I. Call to Order / Roll Call

II. Approval of standing committee minutes from December 2, 2013.

III. Committee Agenda

Item No. 1 - PRESENTATION: NORTHPOINT VILLAGE WEST APARTMENTS PHASE 2

Synopsis:
Presentation by George Brajkovic, Economic Development Director, and Northpoint Development, the developer, regarding their proposed Village West Apartments Phase 2 project. The proposed 312 unit, luxury, market-rate, multifamily development, consisting of one and two bedroom units, will be adjacent to the southwest of their current project VWA Phase I at 110th and Delaware Parkway. The project is requesting the use of IRBs; however, the PILOT represents a 0% tax abatement.

For presentation and discussion only. No action required.
Item No. 2 - BUDGET REVISIONS

Synopsis:
Fourth quarter 2013 budget revisions $10,000 or greater, submitted by Reginald Lindsey, Budget Director.
Tracking #: 970146

Item No. 3 - ADOPTION: FINAL SERIES OF FINANCIAL POLICIES

Synopsis:
Request adoption of the final series of financial policies relating to the following, submitted by Lew Levin, Chief Financial Officer.

- Accounting, Auditing, and Financial reporting
- Risk Management and Internal Controls
- Local Economic Development

On December 2, 2013, these proposed policies were presented and discussed by the Economic Development and Finance Standing Committee.
Tracking #: 130406

Item No. 4 - DISCUSSION: REVOLVING LOAN FUND PROGRAM

Synopsis:
Discussion on the Revolving Loan Fund Program, submitted by Charles Brockman, Economic Development.
Tracking #: 140001

IV. Outcomes

Item No. 1 - REPORT: HOUSING WITH INCOME RESTRICTIONS

Synopsis:
1. Relook at the tax credit policy
2. Scoring system
3. Strategy countywide for attracting economic development as it relates to housing
4. How much low-income housing
5. How much fair-market housing
6. Over the last five years, what percentage of new housing has income restrictions – report from Charles Brockman, Economic Development Dept. and Mike Grimm, UG Research Division
7. Data on number of new housing starts; types of new housing starts
8. Total number of dwellings for each project

Tracking #: 130431

V. Adjourn
The meeting of the Economic Development and Finance Standing Committee was held on Monday, December 2, 2013, at 5:45 p.m., in the 6th Floor Human Resources Training Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairperson; BPU Board Member Terry Eidson; Commissioners Walters, Murguia, and Townsend.

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

II. Approval of standing committee minutes for November 4, 2013. On motion of Commissioner Walters, seconded by Commissioner Murguia, the minutes were approved. Motion carried unanimously.

III. Committee Agenda:

Item No. 1 – 130412 …. RESOLUTION: TARTAN RESIDENTIAL REVISED SECTION 42 TAX APPLICATION

Synopsis: Resolution of support for Tartan Residential for the use of Section 42 credits for the Buchanan’s Crossing project located at 706 N. 65th St., submitted by Charles Brockman, Economic Development. This $4.3M project is a 100% accessible 24-unit duplex development serving disabled veterans and the mobility impaired with 18 two-bedroom and 6 three-bedroom units. On December 3, 2012, this item was presented to the Economic Development and Finance Standing Committee requesting $2.5M in tax credits. The item failed to move out of standing committee.
Charles Brockman, Economic Development, said last year we presented Tartan Residential application to you all and you forwarded it to full commission for approval. Tartan Residential submitted their application to the state and it cost too much money the way it was set up per unit to get approved for tax credits. So what Tartan Residential has done is reduced the cost from $250 down to $175 per unit; and instead of 12 single-family homes, they have 24 duplex units on the same site. This is Daniel Fisher from Tartan Residential, Jeff Carroll of Tartan Residential, and Bob Hughes will be the universal management company that they will be using. So I’m going to turn it over to them for discussion and any questions you have.

Jeff Carroll, President of Tartan Residential, said this is our second time back on this project. Thanks for the opportunity to speak tonight. We’re proposing a 24 unit duplex project off of 65th Street south of State and north of I-70. The project would include 12 duplex lots, 24 total units consisting of 2 and 3 bedroom units. The units would be universally designed for universal accessibility. The attention of this project is to target folks with mobility issues, wounded warriors, somebody with a child that’s got mobility issues. The units would be constructed with two master bedrooms and two master baths so that you could have the flexibility of an adult, a parent has the mobility issue, a child, to be able to put them into the end of the unit and they could live comfortably.

The project would be financed with a combination of conventional market-rate debt and private equity. The private equity would come from housing tax credits which are allocated by the State Housing Finance Agency. It comes from federal tax credits. We aren’t asking the city for any money. We aren’t asking the city for anything really at this point in time other than a letter of support for our project so we can make application for the tax credits at the State Housing Finance Agency in January.

This is the site plan for the project (he pointed to a board). We’d have an amenity area with a playground with accessible equipment on the playground for folks with mobility issues, wheelchair basketball court; and our detention pond, we’ll set it up in such a way that we could actually have a trail that goes over to it and somebody could actually cast a rod in there and fish in there possibly with some stocking of fish. The detention pond becomes an amenity.

Each building would look like this duplex unit (he pointed to a board). This is our three bedroom plan here with a garage, with an oversized garage so you can get a wheelchair in and
out, oversized hallways, and double master setup. Here’s our two-bedroom unit over here. Of the 24 units, we’re looking at having 18 two-bedrooms and six three-bedroom units here total.

The project would also include off-site sewer extensions. This is the project site here, 65th Street; we’re over here. About 500 feet to the east is an existing manhole on the other side of this ravine. What we’re proposing, at our expense, is to extend the sewer line over there. There’s an existing easement that the Unified Government has acquired as owner here. We would put the sewer line in the ground; connect there. It would open the sewer to all the people on 65th Street because there’s a dry sewer line on here in anticipation of this interceptor being put in. It would provide potentially access to the sewer to the folks out on Tauromee, which is just to the south of us, so if they wanted to be able to maybe do a benefit district or something like that on their own in some point and time, they would have access to this sewer.

This project here would be the first step in the larger development plan that we have for the area. This is the site to the west. We own this property to the west and ultimately we’re looking at doing some townhomes and some senior housing in there as well. This sewer line extension that would go in here will now be able to provide utilities in here to be able to develop out the rest of the parcel. We’re just kind of working through one step at a time. Right now what we’re looking at is this initial phase.

I’ve been working in the affordable housing business since 1988. I’ve got like 25 years under my belt. I’ve worked on a couple of thousand projects as either a consultant—I’ve worked on 15 or 20 projects where I’ve been an owner or a developer involved in the project. I’ve worked throughout the entire United States and am familiar with the process and kind of know where the hoops are that we’ve got to jump through to get the project done with the State Housing Finance Agency and all of that. We’re competent that this project will be a great addition to the community.

We turn it over here real quickly to Daniel Fisher. Also, I want to introduce Bob Hughes who will be owner in it as well as a financer. His management company will manage the property but he will be a co-owner. We’ve got Brenda Shivers here. She represents Northeast Economic Development Corporation and they will be an owner of the project as well. So we turn it over to Daniel. He will talk a little bit about the human amenities; what the units will be consisted of.
Daniel Fisher, Tartan Residential, said I also have previous years experience in multifamily and single-family residential subdivision development in the eastern United States.

On the inside of these units, as Jeff said, one of the features that we’re working with is that we have concept of a double master sized bedrooms so that we can accommodate a variety of families with different sets of needs. It could be a parent would have a need for a fully accessible shower or perhaps their child. In either case, the other party would have another master size bedroom with an adaptable bathroom that they could use. If we happen to have parents and children who both have mobility impairments, they could each have their own master size bedroom with enough room to move through it as well as a bathroom that’s fully accessible. The one is in its current state and another one is being developed.

The other thing we’ve done, we’ve oversized the garages so that there’s an accessible isle within the garage. We’ve made zero entry and three foot path of travel throughout the whole space as well as the appropriate turning circles within. We made it so that all of the controls are accessible and front mounted on the appliances. The cabinets are properly designed to meet the accessibility standards. Hardwares, fixtures accessibility with some height will be, again to make this a 100% accessible throughout all the units.

The other thing that we’re working on is to make it so that there is high energy efficiency within these units so that the cost of operation is low. We’re investing quite a bit in additional energy amenities with extra efficiency in our HVAC system, extra insulation and the arrangement of space to allow that. I think that’s the building and I’ll turn it back over to Jeff.

Mr. Carroll said initially each unit will be individually platted and each unit will initially be leased. At the end of a 15-year compliance period, which is required by Federal IRS guidelines when you use tax credit financing, we would sell the units to the residents in place at a discounted price. The longer they’re in the unit, the lower the price that they can purchase it at. Ultimately, the idea is to provide a housing solution for these families with mobility issues. It’s a good solution to lease-to-own type of a program for them.

In our application, we had one discrepancy. Last year when we applied, we included neighborhood and housing investment, a $30,000 investment for neighborhood housing. This year we meant to take that off the table because we had enough points. I think we scored at like 63 points. Is that right? We are trying to get our cost down as well because that’s something
KHRC said we can’t fund this until you get your cost down. We took that off the table, but we left it in our narrative. It was a mistake. It’s an oversight on our part. I think you all have it in there. It had the two points for that neighborhood funding. In our 63 point score, I want to clarify that we want to take that off the table. It would give us a 61 point score which is still sufficient. It meets the 50 point threshold for a letter of support.

Chairman McKiernan said I actually have one and then I think there are some other questions here. Remind me again, how many of these units are income restricted? Is it 100%? Mr. Carroll answered 100% will have income and rent restrictions on them. That’s correct. Chairman McKiernan asked, no market rate units out of this development? Mr. Carroll answered, that’s correct.

Commissioner Murguia said I have several questions. Originally, this deal now is a $4.5M dollar development for a 24-unit facility? Mr. Carroll answered that is correct. Commissioner Murguia asked, what was it originally, the total? Mr. Carroll said originally it was 12 units. It was $277,000 per unit; we’ve taken it down to about $175,000 per unit. Commissioner Murguia said okay but I want to speak in terms of projects. So you’ve upped the number of units that you intended to develop to 24 and you’re saying the original was 12 units at $2.2M? Mr. Carroll answered $277,000 times 12. I believe it was $2.5M. Commissioner Murguia said okay, and so they just didn’t like the cost per unit, the state didn’t? Mr. Carroll answered that is correct. They came back they said that the projects scored very high, that they were supportive of the project and if it weren’t for the fact that the cost per unit was so high that they otherwise probably would have funded it.

Commissioner Murguia asked, when this is built, who’s going to be the owner of the project? Mr. Carroll said it will be a single purpose entity that’s set up. I’ll be one of the owners. Daniel will be one of them. Robert Hughes will be one of the owners. Northeast Economic Development Corporation will be an owner as well. So, all four of us will be owners in the project. Commissioner Murguia asked, and do all four of you individually currently own property in Wyandotte County? Mr. Carroll answered he does, Northeast does as well. Mr. Carroll said that’s correct.
Commissioner Murguia asked, you guys own property in Wyandotte County; multiple properties or individual? Ms. Shivers answered, individual. Commissioner Murguia asked, so you just own one property? Ms. Shivers said I’m sorry we have multiple properties. We have two commercial properties and one individual.

Mr. Hughes said I’m on the Northeast Economic Development Corporation’s board also. We have one single family home. Commissioner Murguia asked, so you only own one single family home and two commercial pieces of property. Okay, that’s all you own though? And Mr. Hughes you own, how many pieces of property? Mr. Hughes said we’re in limited partnership in two, three multifamily and then we’ve got single family, forgive me, I’d have to count, but I’d say somewhere around a dozen, between 12 and 15-single family. Commissioner Murguia said okay.

Mr. Carroll said in clarification, I own 100 acres to the west as well which is currently zoned manufactured housing, rezoned back in 1998. The plan is first installment of trying to rezone the entire parcel to townhomes Commissioner Murguia asked, but you don’t own any structures? Mr. Carroll answered no.

Commissioner Murguia asked, so the people here that own structures here in Wyandotte County are those LITECH deals or Section 42 deals or did they have a HAP contract on them through HUD or are they just fair market rentals? Mr. Hughes said I can answer that question, yes. Commissioner Murguia asked, they are all of the above? Mr. Hughes said we’ve got some of all, from my perspective, we’ve got some of all the above.

Ms. Shivers said we have commercial buildings that we own and then we have one house that we’re trying to sell. Commissioner Murguia asked, so you’re just trying to sell the one house? This is geared toward housing so I’d be more concerned about and it’s one and you’re selling it.

Not to leave you out, but Mr. Hughes seems to have a number of residential properties. If you were to give yourself a grade for the condition of all that property right now in Wyandotte County, how would you grade yourself? Mr. Hughes said B+ or A. We are, and I was listening intently to the last session when you talked about landlord licensing. All the properties we have that are multifamily are under some form of government compliance and restrictions, so we have what they call RREAC. RREAC is Reactive Real Estate Assessment Center. They come out
annually unless you score well, which we like to do, then they come out bi-annually to do a physical inspection which is for safety compliance as well as maintenance upkeep.

We have HUD that comes out when we have HUD insurance that comes out and does a physical analysis. Where there is LITECH, we have the state that comes out does the same kinds of inspections. Typically, without rental licensing, we have at least four physical compliance inspections. Rental licensing is the only one we have to pay for. They come out and do something very similar to what all the rest do. All of those, we’ve not failed on any of those that we have.

Commissioner Murguia asked, okay, but how would you personally rate the condition of your properties? Mr. Hughes said I would rate them anywhere from B. We’ve got some older properties that need to go through 15 years LITECH. We’re at this year coming out of LITECH so there’s been no reinvestment, major reinvestment for 15 years. That property would probably be a C because it needs; it’s a 40 year old property. It needs to be; and that’s probably the lowest level.

I’ve got one that’s a little—maybe you’re a little familiar with it—we’re trying to do the Cross-Lines. We’re not an owner there at this point in time, but we do manage it. It’s a 30 year old property in a 60 year old building. We’re also coming back and trying to do a major rehab on that. Those are the two.

Commissioner Murguia asked, are you part owner in Cross-Lines? Mr. Hughes answered no. Cross-Lines is a non-profit single entity. Commissioner Murguia said I’m sorry. What? Mr. Hughes said Cross-lines is a single entity, non-profit owner, and that single entity non-profit owner by HUD requirements, even when it becomes a limited partnership, a non-profit has to be the managing general partner. So, it would either be that entity or another non-profit that would continue.

Commissioner Murguia asked, so who’s in charge of that not for profit? Mr. Hughes said Pat Jordon, a young lady, is the president of the non-profit but it’s a non-profit board that’s in charge of the non-profit. Commissioner Murguia asked, are those people local? Mr. Hughes said several are local. Do you mean do they live in Wyandotte County? Several of the board members live in Wyandotte County.
Commissioner Murguia asked, and does that not-for-profit own multiple properties or just the Cross-Lines? Mr. Hughes said single entity. Commissioner Murguia asked, so you really don’t have any control over that Cross-Lines property? Mr. Hughes said we’re the manager, yes. Commissioner Murguia asked, you manage the property, but you don’t have any control over the destiny of that property? You don’t have any financial investment in that? Mr. Hughes said if you mean do we maintain what happens to it, we don’t make that decision, that’s the non-profits’ call, the owner’s call. Commissioner Murguia said right. So you’re just the property manager? Mr. Hughes said at this point, yes ma’am. Commissioner Murguia asked, so you don’t have any financial investment in Cross-Lines? Mr. Hughes said other than what I invest in my own my offices are in Cross-Lines also. So we invest in our own offices.

Commissioner Murguia asked are these units that are 100% geared toward low income, are they also 100% geared toward people and families with disabilities? Your project now, sorry, this one on the board. Mr. Carroll said this project is geared toward 100% or towards folks with disabilities. Commissioner Murguia asked, so the person that occupies that unit has to have a disability? Mr. Carroll said the units are reserved for folks with disabilities. If for some reason 90 days that unit does not lease, a normal regular family can move in; but if somebody comes along with a disability. They’re first in line to occupy that unit as soon as the lease is up. So the state wants to make sure the property fills and doesn’t have vacant units. We believe that we’re going to have plenty of (inaudible). We’ve got several service providers we’ve talked to that have plenty of people on the waiting list to be able to fill.

Commissioner Murguia asked what’s the closest low-income LITECH, Section 42, Section 8, HAP contract project to this? Mr. Carroll said there’s nothing like this in the state. Commissioner Murguia said, no, no. I’m just talking economics. No, I’m talking about low income property. What is the closest low--income property to this current property that you’re proposing? So that could be Housing Authority property, other Section 8 or Section 42 properties in the area. Mr. Carroll said there are Section 42 single family homes that are owned and operated by, I believe, the Housing Authority in three or four different developments throughout Wyandotte County. They’re similar to it. They have some units that are reserved for folks with disabilities, but they aren’t geared toward somebody with a disability. In fact, they’re
multiple floors in the units, so it’s difficult for a family with disabilities. So yes, I would say that probably single-family home, Section 42 projects that are owned by the Housing Authority are probably the closest to it because ultimately they contemplate selling the units to the occupants. There’s nothing really precisely like it.

The project that was approved last year, Donnie’s project, is similar to it. It will be a single-family home, Section 42 rental project. Home ownership is a big deal for the State Housing Agency to try to get people in and ultimately get them into a home ownership situation.

Commissioner Murguia said I’ll just make my standard comments that I make all the time. Not that it matters. I’m only one vote so don’t be discouraged here. I really appreciate you trying to make affordable housing available to people with disabilities. My concern is it’s not restricted to that, that other families without disabilities can at some point eventually get into these properties. This is my other concern. We have a tax base that for lack of better words is disintegrating in Wyandotte County. It is very concerning and it seems like our only solution to the problem at this point has been to be able to build low-income housing to move more low income people in which seems to be a high concentration of low income people all living in the same areas. This country learned in the 60’s and 70’s and 80’s that, that doesn’t work for redevelopment. You need mixed income neighborhoods. You need neighborhoods with people of means, people of moderate means, and people of lower economic status. That’s what makes a neighborhood and a community functional. I do appreciate what you’re trying to do. I have some concerns.

Mr. Hughes, I am thrilled to know you do not own Cross-Lines. I understand, as a manager, that you can only do so much with a piece of property. I was just in there today. I will tell you, I am very concerned about the condition of that property. Old is a nice way of putting its terrible. It’s beyond old and I am concerned about the people that are living there and that our federal government would pay any sort of subsidy to let anybody live there. You are just the middleman and I understand that. You’re more than welcome to carry that message to the not-for-profit that owns the property.

Please don’t get me wrong. I’ll make this very clear again because I know that other Commissioners haven’t heard this. I understand there is a need with the boomer generation getting old for senior housing. You’d get a different reception from me over senior housing.

Mr. Hughes said we anticipate seniors…Commissioner Murguia said I heard you say that and
I have no issue with that. It’s restricted to people 55 and older. There’s a little more way to monitor that. I’m fine with that. I do have serious concerns if the property, even in 90 days, is going to be available to other multifamily. I think it’s concerning our government and for-profit entities like you need to figure out a way to make fair-market housing part of your redevelopment effort. I’m assuming all the other potential properties that you’d like to develop on this site would encompass low-income housing tax credits. **Mr. Hughes** said not necessarily. **Commissioner Murguia** said I would hope not and that would be genius if you could pull that off. I just don’t know anybody doing that and so I have serious concerns when it comes to LITECH other than senior housing. They look beautiful.

I’m concerned about long-term maintenance. I do, I will give you positive feedback. I love the fact that the people that you’re going to move in here, you are going to incent them to stay there forever because at 15 years you can reduce the price and sell them off. I love that. That’s a great pitch for me. That’s not something that’s going to have to be managed indefinitely. I know developers and investors tend to lose interest in these kinds of properties over time, especially right after they are built because the development fees I know in these kinds of deals are ginormous. **Mr. Carroll** said every dollar will be guaranteed on this by us jointly and several for 15 years. There’s no walking away; taking the development fee and walking away.

The other thing too is I want to make sure I clarify. Ninety days there’s a vacant unit, we’re given the ability to put a family without a disability in that, but at the end of their lease, they’re out. The units are off for 15 years forever. Our priority is for folks with disabilities. The only reason somebody would go in is just to fill the unit so that we don’t end up with the economic problem with the project. We want to make sure the viability works the whole time and that’s a state rule. You want to make sure that the viability works. The object is not to build a bunch of housing and then stuff a bunch of normal families in there. That’s not it. The object is to try to do what we need to do to keep the project so that it works properly.

**Commissioner Murguia** said believe me, I get it and truly no offense. Does either of you gentlemen live in Wyandotte County? **Mr. Carroll** said no I don’t. We live in North Carolina. **Commissioner Murguia** said no offense, but that’s the problem. We have a number of people that come to Wyandotte County and want to do LITECH deals who don’t even live in our state.
We’ve had huge problems with Central Park Towers who is now owned by a firm in North Carolina. They’ve made all sorts of promises. It’s better than what it was, but it still has huge issues and huge problems. I just have a very negative opinion; nothing personal.  **Mr. Carroll** said that’s okay. That’s why we partnered with a local group here. They just got a track record. It’s not like I’ve owned this property for years. My goal is to redevelop it and create some economic activity here for Wyandotte County.

**Commissioner Murguia** said I would really, me personally just speaking from one commissioner, from one voter, I would be, and again I’m only one vote. Who knows what will happen. I would be more interested since you own all 100 acres of seeing more of a mixed income development. If you were to bring back this LITECH deal surrounded by fair-market senior units or fair-market, single-family housing that would be different for me. Then it would show the intent to really develop a mixed-income stable neighborhood and community. I just see an over concentrated—every time we turn around we get excited but other than Village West, I’m not seeing anything come forward that’s really been fair market in the way of living developments. **Mr. Hughes** said the problem that we have from a developer head, and I totally agree with you, we are trying to do Peregrin Falcon with that same concept in mind. We’ve got to bring market-rate housing back into the city. As you well may know of, I’ve invested in Peregrin Falcon and we’ve been there forever. It took us ten years to even get somebody to even agree to do that and now we’re still trying to get some market-rate families to look at that part of the city.

The problem with market-rate housing right now, and specifically on the rental side, is that we’ve got to get market-rate rents to be able to pay for market-rate costs. The cost is going to be the same regardless and right now the only way we’re offsetting those rents, I’m sorry, offsetting that cost because we can’t get what, we have to get rents that would be able to offset the cost. In other words, at 65th & Tauromee, we probably need to be getting $1,200 to $1,300 a month rents. **Commissioner Murguia** said right. **Mr. Hughes** said we can’t get it. The market is not there for that. The only other way to deal with the cost is to bring in equity. Market-rate housing pretty much is driven by debt. **Commissioner Murguia** said right. I understand. **Mr. Hughes** said tax driven housing is driven by equity. So that’s the only way you can get something in the ground. Hopefully, it creates at least the illusion of more development going on
so that we can get market rate to follow that. **Commissioner Murguia** said I understand that at Peregrin Falcon and I am personally working on some solutions that I’d like to bring forward to commission to help with that, but this property is at 65th Street, right? **Mr. Hughes** said that’s correct. **Commissioner Murguia** said so it’s a different market and I don’t see fair market housing in that area as difficult. **Mr. Hughes** said it’s a degree, but I can tell you that Jeff has done market studies so we can talk about the market studies.

**Mr. Carroll** said the housing along Tauromee, just south of this, those are $90,000 to $100,000 homes and it’s going to cost us $175,000 a unit to build the units. There’s a gap there that has to be covered one way or the other. On the rents in the area, we’re able to achieve maybe $750 rents out there but we need $1,200 to $1,300 rents in order to pay for new construction. There maybe some ways of achieving it. I’m certainly looking at—I’ve got enough acreage back there. There’s absolutely no way I’m going to do 350 tax credit units back there. There’s going to be a mixture of incomes. There’s going to have to be to make it work. **Commissioner Murguia** said yes, because I’ll throw myself on the sword over that deal; 350 units of low income. **Mr. Carroll** said nobody is proposing that. Right now what’s on the books, I’ve got site plans approved to do a mobile home park back there. I don’t want to do that. I want to change that and do townhomes back there and senior housing. It’s one step at a time. I’ve got to get this first phase in, get the utilities in, get the infrastructure in and then it will allow me to work on the next phase.

**Chairman McKiernan** said if I could just clarify one thing. I think earlier when Commissioner Murguia asked for close, what is the closest; I think she was talking geographic proximity. **Commissioner Murguia** said yes. **Chairman McKiernan** said I’m sure you understood geography. That kind of harkens back to the whole concept of what’s the relative mix of values/rents, whatever it might be in any given area? **Mr. Carroll** said there’s a senior tax credit property right off of State, right next to the Salvation Army Center that is maybe a stones throw away from this property.

**Commissioner McKiernan** said Mr. Bach just reminded me of something that I had totally forgotten about. This committee about two years ago had decided that in cases like this where
there is scoring done by our staff and the committee had reviewed the scoring system and had made several changes to the scoring system, that anyone, any project that met the minimum score would come to this committee really just as a familiarization process, as a courtesy, but that project is already authorized to go forward to the full commission. At this point in time that reminds me of something that we’ve been talking about on this and other committees. One of the questions that we have to consider is, do we want to go back and change what this committee implemented a couple of years ago? That is not open to us not tonight but at a future meeting if we want to look at because right now the only way that his project, as I recollect, would not move forward is if there is an inaccuracy of scoring or there’s something wrong with the scoring that was done by our staff that would put us below that minimum level.

Commissioner Murguia said I don’t want to get too off track here because it just is a great example of, I mean I really think they’re bringing forward what they feel the market can take in that particular area. This is nothing against them. I would just say though that from our bigger strategic goals as a commission, if we really want to attract economic development in that particular area, which coincidently I just drove that area today with one of the biggest developers in Kansas City and our focus was to look at potential sites for big box retailers. I have to tell you that there is a criterion that retailers look at when they come to an area. One of the things they look at in an area is median income. If you keep recruiting low income people to come live in your community, your median income is going to be low and it doesn’t matter the number of people you have if your disposable income isn’t very great. Retail is not going to follow. I think you all get that. I will leave it at that.

My concern is that if we really want to have housing and quality amenities and develop a comprehensive sort of neighborhood where people can live and work and shop and do all those things that they need to do without having to get into a car and travel far away or to another county, we need to take that into consideration when we vote on housing based on income.

Again, I think low income housing is necessary and we do need a certain percentage of it. We darn sure need, what people need to know, we darn sure need new quality low income housing. We have plenty of junky low-income housing and I’m glad to see you shake your head. We have plenty of that. What we need is some new quality housing but there’s got to be a plan from our end and this shouldn’t fall on developers, to eliminate some of that older housing stock
when we’re bringing in some of this new. I mean if these gentlemen are coming forward and they’re saying, we’re going to buy Central Park Towers, we’re going to tear it down and we’re going to build a new facility with the same number of units, I would vote for that. Adding it, I just don’t think it’s a good idea. I just don’t think it’s good for the overall economic development of Wyandotte County. It’s just my opinion. We don’t get to vote anyway. I probably shouldn’t have said all that.

Ken Moore, Deputy Chief Counsel, said well it doesn’t say one of the reasons, George, you may want to help me with this, but the reason that we have this point system like we do is because we were previously sued by a developer who was denied a letter of support for low income tax credits. The lawsuit basically said it was discriminatory. Then that was before we had this point system. So part of their argument in the lawsuit is that we were being objective when we were denying their exact request. This point system was developed with the commissions’ input. It’s our point system and the premises if you meet the point system then that gives the objectivity of our process. That was one of the conditions of us settling that lawsuit.

Commissioner Murguia said we’ve talked about that before. I’m not just going to let that pass. We’ve talked about that before and that’s an issue of good policy setting. It’s not really Wyandotte County’s obligation to house every poor person in the state or every state around it. I would just say that if we had better policy that protected us from that, then we wouldn’t have that issue. The past circumstance where we sued for discriminatory reasons was because we had a very inadequate policy. That’s why. It didn’t have anything to do with not wanting to move in every poor person in the state of Kansas.

Commissioner Townsend said Doug centered on what Commissioner Murguia has said, which is always an education for me in this area in particular and thanks for those comments. I had some others but let me start with one I just thought about and you may have already talked about this. Why this target market and in this area? The target market being the mobility challenged segment of our population which I think is worthy of consideration. Mr. Carroll said there is no project like this that I’m aware of in Kansas, let alone in Kansas City.
If you look at the structures that folks with mobility issues are getting into, they’re multiple stories, there are issues with curb zone right, there are all sorts of barriers and stuff that of course many of the projects are older projects that are rehab and certainly don’t work, cabinets don’t work. It seemed to us that it would be a great opportunity since we’re starting from scratch to build something that’s universally designed and works for a family with a wide variety of mobility impairments. It could be somebody with a walker, somebody in a wheelchair, a child with mobility issue or a wounded warrior that’s come back. We looked at that. It was an opportunity that nobody had actually tried to fill that gap and it worked well initially with our zoning. We rezoned the site this year. We went from R1 to R2 to accommodate duplexes. We looked at the site and said you know, if we did the mobility and we did the mobility impaired housing, we sold the unit either a single-family home now a duplex to a resident, it would be of great service. It would be a great benefit to a family that otherwise may not have access to the HOPS ultimately.

Mr. Hughes said another reason is that the state incentivizes and puts it as one of their targets to serve special needs population, so this is very responsive to the stated goals and objectives of the state in their work tax credits. Mr. Carroll said not just the state but the Unified Government provides an incentive in the scoring for single-family homes, ultimate homeownership of the units. That was an important part. As we look at the scoring for this application process, one of the things that we considered was, do we want the resident ultimately to own their unit? We saw that the scoring of points associated with it, it seemed to make a lot of sense to do that so we went ahead and made that commitment for that to happen.

Commissioner Townsend asked, have you done a like project in your home state and how did that work out? Mr. Carroll said I have not done a project like this before. This is fully accessible housing. All projects have to have accessible units in 5 to 10%. Doing a fully accessible project, 100% of the units, have not done it. That’s why we’ve kept the unit count small as well so that we’d be able to accommodate that. It’s a limited market. Commissioner Townsend said okay so these are the units as depicted even though I was looking to see the roof looks high. The living space is all on one level? Mr. Carroll said it’s all on one level. It’s a ranch style.
Commissioner Townsend asked, what would happen if an occupant cannot qualify to purchase their living space after 15 years? Mr. Carroll said they could continue to lease it as long as they’re able. Commissioner Townsend, said okay. So they would not be kicked to the curb? Mr. Carroll said oh, no. Basically when they move in, they’re going to be given an option to purchase the unit. If they want to exercise the option, that’s fine. If they want to continue to lease, that’s fine also. Mr. Hughes said actually depending on market conditions at the time, it might be advantageous to purchase because the monthly housing cost could go down. Commissioner Townsend said I know that there may be circumstances that I can’t articulate right now but could happen if a person for whatever reason just cannot afford it. Mr. Carroll said interest rates could go through the ceiling. They could make it prohibitive for somebody to actually purchase their unit in 15 years. They may want to just sit on their option verses continuing to lease the unit. Interest rates come back down and then they exercise their option at that time. Nobody would be forced to vacate the unit. You are given an option; the person is, if they chose to do that.

Commissioner Townsend said given your target market with disabled veterans, aging population, anyway, I’m hopeful there won’t be a problem getting your target market in these units. If there is, you said after 90 days if your target market family is not available for a unit, then the general populous could lease? Mr. Carroll said we could lease to the general population. They would know that at the end of their lease, they would be terminated. They would have to vacate for the first person who qualifies, the target market, for them to move in. We don’t anticipate that that will happen but if it did happen and we had a general population person in there, they know they would have to move out at the termination of their lease in the event there is someone waiting on that unit. So, they are the first ones out.

Mr. Hughes said part of our corporation with the Northeast Economic Development Corporation is they are working with other non-profit agencies and other agencies who serve this special needs population throughout the Wyandotte County area. As part of what we do, they will begin maintaining lists of eligible or potential interested people that are a part of the community they serve that would also be interested in having housing in this particular location. Our anticipation and we’ve seen it in other types of situations like this, is that there would begin to be a waiting list generated or an interest list generated from multiple different sources of
people throughout the county. Then as these units come on line and begin to have preleasing, then there’s the process of application and so forth. We anticipate that that would be an ongoing thing as well as these new units become available. We will draw from this pool and population of other service organizations.

**Commissioner Townsend** asked, what is the term for that lease? **Mr. Carroll** said all the leases are one year leases. That’s the minimum lease term. To say someone is qualified and they pay their rent on time and take care of their unit, they can stay there as long as they want. **Commissioner Townsend** said unless there is someone in the target market who becomes available. **Mr. Carroll** said that’s correct. **Mr. Hughes** said one of the requirements just as an FYI, what LITECH requires management to do is if a unit yields to just 90 days, but if a unit stays vacant, it becomes a violation on the IRS code and it’s not being housed to the target population. Target is the income population. Investors would be subject to perhaps recapture. That’s part of what we have to guarantee that that doesn’t happen. There is a driving compliance requirement that we keep those units rented preferably to the target market but they have to be rented to the income market per IRS code. **Mr. Carroll** said the 90-day mechanism isn’t something we came up with. It’s something that’s used universally in all the states that the IRS has worked with the State Housing Finance Agency to say we want to make sure these projects stay full. If there’s a vacant unit, you put somebody in there but they’re out just as soon as somebody comes along that meets the target market. The state has the mechanism. They’ve established that to make sure that these projects remain full and viable.

**Commissioner Townsend** said the last question I had was that the project or the request for tax credits was denied by the federal agency, right? **Mr. Hughes** said state, plus the state approved it? **Commissioner Townsend** said I thought the state approved it. **Mr. Carroll** said the federal tax credits that are allocated by the State Housing Finance Agency. Each state gets their allocation and they’ve got to decide which projects get it. Our project did not get an award last year from Kansas Housing. There were federal tax credits that were. We did not get our award because our per unit construction costs were so high.

**Mr. Hughes** said one of the things Jeff needs to point out is that some of this construction cost is off site development debts necessary to make this happen. The sewer line
that he’s talking about, all of this is factored into the development costs right now. With that having already been there, then the development costs could be more if it was a single-family so we’re picking up a lot off site development costs in building these units so that’s creating some non-cost structure that we look for.

**Commissioner Townsend** said I guess the thing that was amazing to me when I first looked at that is, it looked like the initial application cost was $3.2M. Now we are looking at $4.3M, but your per unit costs has decreased. **Mr. Carroll** answered that’s correct. There are a couple of things that have now—we’re the same street, but now we’ve got 24 units along that street instead of 12 because we’ve got higher density so that took our cipher off the cost and spread it over more units. The off sites are now absorbed by 24 units instead of 12. That reduced that element as well.

Our units are smaller. We had three and four-bedroom units last year; 1,400 and 1,500 square feet, now we have 1,100 and 1,300 square foot two and three bedrooms units. Since it’s a duplex, they share one wall. There are a variety of things that have allowed us to take the cost from $275,000 a unit approximately down to about $175,000. We’re working right now to try to get it even lower. The lower we get that number, the higher probability that we’re going to be able to get approved from the State Housing Finance Agency.

**Commissioner Townsend** said, I guess that was my point. It just seemed a bit odd that even though your total costs has gone up, you believe the likelihood that you’ll be approved for the tax credits has increased? **Mr. Carroll** said yes. The reason they denied us last year is because the per unit construction costs was high. If it weren’t for that, we probably would have gotten approved. We scored real high, meeting all the criteria that the state wanted to see. At $275,000 a unit, it was scraping it. It was just too rich for them. They wanted the number lower. The changes that we’ve made going to duplexes, going to two and three-bedroom units instead of three and four, squeezing things down, those actually all came from the State Housing Finance Agency. We’re using the same materials, construction, everything else; the same architectural standards and everything else, same amenities on site. We were just able to squeeze it down and make it a smaller product that still meets the needs of that target market.

**Commissioner Murguia** asked, are you your own construction company? **Mr. Carroll** said no. We’re going to have a general contractor. We’re meeting with one tomorrow. We’ve got two or
three of them. We use a local contractor and we’ve committed to 25% local. We think, we’re figuring it out right now, we think we’re going to end up coming in significantly higher than that on our local construction content for this project. We’re hoping to get it up around 40%. Commissioner Murguia asked, you’re meeting three construction companies tomorrow you said? Mr. Carroll said we’re meeting with one tomorrow. We don’t know who the general contractor is going to be. It’s premature. We don’t have construction plans yet, but we’re beginning to talk to the general contractors. Mr. Hughes said we’re beginning to talk to subs as well.

Mr. Carroll said our objective is to get these unit costs as competitive as we can while maintaining the quality and what we’ve committed to our investment. It is important to us that we have a high quality product that’s attractive, last a long time, that is durable, that’s energy efficient. All of these objectives are important to us personally and individually. That’s the way we want to do business.

Mr. Hughes said my objective is to maximize minority and women owned businesses. Mr. Carroll said we use local for everything. I’m not coming in from North Carolina bringing anything other than my talent and my expertise and putting my money out to make this thing happen. That’s all we’re doing. I’m not bringing in construction crews or anything like that. Don’t have any intent of doing that.

Commissioner Murguia asked, is MEG buying your tax credits? Is Midwest Housing Equity involved in the deal? Mr. Carroll said we’re talking to Erica Dobreff with the Kansas City Equity Fund. At Midwest, we had initial conversation about a year ago. But yes, we’re talking with a couple of the different equity funds that are local; local lenders as well.

Mr. Hughes asked, are you using total electric? Mr. Carroll said it will be total electric. It will be heat pump. Mr. Hughes said, so you are taking advantage of those credits too from BPU? Mr. Carroll said yes, there are credits on that as well.

Chairman McKiernan said I appreciate all of the discussion. At this point, per our policy, this will move forward to the full commission on the meeting of the 19th. What I am going to ask, with permission of the rest of the committee, is given the fact that the composition of—and this
has nothing to do with your project now—given the fact that the composition of this committee has changed radically since the last time this policy was reviewed and the scoring system was reviewed, and given the fact that we now have Commissioner Murguia’s perspective on economic development, I would like to ask Mr. Bach to put back on the agenda for one of our upcoming meetings, January or February; that we just go back and relook at this policy, relook at the scoring system and make sure that it remains consistent with what we would like to have from the policy and the scoring system. With your permission, I’ll ask him to put that on the agenda.

Commissioner Walters said well I think that would be good, but I think the bigger question—it’s great to have a scoring system but the bigger question—what’s our strategy countywide for attracting economic development as it relates to housing? How much low income housing? How much fair market housing, that kind of thing? I would be more interested in having a discussion about that. Chairman McKiernan said with everyone’s permission, I’ll ask for that to also be put on the agenda under our strategic goals item which is at the end of every agenda and open that discussion and begin looking at some data.

Commissioner Murguia said I would be interested in one fact and I can get it on my own but considering we’re a committee you might want to know also. Over the last five years, all the single family or apartment or multifamily projects that we’ve done, what percentage of them over the last five years were low-income housing in any shape or form? I’m assuming the Housing Authority has to pull a construction permit to build. I want to know if there’s LITECH money, Section 42, if HUD has a HAP contract on them, or if they’ve got any kind of subsidy whatsoever, what percentage of the new housing that we’ve built over the last five years is subsidized in the way of income restrictions. Mr. Hughes said okay, we can help put that together.

Chairman McKiernan said another thing we’d ask for from the Neighborhood and Community Development was a trajectory, some data on the number of new housing starts, types of new housing starts just in general overall so that we have some history of what we’ve been doing in terms of new residential and new commercial building projects.
Commissioner Murguia said I’m not sure I’m asking this right. This is what I’m concerned about. I don’t know how a construction permit is pulled. If we have a 50 unit apartment complex, does it count as one unit or will there be an indicator that there were 50 units built to hold 50 families? I want it calculated in dwelling units. Did we build 5,000 dwelling units last year whether it be 500 were apartments and 20 were single-family. I don’t really care. I just want to know out of that 5,000, what percentage were income restricted? Mr. Hughes said, we can break that down. Chairman McKiernan said I’m asking for the first piece of that and she’s asking for the second piece. Commissioner Murguia said that’ll be great, either way. Chairman McKiernan said gentlemen we thank you. This will move forward to the full commission for the meeting of December 19th.

Action: No motion required. Item will go before full commission December 19.

Item No. 2 - 130400…RESOLUTION: SALE OF MUNICIPAL TEMPORARY NOTES AND GOBS

Synopsis: A resolution authorizing the offering for sale of the following municipal temporary notes and general obligation improvement bonds:

<table>
<thead>
<tr>
<th>Temporary Notes</th>
<th>General Obligation Improvement Bonds</th>
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<tbody>
<tr>
<td>Series 2014-I (tax-exempt)</td>
<td>$69,008,520.67</td>
</tr>
<tr>
<td>Series 2014-II (taxable)</td>
<td>$5,555,057.33</td>
</tr>
<tr>
<td>Series 2014-III (tax-exempt co.)</td>
<td>$4,900,000.00</td>
</tr>
<tr>
<td>Series 2014-A (tax-exempt)</td>
<td>$10,860,743.29</td>
</tr>
<tr>
<td>Series 2014-B (taxable)</td>
<td>$2,810,110.23</td>
</tr>
<tr>
<td>Series 2014-C (tax-exempt co.)</td>
<td>$10,028,150.38</td>
</tr>
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Chairman McKiernan said the next item on our agenda is a resolution authorizing the offering for sale of municipal temporary notes and general obligation improvement bonds.

Debbie Jonscher, Assistant Finance Director, said the resolution before you tonight authorizes the sale of general obligation notes and bonds as part of our annual financing. We have three series of temp notes and also three series of general obligation bonds. There is a listing in your packet of all the projects that are included with each of the issues. There’s a tax-exempt issue on both the notes and bonds, a taxable issue, and then there’s a tax exempt county issue. The county project is the emergency communications radio project. That’s the only
project in that issue. All projects that are included have been previously approved by the commission. The amounts that are listed right now are how we think this is going to break out. This could change when we get to the final sell. If we determine that we want to move a project that we’re currently renewing as a temp note over and go ahead and bond it if we determine that that project will be finished or substantially completed, we could shift that and that would be reflected in the final resolution that will be presented after the sale. This resolution gives us the authority to proceed with that sale in January or February of next year.

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

ITEM NO. 3 – 130366….ADOPTION: SECOND SERIES OF FINANCIAL POLICIES

Synopsis: Request adoption of the second series of financial policies relating to Budget, Long-term Financial Plan, Debt, and CMIP, submitted by Lew Levin, Chief Financial Officer. On November 4, 2013, these proposed policies were presented and discussed by the Economic Development and Finance Standing Committee.

Lew Levin, Chief Financial Officer, said we have one policy that’s been a carryover that relates to the budget policy and three additional policies. You might remember at our last meeting we had extensive discussion on the budget policy and the ability to do budget revisions in the different categories of budget revisions.

In the RFA, there was a proposed draft and I’m going to pass that out now for review. I think what was requested at the last meeting was, there was input from the commission and I was asked to go back and look, try to incorporate the comments from the commission. We’ve also had discussion with Administration and the Mayor. What you have before you are four categories of budget control. The hierarchy will say what is the control where the commission is involved in the review. The threshold we’ve established in this draft is that for discretionary expenditures that exceed $50,000 and do not impact day-to-day operations or present immediate health and safety concerns, there would be commission review. That would include legal settlements, new capital projects, property acquisition or other initiatives not previously
reviewed by the governing body. The key item in that would be that $50,000 threshold. There’s not the immediate need; it’s a discretionary expenditure and we tried to list what those discretionary expenditures may include.

The second area of budget control, again, relates to expenditures that exceed $50,000 but those expenditures do meet certain criteria including health and safety concerns, other emergencies or they’re necessary for ongoing operations. What we’ve added to that is the Administrator has the ability to proceed with that budget revision but would need approval from either the Mayor, or in the absence of the Mayor, the Mayor Pro Tem. Those revisions would then be reported at the next scheduled meeting of the Economic Development and Finance Standing Committee.

The third area is similar to the second but it falls within the amounts of $10,000 to $50,000. In this area, the Administrator would have the ability to go ahead and authorize the budget revision. The final area is the routine day-to-day expenditures less than $10,000. They would continue to be managed by the department in the Budget Office. We can discuss these. I have a couple of changes to the other policies, but why don’t we focus on this one first.

Chairman McKiernan said I think this was the one piece at our last committee meeting; this was the one piece that we still wanted more clarity in the policy. Commissioner Walters said, just a question. Is this kind of a policy that something that our external auditor would review as part of their annual audit to advise us about compliance? Mr. Levin said advise us of compliance. Was that the question? Commissioner Walters said advise the commission that the policy was followed or whatever. Mr. Levin said the external auditor does in part of our annual financial statements; they look at what is our budget by fund and what are our actual expenditures by fund. I guess we would have to ask them to look at specific budget revisions and maybe do a sample budget revision and were budget revisions done consistent with this policy? That would be a specific request to the auditor.

Commissioner Townsend said the draft contains four categories are proposed changes, correct? Mr. Levin said it’s clarifying. What we currently do is #4 is currently in process and #3, any budget revision that is in excess of $10,000 may be approved by Administration and
then brought forward to this committee. What’s really new to our current policies would be one and two. I’ll say an extra level of control.

What’s at the top of the page, if there’s any amendment to the budget at the fund level—an example of a fund would be the general fund of the city for example. If the general fund of the city has a budget of $150M, our control is we cannot spend more than a $150M without doing a formal amendment to the budget. We’re talking about revisions within the fund level or in the example I just cited that $150M. **Commissioner Townsend** asked, but on this draft, three and four currently are a part of our policy? **Mr. Levin** said correct. **Commissioner Townsend** asked, so one and two are the only clarifications? **Mr. Levin** said what three is it’s actually $10,000 and above. **Commissioner Murguia** asked, in our current policy? **Mr. Levin** said we actually don’t have a formally adopted policy; it’s our current procedures. **Commissioner Townsend** asked, so 362, put a ceiling on that so we’re $10,000 to $50,000? **Mr. Levin** said, correct. I think what we heard from commissioners at the last meeting was we still wanted the ability for Administration to move forward with matters of health and safety or an emergency or something that’s basic to keep the day-to-day operations of the government going; to have more commission review for larger discretionary expenditures and that was the purpose of these proposed changes to the initial draft.

**Commissioner Murguia** said as I said last time, everybody laughs when I speak about this issue. I hate to nickel and dime a policy or micromanage our Administration from doing their job. I really don’t feel like that’s our job. I’m really disappointed we had to expand on this policy. I guess looking at it, I think its fine. I’m good with it. I just have one question which might seem tedious to you. So the County Administrator has the authority to approve budget revisions that exceed $50,000 that only involve health and safety issues, but they could spend less than $50,000, right? Could they spend $50,000 increments over several months to avoid complying with this policy? **Chairman McKiernan** said no. I’ll answer that for him. As this policy is written that in #2 would be reported at the next month committee meeting.

**Commissioner Murguia** said I was hoping that’s what it was saying because they would have to, but they wouldn’t have to report it if it was under $50,000. **Chairman McKiernan** said yes they would. **Commissioner Murguia** said, so regardless? **Chairman McKiernan** said between $10,000 and $50,000, it’s reported to this group at our next regularly scheduled
meeting. **Commissioner Murguia** said great. I just want to make sure that we all we’re understanding.

**Chairman McKiernan** said number #3, I’m sorry. You’re right. If it’s over $50,000 for health and safety, it’s reported at our next meeting. Would you suggest that we get a reporting on number #3, a bi-meeting reporting rather than a bi-quarter reporting? **Commissioner Murguia** said I just remembered that you didn’t often go spend over $50,000. It didn’t happen often. I know you did a lot under $50,000 which makes sense but you didn’t have a lot. In your professional opinion, Doug, do you think reporting an expenditure over $50,000 is a hassle? Are there a number of $50,000 public health and safety issues?

**Doug Bach, Deputy County Administrator**, said I think bringing the over $50,000 back to the next meeting on a monthly basis is...**Commissioner Murguia** asked, regardless of the concern, don’t you think whether it’s health and safety or not? **Mr. Bach** said yes, they happen but they’re few and far between. **Commissioner Murguia** asked, so it’s not a huge inconvenience for you? **Mr. Levin** said that’s the intent of #2 that an expenditure that exceeded $50,000 would be reported to this committee at the next meeting. **Commissioner Murguia** asked, but only involving health and safety concerns? **Mr. Bach** said well number one covers the others. **Mr. Bach** said #1 comes before us before the money is spent. **Commissioner Murguia** said, oh that’s right. You’re right so you can’t spend it over $50,000 without permission.

Did we define health and safety issue? I’m just saying, not to be difficult. This is not my nature, I’m not into details but apparently we need to be. Have we defined health and safety? **Mr. Bach** said there’s an official definition to it. It says health and safety concerns or other emergencies sustain ongoing operations. Those would come in matters of, as I used the example before, if we have a fire truck hit in an accident, is that taking something out of service so we don’t have one in the station? In the case we had, this was a ladder truck and we don’t have backup ladder trucks. That’s clearly a health and safety issue. If you come into something where...**Commissioner Murguia** interjected and said, a building starts to fall down. **Mr. Bach** said yes, that’s another good example.

We have some rather big boiler units or various units like that that are old in the buildings. If they shutdown, summertime, wintertime, pretty much anytime because we’re
going to have to move on those to get them fixed. They could easily go over $50,000. I think the last one we purchased was around $80,000 or $90,000. Those would be the classifications I look at for things that fall under those categories. Commissioner Murguia said just so long as we’re all on the same page about what health and safety issue is. I’m good with that. You would think we would all be on the same page. Mr. Bach said yes, or the operations. I guess the other one would be like if I lost a snowplow. You could question health and safety, but you’re bringing that back in to keep the operations going.

Chairman McKiernan said since we singled this policy out and separated it from the first three last time, I would entertain a motion regarding this policy separate from the other three that are coming forward at this time.

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

Chairman McKiernan said we’ve approved the budget policy with the revisions as per the draft here and now we’ll move on to the other three that were represented last month. Commissioner Townsend asked, with what we’ve done just move onto the board, the full commission? Chairman McKiernan said that’s an excellent point. I think that it might be good for us even though that was unanimous and would go on Consent Agenda, that might be good for us to pull this from the Consent Agenda so that it can be presented to the rest of the commissioners, just so they’re aware that this rather important change has been made at the standing committee level. Commissioner Townsend said that doubly answered my question because it would have gone on. To pull it from the Consent Agenda…

Chairman McKiernan said what I’ll do is, I will remember when this item comes on Consent. I will ask the Mayor to remove it from Consent so that Lew can present the revisions that we approved in our committee to the rest of the commission. Commissioner Townsend asked, does it have to go on Consent Agenda now since we’re thinking about that in advance and you don’t have to remember? Commissioner Murguia said I thought that same thing because I would never remember. Chairman McKiernan said so Jody said the rules say it
automatically goes to Consent Agenda and we just need to pull it off. I will make sure. Now we have the other three that were brought forward last month.

Mr. Levin said I will highlight just a couple of changes first on the long-term financial plan policy. That was a one page document in your packet. I did receive input to modify the initial draft to clearly state that a five-year forecast will be included in the budget submittal and will be made available for input during commission’s strategic planning sessions. I just wanted to point that out specifically. Chairman McKiernan said I appreciate that. That was my question to Lew when I first read the draft was, it said we would create this five-year long-range forecast but not necessarily when it would be delivered. I want to just make sure we specify that it would be delivered in time to be considered as part of strategic planning for the next budget. Well done and thank you.

Mr. Levin asked, are we going to entertain all three of these together? Chairman McKiernan said unless there is a specific reason as there was last month to separate one, we can consider the three as a unit. Mr. Levin said I just have a couple of changes we made on the debt policy statement. We specifically had what our annual debt service payments were. We changed that to a percentage. The percentages were targeting debt service payments excluding enterprise fund payments are targeted at 10 to 12% of our total budget authority of tax levied funds. I think I worked with Debbie on that calculation and our approximate budget for tax levied funds is this year around $225M I believe. Our debt service payments are approximately $20M to $220M that are tax supported. That’s where we derived that 10 to 12%. That would allow us if our budget increases, we would have the ability, it’s a targeted number. That gives us a portion of our total budget that’s really dedicated towards debt.

Then we specifically said the target for general obligation for new debt is established during the budget process. Historically, that level of support is ranged between $10M and $20M. So during the CMIP process several years previous, that target had been set closer to $20M. The last several years, Doug has really taken a lead in working with the CMIP committee that we’ve set that target closer to the $10M to $12M range. We’re just stating what that level of support has historically been. Those were really the only changes we’ve made in the policy since the drafts were submitted to you last month.
Chairman McKiernan said we’ve established some of these targets. Will our performance against our targets be reported to us when we’re in the budget planning process or at the end of the year? Mr. Levin said I think it really gives us the opportunity now that we have a formal policy that we can say, when we submit the budget how we’ve done related to the policy. Chairman McKiernan said the most recently closed fiscal year and then how we’re doing to date in the current year when we consider the amended budget. Mr. Levin said I think that the proper places in the department overview pages are the fund overview pages. We have, for example, for the city bond and interest fund, we can now reference specifically these policies that we’ve put in place.

Action: Commissioner Murguia made a motion, seconded by Commissioner Townsend, to approve the three policies as brought forward. Roll call was taken and there were five “Ayes,” Eidson, Walters, Murguia, Townsend, McKiernan.

ITEM NO. 4 – 130406….DISCUSSION: FINAL SERIES OF FINANCIAL POLICIES

Synopsis: Discussion of the final group of financial policies relating to the following, submitted by Lew Levin, Chief Financial Officer.

- Accounting, Auditing, and Financial Reporting
- Risk Management and Internal Controls
- Local Economic Development

Mr. Richard Mikesic, Accounting Manager, said the first policy being illustrated tonight is accounting auditing and financial reporting. Generally the comment I would leave this with is there’s not much new in here that we don’t already do. This document takes and formalizes the procedures and what we are already doing. I just wanted to start that with that off the top. It is split into five sections. The first section illustrates this committee itself and the role that the committee plays. The second section talks about accounting and the fact that we’re following GAP and the Gatsby standard following through the budgetary process and the fund process covers that area. The third section is auditing and illustrates our relationship with the
Legislative Auditor’s office and how we have the external auditor and how working with them we go through the audit process combined with the annual preparation of the CAFR, which is presented to this committee as some of you will recall which is the next section of reporting. The final talks about the independent audit which is done and the role that the independent auditor specifically will play when it goes through the audit process. That’s a very, very short summary of what’s presented here. **Chairman McKiernan** asked, but the full text of those policies is in our packet so we can review it before our next meeting, isn’t it? **Mr. Mikesic**, said yes it is.

**Chairman McKiernan** said, since there is no action required on this, you’ve set the stage for our review and we will bring these three for consideration and discussion at our January 6th meeting, I believe, is the date of the meeting. **Mr. Bach** said we have the other two areas.

**Reginald Lindsey, Director of Budget**, said the second policy is our risk management policy. It covers our financial risks and our insurance risks. What it does, it discusses financial risks as far as different financial controls we have in place and also different liability insurances we have in place. Also, our auto liability insurance and also our building insurance, it covers those. Then it also covers our internal controls which are something Rick and I work together on writing this.

**George Brajkovic, Economic Development Director**, said the economic development policy piece is three pages of really what’s in our tool belt when we’re trying to work with and attract and really just meet the goals of our department. Some of these things we do have a policy that we’ve adopted like on the tax abatement side to deal with IRB and EDX, Section 42 that we talked about tonight. Then there are some things where we follow statutory guidelines like TIF, CID and TDD. Over the course of the year, you’ve heard us make presentation on just about every single one of these incentives and if you haven’t, we’ll work really hard next year to bring you one you haven’t heard before. **Chairman McKiernan** said we will review all three and come back prepared for our next meeting.
IV. Outcomes

Chairman McKiernan said the final item on our agenda is Outcomes. I think what we’ve already done is we’ve already set the stage for our discussion next month. We’ve already asked staff for some data regarding housing and how it’s distributed among the various categories of housing. Then following up on Commissioner Walter’s comment, we might want to give some thought to some of our strategy as it relates to, what’s our mix, what are our goals, where do we want to go with development of both residential and commercial. Commissioner Murguia said and how one affects the other. They go hand in hand. Chairman McKiernan said correct. So if we can give some thought to those issues and then come back with at least some ideas for discussion, if not, some suggestions for future policies or ordinances, then we’ll be in really good shape.

Action: No action required.

V. Adjourn

Chairman McKiernan adjourned the meeting at 8:00 pm.

cm
Staff Request for Commission Action

Type: Standard
Committee: Economic Development and Finance Committee

Date of Standing Committee Action: 1/6/2014

Proposed for the following Full Commission Meeting Date: 2/20/2014

Action Requested:
Allow staff and Developer to present project, and offer input so that staff may proceed with negotiations for a Development Agreement.

Publication Required

Budget Impact: (if applicable)

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<th>Source:</th>
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<td>☑ Other (explain)  Policy item for discussion.</td>
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<table>
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<tr>
<th>Date: 12/23/2013</th>
<th>Contact Name: George Brajkovic</th>
<th>Contact Phone: x 5749</th>
<th>Contact Email: <a href="mailto:gbrajkovic@wycokck.org">gbrajkovic@wycokck.org</a></th>
<th>Ref:</th>
<th>Department / Division: Economic Development</th>
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Item Description:
NorthPoint Development is proposing to build Village West Apartments Phase 2, a 310 unit luxury, market rate multifamily development. The site is adjacent, to the SW, of their current project VWA Phase1 at 110th St and Delaware Parkway. This project projects a blended rent rate in excess of $1.03/sqft, with the same build quality and amenity package as VWA Phase1, which was based on their project at Briar Cliff. The project consists of only one and two bedroom units, with one bedroom units representing approximately 60% of the build-out. Project infrastructure needs include extension of Delaware Parkway, and construction of a new sanitary sewer line. The Project is requesting the use of IRBs, however the PILOT represents a 0% tax abatement.
Project Overview

- A $34M Capital Investment by NorthPoint Development for a 310 unit multifamily development, adjacent to the West of Village West Luxury Apartments Project One
- Luxury finishes and amenities package, similar to Project one, for one and two bedroom units
- Approximately 60% will be one bedroom units

Incentive Tool

- Use of IRBs – but 0% tax abatement, 10 year fixed PILOT

Public Infrastructure Improvements

- Delaware Parkway extension
- Sanitary Sewer – new line

Local/Minority/Woman Owned Business enterprise

- Agree to set participation rates
- Will have an annual escalator penalty for non-compliance
FINANCE DEPARTMENT
BUDGET OFFICE

Municipal Office Building – Room 510
701 North Seventh Street
Kansas City, Kansas 66101
Phone (913) 573-5272

MEMORANDUM

TO: Economic Development and Finance Standing Committee

FROM: Reginald Lindsey – Budget Director

DATE: January 6, 2014

RE: Fourth Quarter 2013 Budget Revision Reports

Attached are two tables that list budget revisions in excess of $10,000. The two tables include budget revisions received through December 31, 2013. Departments are currently receiving invoices for December 2013 and there is the possibility for more $10K or greater budget revision request.

The first table lists budget revisions approved by Administration in excess of $10,000. The second table lists budget revisions approved by Administration in excess of $50,000. These reports are presented for inclusion in the information packet to the Standing Committee members and no action is required.

Also attached are two memos for Standing Committee information on pending budget revisions over $50,000. As Per the budget policy adopted 12-19-13, these two revisions will require approval by Administration and Mayor or Mayor Pro Tem.
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<th>Category</th>
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<th>Project Description</th>
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<tr>
<td>1</td>
<td>Internal Improvement - Buildings</td>
<td>Public Works</td>
<td>CMIP</td>
<td>Utilized partial amount of 2014 budget to cover 2013 project bid for annual parking structure repairs for multiple parking lots</td>
<td>$100,000</td>
<td>Doug Bach</td>
<td>October 18, 2013</td>
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<td>3</td>
<td>Sewer System</td>
<td>Public Works</td>
<td>Operating</td>
<td>UG settlement</td>
<td>$65,000</td>
<td>Doug Bach</td>
<td>October 30, 2013</td>
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<td>5</td>
<td>Elections Levy Fund</td>
<td>Elections</td>
<td>Operating</td>
<td>To pay annual licensing fees for voting equipment</td>
<td>$55,100</td>
<td>Doug Bach</td>
<td>November 14, 2013</td>
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<tr>
<td>7</td>
<td>Internal Improvement - Public Works</td>
<td>CMIP</td>
<td></td>
<td>Utilized partial amount of 2014 budget to help cover cost of 2013 condemnations related Merriam Lane Improvements</td>
<td>$140,000</td>
<td>Doug Bach</td>
<td>December 17, 2013</td>
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<td>1</td>
<td>County General Fund</td>
<td>Sheriff</td>
<td>Operating</td>
<td>To pay Wyandot Inc. for mental health services.</td>
<td>$26,889</td>
<td>October 10, 2013</td>
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<td>3</td>
<td>City General Fund</td>
<td>Fire</td>
<td>Operating</td>
<td>To help with price increase and shortage in maintenance, parts &amp; equipment.</td>
<td>$20,000</td>
<td>October 30, 2013</td>
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<td>5</td>
<td>County General Fund</td>
<td>Public Works - Buildings</td>
<td>CMIP</td>
<td>To pay for janitorial services and maintenance</td>
<td>$30,594</td>
<td>November 13, 2013</td>
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<td>7</td>
<td>County General Fund</td>
<td>Sheriff</td>
<td>Operating</td>
<td>To pay for inmate housing</td>
<td>$29,800</td>
<td>November 14, 2013</td>
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<td>9</td>
<td>City General Fund</td>
<td>Legal</td>
<td>Operating</td>
<td>To pay for legal expenses</td>
<td>$42,363</td>
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<td>11</td>
<td>City General Fund</td>
<td>Police</td>
<td>CMIP/Operating</td>
<td>To pay for 2012 Recruit class clothing costs</td>
<td>$41,613</td>
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<td>13</td>
<td>City and County General Fd</td>
<td>Community Programs</td>
<td>Operating</td>
<td>To pay management consultants' executive search for next County Administrator</td>
<td>$13,775</td>
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</tbody>
</table>
FINANCE DEPARTMENT
BUDGET OFFICE

Municipal Office Building – Room 510
701 North Seventh Street
Kansas City, Kansas 66101
Phone (913) 573-5272

Budget Staff:
Judi Her
Jud Knapp
Reginald Lindsey
Michael Peterson
Tysz Woolridge

MEMORANDUM

TO: Economic Development and Finance Standing Committee

FROM: Reginald Lindsey – Budget Director

DATE: January 6, 2014

RE: Inmate Housing

As of the end of October $2,419,804 had been expended in the Inmate Housing budget. These expenditures include traditional farm-out costs of $2,244,031, plus a $28,884 bill from Johnson County for housing an inmate. The Sheriff’s Department has transferred $29,800 from various ACD’s into Inmate Housing to help fund inmate housing shortages, that are the result of population growth, longer average lengths of stay, and deputy manpower.

Based on current trends, it is estimated another 13,000 inmate farm out days were incurred in November and December. Utilizing our 2013 average per diem for farm-outs ($49.19 per inmate/per day), $587,817 in farm-out costs are estimated for November and December. There is an immediate need to transfer $75K from reserves to pay local municipal inmate housing providers for November and December unpaid invoices.
FINANCE DEPARTMENT
BUDGET OFFICE

Municipal Office Building – Room 510
701 North Seventh Street
Kansas City, Kansas 66101
Phone (913) 573-5272

MEMORANDUM

TO: Economic Development and Finance Standing Committee

FROM: Reginald Lindsey – Budget Director

DATE: January 6, 2014

RE: Bank Fees

The Unified Government is charged bank fees for financial services including deposit services, wire payments and other banking fees. The fees that are charged for deposit services are booked as expenditures. The Unified Government also receives investment revenue that is booked as revenue. Historically expenditures paid out from the banking institution have been deducted from interest earnings. Recently due to external audit requirements, both revenues and expenditures related to banking services need to be recorded separately.

Banking fee allocations that were not included in 2013’s budget total $446K. However these fees will be offset by interest earnings that exceed expenses. Preliminary interest earnings for 2013 is $752K.
Staff Request for Commission Action

Tracking No. 130406

□ Revised
□ On Going

Type: Standard
Committee: Economic Development and Finance Committee

Date of Standing Committee Action: 12/2/2013
(If none, please explain): Final ED/F Standing Committee Action - 1/6/14

Proposed for the following Full Commission Meeting Date: Confirmed Date: 1/23/2014
1/23/2014

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

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<td>11/23/2013</td>
<td>Lew Levin</td>
<td>x-5186</td>
<td><a href="mailto:llevin@wycokck.org">llevin@wycokck.org</a></td>
<td></td>
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Item Description:
This is the final group of policies being presented to Standing Committee for Review and Adoption. As previously indicated these policies are strongly recommended by the Government Finance Officers Association and Credit Agencies and are integral to government operations and financial planning.

1) Accounting, auditing, and financial reporting- Discusses the respective roles of the Accounting Division, Legislative Auditor, and external auditor and the preparation of the government's annual financial statements.

2) Risk Management and Internal Controls- indicates polices for protecting government assets, maintaining a safe working environment and discusses the review and implementation of internal controls to assure against risk.

3) Local Economic Development Policy - reviews the goals and objectives for economic development and summarizes the government's development tools and incentives.

Action Requested:
On December 2nd, 2013, these polices were presented at the Economic Development and Finance Standing Committee for initial review and discussion.

At the January 6th, 2014 meeting, staff requests approval and forwarding of these three policies to the Full Commission for Commission action on January 23, 2014.

□ Publication Required

Budget Impact: (if applicable)

Amount: $
Source:
□ Included In Budget  Presented as draft policy in the budget.
□ Other (explain)
Accounting, Auditing & Financial Reporting

The UG will maintain a system of financial monitoring, control, and reporting for all operations and funds in order to provide effective means of ensuring that the Mayor and Commissioner goals and objectives are met.

UG Economic Development and Finance Committee

The Economic Development and Finance Committee members are appointed by the Mayor. It consists of five (5) members of the Commission and a designated board member from the Board of Public Utilities (BPU). The Deputy County Administrator, Finance Director, Economic Development Director and Chief Legal Counsel will represent staff and attend meetings as required.

The function of the committee will include:

a. Review the external financial audit
b. Approve investment policy and reviews investment portfolio
c. Policy review
d. Approves and forwards capital debt financing items to full commission
e. Recommends development financial incentives, policies and agreements
f. Considers other financial matters

Meetings are scheduled on a monthly basis or more frequently as needed at City Hall.

Accounting

The accounting practices of the UG will conform to Generally Accepted Accounting Principles (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB). The Chief Financial Officer will establish and maintain a system of fund accounting and shall measure financial position and results of operations using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary and fiduciary funds.

The UG will maintain its accounting records in accordance with state and federal law and regulations. Budgetary reporting will be in accordance with the state's budget laws and regulations.
Auditing

The Legislative Auditor and UG External Auditor will annually perform the UG’s financial and compliance audit. Their opinions will be contained in the Comprehensive Annual Financial Report (CAFR). Results of the annual audit shall be provided to the Commission in a timely manner.

The Legislative Auditor’s Office will provide independent reviews of the operations of the Unified Government. The office will perform post audit reviews to ensure that recommendations made in an audit are implemented and work with UG management to ensure that internal controls are in place and are being practiced.

Reporting

As an additional independent confirmation of the quality of the UG’s financial reporting, the Finance Department will annually seek to obtain the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. The Comprehensive Annual Financial Report (CAFR) will be presented, designed and communicated to citizens about the financial affairs of the UG. Staff will prepare quarterly Interim Financial Reports for administration and present financial reports to the Mayor and commission 3-times a year.

The Chief Financial Officer will highlight and advise the Commission of positive and/or negative financial information including an assessment of the impact on the UG budget and financial condition. The current year’s budget is amended on an annual basis to address financial trends and budget variances.
Independent Audit

The independent auditor plays a vital role in providing financial statements that are accurate and reliable. The UG will ensure a fair, equitable and transparent process for selecting the independent auditor. The independent auditor will meet with the committee chair prior to the onset of the audit to discuss issues or items of concern and present to the Economic Development and Finance Committee. The audit statement and findings will be presented to the full commission.

The administration will utilize key criteria for selecting the independent auditor. The auditor shall:

- Maintain a certified public accountant license practice in Kansas;
- Demonstrate experience and skill in governmental accounting and auditing; and
- Have sufficient resources to complete the audit in a timely fashion;

The auditor will be independent from the UG and conform to the independence standards put forth in the General Accountability Office’s Government Auditing Standards.
Risk Management & Internal Controls

The UG’s Risk Management and Internal Controls policy establishes proper procedures to safeguard UG assets and ensure efficiency of UG operations. This policy applies to all assets whether they are monetary or physical.

The UG must use resources efficiently. By optimal use and effective management of those resources, the UG can achieve its goals, ensure compliance with all applicable laws and regulations and ensure reliability in financial reporting.

The Risk Management and Internal Controls policy directs staff to protect the UG against losses affecting its assets and its ability to provide ongoing services. In addition, to the extent possible, the policy ensures safe work, security and service environment for UG staff and members of the community. The final objective of the Risk Management and Internal Controls policy is to limit/minimize the cost of implementing the UG’s risk management activities.

The UG Committee, comprised of Legal, Human Resources, Purchasing and County Administrative Office, is responsible for the risk management program and the carry-out the organization-wide risk management activities.

Implementation components may include:

- Selection of insurance providers and coverage
- Selection of risk management consultant
- Selection of insurance broker
- Reviewing of contracts for potential exposure
- Implementing and monitoring safety programs
- Identifying exposures which can have an adverse effect to UG assets and employees
- Introducing programs to lessen the possibility of loss or injury to all UG employees
- Submitting annually to the Mayor and Commission a status report of the risk management program
- Periodic committee meetings to review the risk management program

Risk Management. The Unified Government’s insurance coverage consists of both a self-insurance policy and policies maintained with various carriers. Exposure to various risks associated primarily with weather related incidents such as wind, hail and storm damage is covered by property insurance.
**Accident and Health.** The Unified Government is both self-insured and fully insured for accident and health claims. Claims for Unified Government employees (except for BPU employees) are administered through a third party administrator for the Unified Government's self-insured plan. Premiums are paid by employer and employee contributions into an internal service fund and are available to pay claims and costs of an administrative service agreement. The government purchases an excess insurance policy annually to minimize risk.

Incurred but not reported claims are reported as a liability. The outstanding claims liability is calculated from historical data and future expectations. This includes an estimated liability for known claims as well as an estimated liability for claims incurred but not reported.

**Workers’ Compensation.** The Unified Government is self-insured for workers’ compensation. Premiums are paid from the general fund into an internal service fund and available to pay claims, claim reserves and administrative costs of the program. An excess coverage insurance policy covers individual claims, subject to policy terms. The Committee evaluates policy options on an annual basis.

The Unified Government attorney prepares estimates of the amounts of unsettled claims under the self-insurance program. The outstanding claims liability is calculated from historical data and future expectations. This includes an estimated liability for known claims as well as an estimated liability for claims incurred but not reported.

**General Liability.** The Unified Government is also self-insured for liability claims. All liability claims are reviewed, challenged if appropriate, and processed for payment at the agreed amount by the Legal Department. Kansas statutes limit the liability in tort cases to $500,000.

The UG maintains an internal reserve fund to be used for losses and insurance purchases. Insurance purchased by the UG will effectively be used.

The UG shall maintain an environment conducive to good internal control and safeguard its assets against loss. Additionally, the UG will monitor its accounting data for accuracy and reliability and encourage adherence to this policy. In addition, both the UG Internal and External Auditor audits, on a continuing basis, various transactions and processes for compliance and other applicable city policies and procedures based upon vulnerability assessments.

The UG internal Auditor will provide reasonable assurances against risk by performing on-going audits that require:
- Implementing control systems to prevent a single employee from being authorized to record transactions and obtain custody of related assets. Duties are segregated within the department.
- Securing UG assets and records and limiting employee access, based on the job need. UG files/records will be protected from theft, environmental damage and backed-up for continued government operations.
- Scheduled or periodic inventory of accounting records and physical inventory of assets for historical comparison and review.
- All authorized transactions are in accordance to the management policies.

The UG's risk management and internal controls policy will be reviewed annually. In addition, regularly scheduled trainings will be held to help facilitate organization-wide implementation. The policy may include individual department's safety protocols.
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.

Loan Types
1. Real Estate Loan – Up to 15 year term
2. Machinery & Equipment Loan – Up to 10 year term
3. Working Capital – Up to 3 years
4. Maximum Loan of $200,000

**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.

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.
**Staff Request for Commission Action**

**Tracking No. 140001**

- □ Revised
- □ On Going

**Type:** Standard

**Committee:** Economic Development and Finance Committee

Date of Standing Committee Action: 1/6/2014

(If none, please explain):

**Proposed for the following Full Commission Meeting Date:**

- **Confirmed Date:** 1/23/2014
  - 1/23/2014

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

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<tr>
<th>Date</th>
<th>Contact Name</th>
<th>Contact Phone</th>
<th>Contact Email</th>
<th>Ref</th>
<th>Department / Division</th>
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</thead>
<tbody>
<tr>
<td>1/2/2014</td>
<td>Charles Brockman</td>
<td>573-5733</td>
<td><a href="mailto:cbrockman@wycokck.org">cbrockman@wycokck.org</a></td>
<td></td>
<td>Economic Development</td>
</tr>
</tbody>
</table>

**Item Description:**

Discussion of the Revolving Loan Fund.

Staff has attached a summary sheet highlighting the History, Purpose, and Challenges of administering the program.

**Action Requested:**

For information only at this time.

☐ Publication Required

**Budget Impact:** (if applicable)

- **Amount:** $
- **Source:**
  - □ Included In Budget
  - ✓ Other (explain) Policy action.

[File Attachment] [File Attachment] [File Attachment]
History:

The U. S. Department of Commerce Economic Development Administration (EDA) offered grant assistance funding to the City of Kansas City, KS, the “Revolving Loan Fund Program”. On July 18, 1985 the EDA authorized a Federal cash contribution in the amount $625,000 and the City had a grantee cash contribution of $225,000 for a total of $850,000. The program was authorized under the authority of Title IX, Section 903 of the amended Public Works & Economic Development Act of 1965.

Purpose:

The Plan is an incentive tool to help bridge the financial gap for small businesses in an effort to help with the acquisition of property, renovation or equipment.

City Wide Development:

On May, 16, 1988 the City of Kansas City, Kansas entered into an agreement to appointment a Loan Administration Board (LAB) comprised of community and business leaders to administer the RLF program.

On April 16, 2010 the City Wide Development, Inc. entered into an agreement to return the funding back to the Unified Government as directed by the EDA.

Revised Plan:

The UG Full Commission approved the revised UG-RLF plan on October 21, 2010 by Resolution R-69-10 and a new Loan Review Committee (LRC) that replaced the (LAB) was formed shortly afterward to review and approve or disapprove applicant loans.

Loans:

Since the inception of the new plan in October 2010, the UG received eleven applications for the RLF. Of the eleven, five were approved for a loan.

Hurdles:

To the applicant:  
• Davis-Bacon wage rate requirement
• Job creation ratio to loan amount
• Funding ratio
• Loan Guarantor

For Administration:  
Staff time for:
1) Servicing loans
2) Reporting
3) Requires two staff
4) EDA reporting system failure since 2012

Current loans:

1. ABC (2013)  Fixed Asset  450,000.00
2. Curnow (2013)  Fixed Asset/Renovation  300,000.00
3. Reddi Services (2011)  Equipment  191,400.00
4. Dynasty (2012)  Fixed Asset  73,300.00
5. Dynasty (2012)  Equipment  17,000.00
Jan or Feb EDF

1. Relook at the tax credit policy
2. Scoring system
3. Strategy countywide for attracting economic development as it relates to housing
4. How much low income housing
5. How much fair market housing
6. Over the last five years, what percentage of new housing has income restrictions
7. Data on number of new housing starts, types of new housing starts
8. Total number of dwellings for each project
Staff Request for Commission Action

Type: Standard
Committee: Economic Development and Finance Committee

Date of Standing Committee Action: 1/6/2014

Proposed for the following Full Commission Meeting Date: 1/23/2014

Confmed Date: 1/23/2014

Contact Name: Charles Brockman/Mike... Contact Phone: 573-5733 Contact Email: cbrockman@wycokck.org

Ref: Department / Division: Economic Development

Item Description:
At the December 2, 2013 ED&F Standing Committee staff was directed to report back to the Commission with a listing of new residential units developed over the past five years with a report of incentives used in coordination with the projects.

Staff has prepared an analysis of the new housing from 2009 - 2013, which is attached, that provides the type of residential housing have an incentive/rent subsidies.

Action Requested:
For information only.

Publication Required

Budget Impact: (if applicable)

Amount: $
Source:
  □ Included In Budget
  □ Other (explain)

File Attachment
## Residential Units Added in Kansas City, KS, 2009 - 2013 (thru November) by Type of Incentive

<table>
<thead>
<tr>
<th>Type of Permits</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013 (thru Nov.)</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Single Family</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># Permits / Units</td>
<td>101</td>
<td>96</td>
<td>56</td>
<td>109</td>
<td>139</td>
<td>501</td>
</tr>
<tr>
<td>Permits with Incentives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NRA¹</td>
<td>20</td>
<td>16</td>
<td>6</td>
<td>7</td>
<td>2</td>
<td>51</td>
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<tr>
<td>NSP²</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>9</td>
<td>21</td>
</tr>
<tr>
<td>HOME Funds³</td>
<td>12</td>
<td>2</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>27</td>
</tr>
<tr>
<td>LIHTC⁴</td>
<td>0</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>51</td>
</tr>
<tr>
<td>Habitat for Humanity⁷</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>9</td>
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<tr>
<td>Total Single Family with Incentives</td>
<td>32</td>
<td>37</td>
<td>11</td>
<td>25</td>
<td>18</td>
<td>123</td>
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<tr>
<td>Pct. of Total Single Family with Incentives</td>
<td>31.7%</td>
<td>38.5%</td>
<td>19.6%</td>
<td>22.9%</td>
<td>12.9%</td>
<td>24.6%</td>
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<tr>
<td>Duplex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># Permits</td>
<td>0</td>
<td>31</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>35</td>
</tr>
<tr>
<td># Units</td>
<td>0</td>
<td>62</td>
<td>6</td>
<td>2</td>
<td>0</td>
<td>70</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIHTC⁵ # Permits</td>
<td>0</td>
<td>27</td>
<td>3</td>
<td>0</td>
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<td>30</td>
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<tr>
<td>LIHTC⁵ # Units</td>
<td>0</td>
<td>54</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>60</td>
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<tr>
<td>Pct. of Total Duplex Units with Incentives</td>
<td>0.0%</td>
<td>87.1%</td>
<td>100.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>85.7%</td>
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<tr>
<td>Multi-Family</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># Permits</td>
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<td>2</td>
<td>0</td>
<td>20</td>
<td>8</td>
<td>31</td>
</tr>
<tr>
<td># Units</td>
<td>5</td>
<td>10</td>
<td>0</td>
<td>304</td>
<td>444</td>
<td>763</td>
</tr>
<tr>
<td>Permits with Incentives</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIHTC⁵,⁶ # Permits</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>LIHTC⁵,⁶ # Units</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>44</td>
<td>44</td>
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<tr>
<td>NRA⁶ Permits</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>NRA⁶ Units</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Total Multi-Family Units with Incentives</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Pct. of Total Multi-Family Units with Incentives</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>13.1%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

| Total Residential Permits | 102 | 129 | 59  | 130 | 147 | 567 |
| Total Residential Units   | 106 | 168 | 62  | 415 | 583 | 1,334 |
| Total Residential Units with Incentives | 32  | 91  | 17  | 25  | 76  | 241 |
| Pct. Total Units with Incentives | 30.2% | 54.2% | 27.4% | 6.0% | 13.0% | 18.1% |

¹Neighborhood Revitalization Area (NRA) Program; new homes are eligible for real property tax rebates.
²Neighborhood Stabilization Program (NSP); Twenty-five percent of total grant allocation must be spent on homes that will be occupied by homebuyers at or below 50% of area median income (AMI) and the balance at 120% of AMI.
³Several community housing development organizations utilized HOME funds administered by the Unified Government. CHWC, Mt. Carmel and City Vision all require homes to be sold to persons at or below 80% area median income (AMI); Habitat for Humanity requires homebuyers to be 60% AMI or below.
⁴Low Income Housing Tax Credits (LIHTC); The LIHTC Program is based on Section 42 of the Internal Revenue Code and is administered by the Kansas Housing Resource Corporation. KHRC’s state allocation plan requires a local review process prior to its consideration of housing tax credit proposals. During this local review, a score is assigned based on developments with 20% of units reserved for households with income below 50% area median income (AMI) and for developments with 40% of units reserved for households with income below 60% AMI.
⁵LIHTC multi-family units include the St. Margaret’s conversion project.
⁶NRA multi-family project is the conversion of existing units to a rehabilitated 14 unit building (18th Street Plaza LLC at 1201 N 18th St.). A second building, with a permit yet to be issued, will need to be completed before the project is NRA eligible.
⁷Habitat for Humanity projects funded by means other than HOME funds, require homeowners to be at or below 60% area median income.