tr>
<td>Fringe Benefits</td>
<td>3,600</td>
<td>3,600</td>
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<td>10,800</td>
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<tr>
<td>Travel</td>
<td>2,400</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Equipment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Supplies</td>
<td>8,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>8,000</td>
</tr>
<tr>
<td>Contractual</td>
<td>8,000</td>
<td>60,000</td>
<td>400,000</td>
<td>24,000</td>
<td>492,000</td>
</tr>
<tr>
<td>Other: VCP fees</td>
<td>0</td>
<td>0</td>
<td>32,000</td>
<td>8,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Advertisements</td>
<td>3,200</td>
<td>3,200</td>
<td>3,200</td>
<td>1,200</td>
<td>10,800</td>
</tr>
<tr>
<td>Total</td>
<td>37,200</td>
<td>78,800</td>
<td>450,800</td>
<td>33,200</td>
<td>600,000</td>
</tr>
</tbody>
</table>
Budget Narrative. The tasks shown above will be overseen by the City with assistance from MARC and a qualified environmental professional. The City will comply with all grant reporting requirements and will ensure that all contractors perform work in accordance with state and EPA guidelines. Project tasks in the budget are described as follows:

Personnel:

Table 4
Allowed Personnel Costs
Budget Period October 1, 2013 – September 30, 2016

<table>
<thead>
<tr>
<th>Position</th>
<th>FTE</th>
<th>Budget Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brownfields Development Specialist or other City Staff</td>
<td></td>
<td>$36,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$36,000</td>
</tr>
</tbody>
</table>

Note: Salary and Fringe (27%) are included in the budget amount

Personnel & Fringe: Personnel costs are based on labor estimated for the City Brownfields Development Specialist (currently Mr. Thomas Hobley) to perform day to day project management and compliance with Cooperative Agreement terms and conditions concerning environmental services procurement and contract administration. These duties will be supervised by the Brownfields Coordinator (currently Mr. Andrew Bracker). Cost of Personnel is based on an estimated 1,125 hours (0.55 FTE) and an hourly rate $32.00/hr, and the Cost of Fringe is based on a rate of 33.6%.

Equipment: N/A

Travel: $2,400.
Costs of travel are based on one national conference brownfields conference trip for training purposes for one representative of the City and Unified Government Coalition Members ($1,200 x 2).
**Supplies: $8,000.**
For selected community representatives, refurbished desktop PCs (Supplies: 20 x $150 = $3,000); basic broad-band access (20 x $250 = $5,000);

**Contractual: $492,000.**
Web design, social media and site hosting (32 months x $250 = $8,000).
Eight Phase I ESAs (8 x $2,150 = $4,300).
Four area-wide Phase I ESAs (4 x $10,000 = $40,000).
Four Phase II ESAs (4 x $20,000 = $80,000).
Three area-wide Phase II ESAs (3 x $55,000 = $165,000).
Four hazardous substance materials surveys (4 x $10,000 = $40,000).
Two petroleum Phase II ESAs, including tank removal (2 x $47,500 = $95,000).
Four risk assessments (4 x $5,700 = $22,800).
Qualified environmental professional (QEP) will determine site eligibilities, review deliverables, enter ACRES data. Estimate approximately 5% of project costs, ($22,750).

**Other**
Other: VCP fees
Eight VCP enrollments (8 x $4,000 = $32,000)
Four VCP additional fees for risk assessments (4 x $2,000 = $8,000)

**Advertisements**
24 meetings for Phase I & IIIs advertised (24 x $400 = $9,600).
3 meetings for Risk Assessments advertised (3 x $400 = $1,200)
Staff Request for Commission Action

Type: Standard
Committee: Economic Development and Finance Committee

Date of Standing Committee Action: 4/7/2014
(If none, please explain):

Proposed for the following Full Commission Meeting Date: 4/24/2014
Confirmed Date: 4/24/2014

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

Date: 3/25/2014
Contact Name: George Brajkovic
Contact Phone: x 5749
Contact Email: gbrajkovic@wycokck.org
Ref:
Department / Division: Economic Development

Item Description:
Pursuant to the Notices of Interest (N24443 on 07/29/13, and N245656 on 10/21/13) issued for the Redevelopment of the former Indian Springs Mall Site, staff is making a recommendation to advance a proposal submitted by Lane 4 Property Group, Inc. For your consideration, is an Agreement that includes a scope of Services by Lane 4 for extensive marketing of the site to attract interested users/tenants for Retail and Mixed-Use projects. Additionally, Lane 4 will assist the UG in evaluating the different options for uses, size, configuration, and economic feasibility of the anticipated Redevelopment. The agreement is expected to have an initial term of two years.

Action Requested:
Adopt Resolution authorizing the County Administrator to execute said Agreement.

Publication Required

Budget Impact: (if applicable)

Amount: $
Source:
☐ Included In Budget
☑ Other (explain) Future development will improve the financial performance of this TIF project area.
March 18, 2014

Via E-Mail to gbrajkovic@wycokck.org

George Brajkovic  
Economic Development Director  
Unified Government of Wyandotte County  
701 N. 7th St., Suite 421  
Kansas City, KS  66101

Re: Proposal – Former Indian Springs Mall Area Real Estate Services

Dear Mr. Brajkovic:

This letter is intended to describe the scope of the Real Estate Services LANE4 Property Group, Inc. (hereinafter “LANE4”) is proposing to offer the Unified Government of Wyandotte County (hereinafter “UG”) in connection with the former Indian Springs Mall Property located at I-635 and State Avenue in Kansas City, KS (hereinafter, “Property”).

Client. We understand that our client would be UG and its affiliated entities.

1. Scope of Representation. We understand that the UG is ultimately interested entering into a Development Agreement with a Developer to redevelop and revitalize the Property. In order to attract a Developer and different uses for the Property the UG is interested in better understanding the prospects of such. This will require extensive marketing with the objective of pursuing and attracting users and tenants to the Property so that a viable and realistic plan can become a reality. The UG is interested in a Retail Development and/or Mixed Use Project (hereinafter “Redevelopment”) on the Property. The Redevelopment will be attractive, convenient, conducive and harmonious with the community, adjacent neighborhoods and the goals and objectives of the UG Comprehensive Plan. Among other things, the size and scope of such Development currently remains unknown. LANE4’s initial function would be to attract interested users/tenants and assist the UG in evaluating the different options; uses, size, configuration and economic feasibility of the anticipated Redevelopment.

2. LANE4 Responsibilities. LANE4 would perform a brokerage role by seeking out Retail and other possible Buyers and Tenants by marketing the Property to those who potentially have an interest in being a part of the Redevelopment. Buyers and Tenants may include retailers such as grocery stores, department stores, junior boxes like Michael’s or PetSmart, small shops, restaurants, banks and other business establishments commonly found in first class shopping centers in the United States. It may also include uses such as senior living, apartments, flex
space, governmental facilities, industrial, office or other suitable uses that UG deems appropriate.

LANE4’s duties may also include seeking out potential Developers for different parts of the Redevelopment (for example, a developer who specializes in building Assisted Living Facilities or Office Buildings).

The pursuit and interest of retailers and other users will help form the conceptual basis of a Redevelopment Plan. The engineering, architectural, legal and other pre-development planning disciplines and activities would be the responsibility of UG with general guidance from LANE4 based on our experience and the retailers or other users showing interest. If UG would like LANE4 to take a more active role in the pre-development activities then the parties can discuss such tasks and enter into a mutually agreeable agreement spelling out additional fees to compensate LANE4. All Retail Development marketing and brokerage brochures and collateral will be prepared by LANE4 at their expense and upon review approval from UG.

3. **LANE4 Compensation.** LANE4 would enter into a two year agreement with UG. Such contract could be terminated by either party with 60 days notice at any time.

LANE4 and UG would also enter into a listing agreement (attached) for two years. The Listing would designate the duties of LANE4 including primarily the marketing of the Development portion of the property for Sale and/or Lease. It will state the compensation of such through a commission schedule. No commissions or compensation would be paid to LANE4 unless leases and purchases are completed. No lease or purchase can be effectuated unless UG (or affiliated party) gives approval of such.

4. **Additional Acquisition Services.** UG may also find it necessary to acquire certain tracts of land within the Property. LANE4 shall provide this brokerage per the following.

Acquisition services will be billed based on a percentage of the purchase price. The cumulative commission percentages for such acquisition services are: six percent (6%) of the first $1,500,000 of a purchase price, three percent (3%) of the amount of a purchase price between $1,500,000 and $3,000,000, and one percent (1%) of the amount of a purchase price that is over $3,000,000. Such commissions shall not be due or payable until such time as the transaction with which the acquisition commission is associated closes. The parties agree, however, that in the event any acquisition is completed in which the seller of such acquired property pays a commission to its separate real estate broker, and such broker offers to share a portion of its commission with LANE4, LANE4 shall not be entitled to receive any separate commission or payment from UG in connection with such acquisition (except in the event that such shared commission equals less than the amounts above, in which event, UG shall pay any incremental difference required for LANE4 to receive a total 3% commission on the acquisition of the property).

5. **LANE4 Development Rights.** The UG and LANE4 acknowledge that LANE4 will expend considerable time and expenses in exploring the possibilities of attracting suitable users/tenants and determining the feasibility of the Redevelopment. LANE4, or its affiliated
entity, shall have the exclusive right and option during the term of this Agreement to pursue Development Rights with the UG for the Property, contingent upon entering into a mutually agreed Development Agreement with the UG. Upon entering into such Development Agreement, this Letter Agreement would be terminated.

We appreciate the opportunity to work with you and look forward to a mutually beneficial relationship.

Very truly yours,

Owen Buckley
President

The undersigned hereby accepts the terms of the engagement letter and the attached Terms of Representation

LANE4 Property Group, Inc. Unified Government of Wyandotte County

By: _______________________________ By: _______________________________
Title: ______________________________ Title: _______________________________
RESOLUTION NO. ________________________

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

That the County Administrator of the Unified Government of Wyandotte County/Kansas City, Kansas, is hereby authorized and directed to execute in the name of the Unified Government as the voluntary act of the Unified Government the:

PROPOSAL- FORMER INDIAN SPRINGS MALL AREA REAL ESTATE SERVICES

in substantially the form presented to and reviewed by the Board of Commissioners on April 24, 2014, for the former Indian Springs Mall site, a Tax Increment Finance District known as the Midtown Redevelopment District, located at approximately 4601 State Ave, between the Unified Government of Wyandotte County/Kansas City, Kansas, and Lane 4 Property Group, Inc.

ADOPTED BY THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS,

THIS __________ DAY OF ______________________, 2014.

________________________________________
Unified Government Clerk
In conjunction with The Heights at Delaware Ridge, a 228 unit multifamily project at 130th & State Ave, the Board of Commissioners had previously adopted R-102-10 and passed O-22-12 to allow Speedway Partners LLC the use of $21M in Multi family revenue bonds and a 10 year PILOT. Speedway Partners LLC has completed the construction, and the project is leasing up; and Speedway is interested in selling the project. The purchaser is Sanders Brothers Investments, LLC, a California limited liability company, and Premier Real Estate Management will be the Property Manager. Premier (offices in Blue Springs, MO) has acted as the Developer/manager on other projects in Kansas, and specifically in KCK - Pioneer North East Jr. High Apartments (400 Troup) and Lowell School Apartments (10th & Orville).

Per the UG's Agreement with Speedway Partners, the Assignment can't happen without the express written consent of the UG.

Action Requested:
Adopt Resolution allowing the Assignment of the benefits.

Publication Required

Budget Impact: (if applicable)

Amount: $
Source:

- Included In Budget
- Other (explain) Policy decision.
RESOLUTION NO. R-_______-14

A RESOLUTION CONSENTING TO THE ASSIGNMENT AND ASSUMPTION OF LEASE AND ASSIGNMENT AND ASSUMPTION OF PERFORMANCE AGREEMENT BY SPEEDWAY HEIGHTS, LLC IN CONNECTION WITH $21,000,000 MAXIMUM PRINCIPAL AMOUNT OF TAXABLE MULTIFAMILY HOUSING REVENUE BONDS (THE HEIGHTS AT DELAWARE RIDGE PROJECT), SERIES 2012 OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS.

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 issued its Taxable Multifamily Housing Revenue Bonds (The Heights at Delaware Ridge Project), Series 2012 (the “Bonds”), in the aggregate maximum principal amount of $21,000,000, pursuant to a Trust Indenture dated as of July 1, 2012 (the “Indenture”), by and between the Unified Government and Security Bank of Kansas City, as trustee (the “Trustee”), for the purpose of acquiring, purchasing, improving, equipping and constructing a commercial multifamily housing project, including land, buildings, structures, improvements, fixtures, machinery and equipment, located in Kansas City, Kansas (the “Project”); and

WHEREAS, the Project was leased by the Unified Government to Speedway Partners, LLC, a Kansas limited liability company (“Company”), pursuant to a Lease Agreement dated as of July 1, 2012, as supplemented (the “Lease Agreement”), by and between the Unified Government and Company; and

WHEREAS, the Unified Government to Speedway Partners and the Company entered into a Performance Agreement dated as of July 1, 2012, as supplemented (the “Performance Agreement”); and

WHEREAS, the Company is requesting the Unified Government’s consent to the assignment of the Company’s interest under the Lease Agreement and the Performance Agreement to Speedway Heights, LLC, a Kansas limited liability company (the “Assignee”); and

WHEREAS, pursuant to Section 13.1 of the Lease Agreement, the Company may assign the Lease Agreement only with the written consent of the Unified Government; and

WHEREAS, pursuant to Article IV of the Lease Agreement, the Company may assign the Performance Agreement only with the written consent of the Unified Government; and

WHEREAS, the Unified Government desires to consent to the assignment of the Company’s interest under the Lease Agreement and the Performance Agreement, the Bonds and the Other Bond Documents to the Assignee;
NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE
UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, AS
FOLLOWS:

Section 1. Consent to Assignment and Assumption. The Governing Body of the Unified
Government hereby consents to the assignment and assumption of the Lease and the assignment and
assumption Performance Agreement by the Company to the Assignee pursuant to the Assignment
Assumption of Lease and Assignment and Assumption of Performance Agreement. The foregoing
consent is contingent upon the satisfaction of all other requirements for assignments contained in the
Lease.

Section 2. Further Authority. The Mayor/CEO is hereby authorized and directed to execute and
deliver the Assignment and Assumption of Lease and Assignment and Assumption of Performance
Agreement in substantially the form as presented to the Governing Body, with such revisions as the
Mayor/CEO shall deem appropriate, and such other documents, certificates and instruments as may be
necessary or desirable to carry out and comply with the intent of this Resolution (copies of said
documents shall be filed in the records of the Unified Government) for and on behalf of and as the act and
deed of the Unified Government. The Unified Government Clerk is hereby authorized and directed to
attest to and affix the seal of the Unified Government to the aforementioned documents and such other
documents, certificates and instruments as may be necessary or desirable to carry out and comply with the
intent of this Resolution.

Section 3. 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 APRIL 24, 2014.

By: ________________________________

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

(Seal)

Attest:

By: ________________________________

Unified Government Clerk

______________________________

City Clerk
As a follow-up to the March 3, 2014 ED&F Report on TIF Financial Status, staff has prepared amendments to the TIF portion of the Local Economic Development Policy. The amendments stem from the "Lessons Learned" portion of the previous discussion, and are presented as Policy Directives and Recourse Options. The Policy Directives portion is intended to strengthen the TIF pro forma analysis and bolster the Development Agreements to provide for a higher probability of performance from TIF projects. The Recourse Options are structured to address under performing projects in a manner that either aids in the performance or terminates the TIF Project Plan.

Legal staff has analyzed the potential remedies under the existing Development Agreements.

Action Requested:
Presented for discussion.
If acceptable, forward to FC to adopt an updated Local Economic Development policy.

TIF policy changes for discussion and consideration by the governing body.
TO: Economic Development & Finance Standing Committee

FROM: Lew Levin, CFO
Ken Moore, Deputy Chief Counsel
George Brajkovic, Director

DATE: March 25, 2014

RE: Amendments to TIF Policy

Pursuant to the TIF Financial Status Report presented at the March 3, 2014 ED&F meeting, and the subsequent discussion regarding ‘Lessons Learned’ from underperforming TIF projects, Finance and Economic Development staff are presenting amendments to the TIF Policy.

Using the Local Economic Development Policy, as adopted on 01/23/2014, staff has prepared amendments which are intended for use as supplements to the existing TIF policy. The changes include both detailed Policy Directives and Recourse Options. The Policy Directives portion is intended to strengthen the TIF pro forma analysis, and to bolster the Development Agreements to provide for a higher probability of financial performance from TIF projects. The Recourse Options are structured to address underperforming projects in a manner that either aids the performance or provide avenues to terminate the Project Plan.

These are submitted for your consideration.

Additionally, staff reviewed the Development Agreements of the existing underperforming TIF projects, in an attempt to ascertain if any recourse options are available. At this time, there are not defined and/or permitted recourse options on those projects.

However, on the larger Commercial TIF projects, the Development Agreements have incorporated portions of both the Policy Directives and Recourse Options as defined above. Although these projects are performing currently, should they take on a negative trend, there are options available to address that down turn.

Attachment – Updated Local Economic Development Policy
The Unified Government strives to foster an environment in which small and large businesses thrive, jobs are created, redevelopment continues, tourism grows and businesses locate in the community.

The Economic Development Department is committed to working for:
- Increased job opportunities for local residents
- Increasing the tax base of the community in order to continue to provide high quality services to businesses and citizens
- Creating a quality of life characterized by stable neighborhoods and diverse opportunities
- Diversifying the local economy with growth in new technology, service sector, and tourism industries

The primary development incentives include the following:

**Community Improvement District (CID)** - Under Kansas Statute KSA 12-6a29 cities may create districts that help to fund community improvement. The Unified Government has done so through Community Improvement Districts (CID). A CID is an area within which businesses pay an additional sales tax (typically 1% or less) or a special assessment that fund improvements within that district.

**Transportation Development District (TDD)** - A Transportation Development District (TDD) is a special taxing district whereby a petitioner of 100% of the landowners in an area request either the levy of special assessments or the imposition of a sales tax of up to 1% on goods and services sold within a given area. Upon creation of a TDD by a municipality, the revenue generated by TDD special assessments or sales tax under Kansas law may pay the costs of transportation infrastructure improvements in and around the new development.

**Economic Development Exemption (EDX)** - Article 11, Sect. 13 of the Kansas Constitution allows the counties of Kansas to grant exemptions of ad valorem taxes (property taxes) for business up to 10 years. There are certain qualifications these businesses must meet. The property (real or personal) must be used exclusively for manufacturing articles of commerce, conducting research or development, or storing goods which are sold or traded in interstate commerce.

**Investment Revenue Bonds (IRB)** - Investment Revenue Bonds (IRBs) are used in Kansas to finance acquisition and construction of a broad variety of industrial, commercial and industrial properties under K.S.A. 12-1740 et seq on behalf of private businesses or non-profit agencies. IRB's require a governmental entity (the Unified Government) to act as the "Issuer" of the bonds, who will hold an ownership interest in
the property for as long as the IRBs are outstanding. The businesses gain several benefits with the use of IRB's including the possibility of tax exemption.

**Neighborhood Revitalization Program (NRA) - Tax Rebate Program** - The Unified Government Board of Commission is offering tax rebates to homeowners, non-occupying developers, retail, commercial, and industrial businesses who make significant improvements to their property.

The Neighborhood Revitalization Tax Rebate Program provides owners within the designated area the opportunity to receive a rebate of up to 95% of the additional property taxes attributed to the property improvements.

The Tax Rebate Program is a refund of the additional taxes paid because of a qualified improvement. The rebate applies only to the additional taxes resulting from the increase in the assessed value of the property due to the qualified improvement. The property taxes prior to the improvement will continue to be payable. Taxes must be paid when they are due, then a rebate check will be issued.

**Revolving Loan Fund (RLF)** - The Unified Government recognizes the needs of the small business community. The Revolving Loan Fund (RLF) provides a funding source to assist small businesses. Summarized below are the basic loan types.

<table>
<thead>
<tr>
<th>Loan Types</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Real Estate</td>
<td>Up to 15 year term</td>
</tr>
<tr>
<td>2. Machinery &amp;</td>
<td>Up to 10 year term</td>
</tr>
<tr>
<td>3. Working</td>
<td>Up to 3 years</td>
</tr>
<tr>
<td>4. Maximum</td>
<td>Loan of $200,000</td>
</tr>
</tbody>
</table>

**Sales Tax Revenue Bonds (STAR Bonds)** - Sales Tax Revenue (STAR) Bonds allow the Unified Government to issue bonds to finance certain authorized expenditures (primarily land acquisition and infrastructure) for the development of major commercial, entertainment and tourism areas and use the sales and transient guest tax revenues generated by the development towards debt service. The issuance of STAR Bonds requires approval by the Kansas Department of Commerce and represents a partnership with the State, as both local and state revenues may be pledged for the development project. The Village West development in Western Wyandotte County, is an example of a successful STAR Bond financed project.

**Low Income Housing Tax Credits, Section 42** - The Tax Credit Program does not provide loans or grants but provides a tax incentive to owners of affordable rental housing. The incentive is an annual tax credit (a dollar for dollar reduction in the tax payer’s federal taxes) earned in the initial ten years following when the units are placed in service assuming program requirements are met. A developer markets or “syndicates” the credits allocated to the development to investors whose contributions are used as equity in the development’s financing plan.
Tax Increment Financing (TIF) - A Tax Increment Financing (TIF) District allows the Unified Government to work with private developers to authorize redevelopment projects in blighted areas in accordance with State statutory requirements as set forth in K.S.A 12-1770a.

TIF financing allows for a development project to access the incremental property and/or sales tax revenues generated by the project. TIF Districts may exist for up to twenty (20) years per project. In accordance with Kansas Laws, these funds may only be used for TIF-eligible expenses, which include but are not limited to:

- Land Acquisition & Relocation (of families)
- Public Improvements (curb, sidewalks, streets, lighting)
- Site Preparation (demolition)
- Utilities, and
- Sanitary and Storm Sewers.

To supplement the statutory guidelines, staff will also adhere to the following Policy Directives:

- Feasibility Studies – shall be conducted to account for market fluctuations which could negatively impact revenue generation.
- Bonding options – structure as pay-as-you-go as opposed to GO, if feasible; consider taxable issuance of debt to require minimum tax payments.
- Performance measures:
  - Require certain conditions be met prior to approval of Project Plan.
  - Require certain conditions be met prior to debt issuance or reimbursement.
- Minimize Project investment from Property and Sales tax payments.
- Institute a “sunset” provision for timing between District approval and Project Plan approval.
- As part of Development, segregate and quantify the dollar amount used for Public infrastructure improvements.
- Separate criteria will be applied to those Developers who are involved with a failed TIF, and yet are proposing a new TIF project.

For TIF projects that are underperforming, the following Recourse Options may be considered:

- Restart TIF
- NRA Policy adjustments
- Refinance Bond Debt
- Termination recommendations
- Development Agreement shall contain non-compliance actions
- Modify Project Plan
- Option to take property or part of Development area