I. Call to Order/Roll Call

II. Approval of standing committee minutes from January 6, 2014

III. Committee Agenda

Item No. 1 - RESOLUTION: CROSS LINES TOWERS

Synopsis:
Cross Lines Towers is requesting the UG to issue multifamily housing revenue bonds for the renovation of the Cross Lines Towers Apartments located at 1021 N. 7th Street, Kansas City, Kansas 66101, submitted by Charles Brockman, Economic Development.

Tracking #: 140065
Item No. 2 - RESOLUTION: NORTHPOINT DEVELOPMENT LLC

Synopsis:
NorthPoint Development LLC is proposing a redevelopment for the Public Levee site, consisting of a single 342,000 sq. ft. industrial building, submitted by George Brajkovic, Director of Economic Development.
Tracking #: 140066

IV. Outcomes

Item No. 1 - COMMUNICATION: TIF FINANCIAL STATUS REPORT

Synopsis:
Communication presenting a TIF financial status report which details each TIF since 1991, submitted by Charles Brockman, Economic Development. In addition to the separation of residential and commercial projects, the financial status is broken into three categories: 1) Current TIF's, 2) TIF's paid off early, and 3) Other. For discussion only.
Tracking #: 140064

V. Adjourn
The meeting of the Economic Development and Finance Standing Committee was held on Monday, January 6, 2014, at 5:50 p.m., in the 5th Floor Conference 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 December 2, 2013. On motion of BPU Board Member Alvey, seconded by Commissioner Walters, the minutes were approved. Motion carried unanimously.

III. Committee Agenda:

Item No. 1 – 130429… 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.

George Brajkovic, Economic Development Director, stated just again I’d say kudos to our Buildings and Logistics staff for their design, set-up of a great room. Nothing against the 6th floor but this is an improvement. I think Brent Miles is here with Northpoint so I’ll ask him to
join me. I’ve got a brief comments in terms of what we’re doing with this. I think most of you are familiar with Northpoint and the projects they have going in our community from multi-family all the way through Industrial projects. What we are to talk about tonight is Village West apartments Phase II. It is a new project separate from Phase I but connected in terms of geographic location. They are looking at 15 acres immediately adjacent to the west, southwest of where Phase I is now. We’ve been negotiating and discussing terms, possible terms for the deal for Phase II. I think both parties would like to see very a similar deal as to what we did in Phase I. From our standpoint what’s the request before us. Again, it’s the use of revenue bonds which would allow for a 10-year fixed PILOT. That PILOT while it is fixed would be a 0% tax abatement. We would look at establishing market value per unit and then developing a PILOT tax payment from that type of value what is exactly what we did in the first Phase as well.

In terms of the project itself then if we do a structure like that are expectations are I believe they called the first project luxury apartments that’s exactly what we’re looking for same amenities package, same exterior finishes, same types of services offered to residents.

In terms of design aspects we were very deliberate in our negotiations for Phase I to be only two and one bedroom units. We would have that same expectation for Phase II and probably roughly I would say the majority are going to be one bedroom units, hopefully 60% or greater maybe Brent can touch on that piece of it.

Again, as I mentioned, it is the use of revenue bonds to work this project and a 10-year fixed PILOT public infrastructure and improvements. When we did the first project there needed to be a new road built. Delaware Parkway moving west from 110th St. was constructed. We realized that there was some share of that costs that needed to be funded by the UG. What we agreed to in that first deal structure was to rebate a portion of the UG share of the PILOT back to Northpoint for covering those costs and building a larger road than what they really needed. In my laymans term, maybe their project needed a two-lane road instead service 200 plus acres that will be serviced by this road in the future they built a four-lane parkway with a nice medium. I would expect that the extension of Delaware Parkway for Phase II will be built in a similar construction style and we probably need to just calculate what our share of that actual costs will be.

The additional part here is the creation of a new sanitary sewer line to service this project as well as opening up a variety of new properties in that western corridor for us. I know Bob
Roddy is here tonight in case you have any specific questions about the sewer line. What we’re discussing is in the past we’ve looked at creating a special benefit district to help offset the capital costs of putting that sewer line in. We know that other communities do like a System Development fee based on a formula for resident units so we’re looking at those options right now. Any feedback on exploring something that we haven’t done before we welcome those types of comments from you as move through the negotiations. As with any deal we have a high expectation on the local, minority, women business enterprises having a participation rate in the project. Northpoint has always willingly been at the table on that. I did happened to ask our Compliance Department today how they’re doing on their goals for the first Phase of the project. I believe the local, minority, women would be 12, 6, and 4 in terms of percentages and right now their hitting 40, 22, and 18. I told Brent earlier while that’s fantastic, clearly we’re far too lenient on our percentages so expect a little tougher negotiations from us.

In terms of outlining we’re here to say we need a little bit of direction or feedback from you or do you say proceed and make this deal and look like Phase I. I think we can get there and hopefully come back in short order with a development agreement for your consideration at the February full Commission. Again, with that trying to keep my comments fairly brief I’ll turn it over to Brent and maybe he can talk a little about the success that their having with Phase I and what’s prompted them to look at doing a Phase II.

**Brent Miles, Northpoint Development,** stated some of you have had the pleasure to come out and see our product. Those of you that have not had a chance to our Clubhouse is open. Anybody in this room can come out and stop by anytime and visit us and see the Clubhouse and just kind of see what we mean by luxury. If you’ll give me just a couple of minutes well do kind of the pat ourselves on the back because that’s why we’re really here tonight is because of the success of Phase I. Anybody that was at that groundbreaking remembers that this was a $34M project. We didn’t do a market study. We just knew inherently that there was a demand in this area. It was a product that didn’t exist and going with the highest end that we could go. We all know what that is. It’s a salt water pool, large fitness center, and granite counter tops. It’s the stainless steel appliances that are in that unit. We went above and beyond to kind of set that high market. Some of you have probably heard me say this Briarcliff was probably the most successful suburban apartment project we had happen in Kansas City when it was built. We had
pre-leased 25 units at Briarcliff which had never happened with the previous apartments. Then our project at Burlington Creek which is in Parkville we had 32 to 34 preleased. We had 42 leases in hand. We don’t open our buildings for another two weeks. Our staff at Village West think we’ll have at least 50. We’re trucking toward 52 to 55 preleased on Phase I. I only bring up those stats because it shows that our guests, all in this room, and at Northpoint were right. We knew that multi-family could exist. We knew that the market needed it there and we knew that the amenities package that is Village West, which is restaurants, the entertainment, the shopping, those were all the key factors in why people located there. With that trajectory in mind with 50% preleased it’s unheard of that we could have somewhere between 150 to 200 leases done in the first four months. We have 306 units in Phase I and because of that demand we feel that not only is the market deep enough but to keep the momentum going we’d really like to start delivering product and we’d really like to start delivering that product in the spring to early Summer in 2015. Our last building in Phase I will be completed in mid to late August 2014. We will have a little bit of lapse between the two projects but they’ll really come of the tails of each other. George mentioned the specifics of the development agreement. Basically, we kind of joked internally but I think there is seven redlines from the first agreement to the second agreement. Basically, if it’s not broke why fix it. It’s a PILOT, the Delaware reimbursement. Those are the kinds of things that are really good for us and our investors to look at and why we did the project and why it worked financially and then to provide another phase. If you look at how many people lived in each unit, somewhere between 1.7 to 1.8 people per unit so our first phase will generate about 500 people for the area.

The next phase again will be probably about 500 people as well. So we are going to have 1,000 residents. Mr. Bach had asked me if we could provide anything and many of you have asked me where are the residents? Where are the prospects coming from? Are these Unified Government employees? What are they? We have some rules about what we can and can’t release in terms of demographic information but we can say and we studied it today that our three largest employers are Cerner, University of Kansas Medical Center, and the base in Leavenworth. The base in Leavenworth, if you look at some of the information that we got, I’m going to totally blotch this but I call the general school of the Lewis & Clerk Leadership School. You can kind of see the caliber of what people are looking for in the units. These are people that are renters by choice. Typically, they’re doing two bedroom plus den which again is the 1,500
per month. We’re looking at that luxury packages is why their locating. Again, that’s people that are new to our community. It’s important to remember that whole goal of multi-family in this area was to say somebody could plan in one of our units when they grow out of that apartment and they build a house or buy a house that maybe they would live in Piper. Very Similar. Mr. Bach stated Brent can I get you to be sure to talk into the microphone. I don’t think they can hear you in the back of the room. Mr. Thompson stated sorry. Very similar again, luxury, so have amenities package very similar to what we have in Phase I, salt water pool, trails, and the nice fitness studio. This is a completely separate project. There will be another clubhouse. There will be another fitness center, another pool. It will be right next door to our first project but it will be essentially a standard new product. As you can see we’re going a little more craftsmen style, architecture. Obviously, we still have to go through Planning and Zoning and Public Works and all that review in the spring. This is a new kind of style for us. A new architectural style, new color scheme. As you know from our first one it’s kind of a gray and white, almost a coastal theme. Again, trying to mix it up here a little bit with more of a craftsmen style theme. The interior of the units will be dead on the same almost dead on the same as our first phase. George mentioned the number of one bedrooms. I know that was important to, in particular the school district, how many kids were going to be coming to their district. Again, we’re right at 60% to 61% one bedrooms for this phase as well so it will be heavily loaded towards the one bedrooms. Again, it’s more of that Cerner, KU, type of preferred employer.

Again, if things go well here and obviously the Development Agreement would happen in February we’d be going through the Planning and Zoning process through March, April, and May and then try and start construction soon after that.

Chairman McKiernan stated this item really is coming forward today just for discussion. I’d ask if any of the Commissioners have any comments, any questions, any suggestions, or any direction to give to Mr. Brajkovic or Mr. Miles.

Commissioner Murguia stated I was just suggest you put the KU people as close to KU as you can get them. That would be in my district. Mr. Miles stated I was presently surprised. We didn’t expect that. I thought maybe in the healthcare Providence or one of the doctors, local
doctors. I didn’t expect KU but. **Commissioner Murguia** asked do you know the percentage of that. **Mr. Miles** stated if you give me a few minutes I can probably count them up. I have them here. **Commissioner Murguia** stated I was just curious.

**Commissioner Townsend** stated in the write up I noticed the word “however” kind of represents the zero percent tax abatement so there is no tax abatement asked for this and there is none in Phase I. **Mr. Brajkovic** stated no. **Commissioner Townsend** stated is there any reason, doesn’t sound like I heard any not to do what you’ve done in Phase I in terms of the agreement. **Mr. Brajkovic** stated no. As far as the PILOT structure goes we still need to put that PILOT in front of them but to give you an idea of revenue generation there is a larger tract of property that is owned by a family trust. The balance of that is just under 200 acres and what it produces on an annual basis in terms of property tax revenue is about $4700. What we anticipate the base value of the PILOT to be just for a 15 acre development, multi-family development of this nature would be about $240,000 or somewhere in that neighborhood. Again, just taking a 15 acre chunk out of that 200 we would see a significant with I think that was basically what the PILOTs were at a starting point for Phase I. So now you can double that if we’re having two projects very similar.

**Mr. Miles** stated again as George stated between the two projects about .5 million a year in taxes off both projects. To answer Commissioner Murguia’s question six of the 42 leases are the University of Kansas or the med center. I don’t have a split maybe some of those are going to Lawrence I’m not sure.

**Mr. Bach** stated Commissioner, I would like to clarify, it’s zero percent PILOT. We did do a rebate on a portion on the first Phase because we required them to build a large lane road. Typically, when a developer comes in we require them to build their road to get the access. We made it more of a boulevard so for the expanded portion of it they fronted the money and built the second half of that road as well. That’s where we offer a rebate which was essentially a little less than half of their property taxes for two years what they’re going to get back for that. We’re contemplating that for the second phase because they’ll extend the parkway or boulevard on down into that property which from some aspects is a good assistance for future development to
come into the area and it meets the requirements that we want to go into it. They are willing to front the capital for it but we’re giving them a rebate on that portion of it, but what’s serving their development they’re paying for it. I just to make sure that was clear so there is a two-year rebate portion and that just comes off the Unified Government side it doesn’t come off the school or the community college side of that equation.

Commissioner Townsend stated I did hear the rebate so that’s fine.

Mr. Bach stated I would like to talk about the sewer portion of this a little bit. Bob you might want to come up so we can get into this a little bit more. George I don’t know if you had something prepared for this side of it. What we’re looking at serving this development as it goes. Right now the developer would have to come in and put a pump station on site. That’s just part of their development costs. They would come in and build it. What we’ve look at with Water Pollution is an opportunity for us to take this property and go ahead and connect it into our sewer line going north, which is the natural flow of how this property should go. Bob, let me turn this over to you. I’d like you to tell the Commission what we’re looking at and why it makes sense and this is the direction we’ll probably be coming back with a recommendation.

Bob Roddy, Public Works, stated over the last decade we’ve been as a Commission policy, it’s been to expand sewer system in the Missouri water shed. Basically, from Parallel going north, all of that water flows to the Missouri River. 15 years ago there was very little of treatment plants. Over the years we have been investing with the idea that in the future the water needs to flow the way that God made it. Right now we have an interim treatment plant down in the Missouri water shed and we have been building interceptors that have been going up the valleys ever sense then. This is just another extension of that overall plan. The beauty of this, I was sitting back listening to the whole presentation and one of the strategic goals set that the Commissioner’s recommended is that we look at private/public partnership, where we try to leverage the private dollars into public investment to expand the good that’s brought to the community. This is a perfect example of that because what’s happening, in lieu of them spending $250,000 on another pump station that I don’t want to maintain we’re having that money invested into an interceptor that will open up 800 acres to the west of the Legends. When
you think about the Legends, the Legends is basically locked in on three sides. Now this provides the nucleus for future expansion into the thousand plus acres west of the Legends. We’ve worked with Northpoint and we think that we have a calendar that will work with them. There will be the requirement for a capital budget revision assuming that this development agreement proceeds and in addition there will be a proposed ordinance that would add a surcharge on the other people that connect to the sewer in this watershed. The idea is we don’t want to invest $2M into a watershed and that the property owners are basically the sole beneficiary of that. We want to make sure that they pay a proportional share which is not unlike what we’ve done in the past. We generally, if we’re making a public investment we generally would like the community to participate in those shared benefits and costs. That’s the concept. We think it’s a no brainer and were encourage you to proceed.

Mr. Bach stated it really allows us to leverage Northpoint’s investment that instead of just putting in a pump station that doesn’t serve the greater good, it goes towards the greater sewer system. We’re not recommending a property assessment, which would be somewhat punitive on the landowners in that area not that aren’t doing anything but there is an equation that we’ve developed, that if they do develop their property and need to hook in then they’ll pay their fair share as they would to come in and hook to it. It allows us to leverage money that we’re getting into the project area up front. Water Pollution would then bond it into their project areas and as the rest of that area starts to develop in around it then they would feed dollars into that program.

Chairman McKiernan stated any other comments or questions. I have been lucky enough to have seen the property and I think you for showing it me. I think it’s absolutely spectacular. I at least would encourage you to move ahead with plans for Phase II.

Action: No action
Item No. 2 – 970146… Fourth quarter 2013 budget revisions $10,000 or greater, submitted by Reginald Lindsey, Budget Director.

Commissioner Murguia asked can I move for approval on this. I mean it’s pretty straight forward, the chart is. Chairman McKiernan stated yes, you may. Commissioner Murguia stated unless Reginald, you’re going to be bummed out you don’t get to present. Reginald Lindsey stated there are a few things that are different about it with the budget policy that we just passed. Just kind of go through it real quick if you don’t mind. The first table there is for $50,000. Budget revisions that are over $50,000 based on what we just passed we will bring budget revisions that are over $50,000 to the Commission and see that their available a month after approval from standing committee so that’s what that sheet is.

The next sheet are the ones that are $10,000 to $50,000 and also I have two memos, two budget revisions that are pending. One is for the Sheriff’s Department, the Sheriff’s Department went $587,000 over budget this year. We immediately need to do a budget revision for $75,000 to pay monthly inmate housing to house our inmates. If there are any questions about that Sheriff Ash is here to answer those questions.

Also, we’re doing a budget revision for banking fees. These banking fees weren’t initially budgeted. They are for $446,000 that would be netted by $752,000 of revenue that we receive.

Chairman McKiernan stated let me clarify on that last one. Based on what I know about these it would be incorrect to say that they weren’t budgeted, meaning they weren’t accounted for. They were accounted for they simply weren’t explicitly listed as part of the budget, would that be correct. Mr. Lindsay stated yes, we have a new requirement for our auditor where we used to net these against the revenues now we have to break them out in their own separate expense so the revenues and expenditures can’t be met anymore. Chairman McKiernan stated these have always been accounted for in terms of creating the budget, you just are now explicating listing them as part of the budget. It simply a change in how the reports are presented to us not in terms of how the budget is created. Mr. Lindsay stated yes.
Action: Commissioner Murguia made a motion, seconded by Commissioner Walters, to approve. Roll call was taken and there were five “Ayes,” Alvey, Walters, Murguia, Townsend, McKiernan.

Chairman McKiernan stated I’d like to thank Reggie and Lew for coming forward tonight and bringing those reports. As we just talked about in our last meeting with the budget report, the revision that we just did, the policy revision we just did, we will begin to get routine reports from Reggie and Lew now with budget revisions. Thank you very much.

Commissioner Murguia stated this is very easy to understand. It was a very helpful report. I also think surprisingly I didn’t count on it being helpful at our annual budget meeting but I think it will be. I had no idea that we would adjust a budget by over $1M every two months. I mean it may not happen every two months but if you’re just looking at these first two months as an example of what might happen in the next month and in the next month the $6M fluctuation in our budget over the year. I don’t know, in a quarter of a billion budget it really isn’t that much money I guess but I don’t really know what the standard norm is so as time goes on. We don’t have to discuss that tonight it will be interesting to see, to watch that and see what happens. It was very easy to understand. I appreciate the effort.

Item No. 3 – 130406… Request adoption of the final series of financial polices relating to the following, submitted by Lew Levin, Chief Financial Officer. On December 2, 2013, these proposed policies were presented and discussed by the Economic Development and Finance Standing Committee

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

Chairman McKiernan stated just to review Lew Levin brought forward nine policies that he wanted the Commission to review, hopefully approve, regarding finance. We have been through six of those. The final three were distributed at our last meeting and they come back to us today for final discussion and for a vote.
Lew Levin, Chief Financial Officer, stated thank you Commissioner you correctly summarized where we are on these policies. Last month we presented the policies and actually reviewed those policies in a little more detail. We don’t have any further presentation at this time. Rick Mikesic from our Accounting Department is here. Reginald Lindsay and I believe George Brajkovic is still here. If there is any questions related to the three specific policies before you.

Chairman McKiernan stated any questions, comments, any discussion on the three, our accounting, auditing and our financial reporting, risk management and internal controls, and then local economic development.

Commissioner Walters stated I have a question on the local economic development. I lost my computer temporarily so I’ll talk from memory. In the documents that were circulated there was a listing of all the economic development tools that we have. A couple of them struck me as something that I would like to have some further conversation about. The first one is the TIF policy. I understand we have been using TIF regularly for years. I also understand that several of our TIF programs or projects that are in existence are not performing well, but I don’t see anything in our policy that really addresses that. That’s the nature of the discussion that I would like to have at some point and to talk about what we do. Maybe we need to tighten our policy so that we don’t get into so many nonperforming on underperforming TIF projects.

We also I think could benefit from the discussion about what we do to follow up on these TIF projects that are not performing so that we just don’t forget about them. I don’t know if that’s appropriate now or whether we want to have a more expanded discussion about that at some point, but I think there is an opportunity for improvement of our policy statement regarding TIFs. Thank you.

BPU Board Member Alvey stated that’s an excellent set of questions. I’d be very interested in seeing what kinds of other questions might develop out of this discussion because it does seem to be that the TIF policy has been a significant commitment on the part of the Unified Government to development. The question is to what extent are these projects effective. How are we measuring that and do we use that then as a guide to evaluate other projects that come forward.
Chairman McKiernan stated as a matter of fact staff has been working on a detailed report on just what you asked. It wasn’t ready to come to us tonight and so we’re going to hold it until hopefully we will have that for our next meeting. They have gone back and developed a comprehensive report of TIF projects in terms of starting date of the project, financing date, how well it’s performed over time, how well it’s performed recently. I think having seen an early draft of that report it will open the kind of discussion that you’re looking for. I would suggest at the time we have that discussion we reconsider this policy as to whether or not any updates or further changes need to be made to the policy depending on how that discussion goes. In the best of all possible worlds that discussion will come as early as next month through to this committee.

Commissioner Walters stated to follow-up on that just a little bit then. It would be really helpful if we could get from staff some sort of understanding of what are real options are to the nonperforming projects. I guess we’d have the right to seize the property. That may not be the correct term but. We have a lot of money tied up in these projects. We are actually, as I understand, supplementing the ones that are not able to cover their obligations through our general fund. It’s a drain on our overall capacity to be solvent. I think in addition just to the update on the facts it would be very helpful to get some real recommendations on what our realistic options are now that we may know more about where we are.

Chairman McKiernan stated agreed.

Commissioner Murguia stated I would also like to discuss low-income housing tax credits and Section 42. I’ve been on the Commission for going on seven years now. I will tell you there seems to be this fear by our staff and administration in particular about this particular kind of development. Because apparently prior to my time somebody had proposed a low-income housing tax credit deal, the Commission voted it down, and we sued in regard to that. I don’t know all the details or what the basis of that project was. I know there are people in this room here at the table that are familiar with that. I guess the part that frustrates me there doesn’t seem to be a lot of discretion left to the Commission any longer about these developments. We, as a result of the lawsuit, developed a criteria for low-income housing tax credit projects. If you
meet that criteria then your automatically through the door and you can’t vote no. As you know there was a presentation at this exact committee a month or so ago, maybe less than that where they brought up a deal and I came out and said all the concerns that I had. Then Deputy Administrator Bach said there isn’t anything you can do anyway, you can’t vote no.

Chairman McKiernan stated it is so funny that you should bring that up because we are going to open that discussion in tow more items on tonight’s agenda. You had asked last month that our staff go through and look at for new housing starts within the last, I believe it was five years, that we look at how many of those were low-income tax credit projects versus other kinds of incentives that we might give, other kinds of financing. We are going to have that report and we are going to open that discussion tonight and then depending upon how we discuss tonight we’ll move to a further discussion at our upcoming meetings but absolutely we will.

Commissioner Murguia stated so would it be alright tonight then to move forward to say make a motion to adopt these. We have to take action here so make a motion to adopt all of these with the exceptions of the LITEC policy and the TIF policy to be voted on at a later date.

Chairman McKiernan asked alternately could we vote to adopt them as they stand tonight with the understanding that we could modify them based on upcoming discussions on Section 42 and TIF. Commissioner Murguia stated as long as they come up again I’m fine with it either way. I just want to know that within a reasonable timeframe they are going to come up again. I just don’t want it to get away from us. That’s all I care about.

Commissioner Townsend asked we’re only to move these on to the full commission. Chairman McKiernan stated that is that correct.

Mr. Levin stated just a couple of points as it relates to the TIF. It was stated in this document. It references state statutory requirements. One of the state statutory requirements is a feasibility study. So we’re required to do a feasibility study. It may be such that when we do the feasibility study the project appears that it is going to be a successful project and at times as Commissioner Walters has pointed out. It may turn out that for whatever reason the project
doesn’t perform as well as originally projected. Also, a TIF project in accordance with state statute requires a project plan. That project plan will go before the Commission each time there are public hearings. There is the opportunity for the Commission to say based on that project plan and feasibility study should we go forward with that project. I just wanted to point out those controls that are in place. I guess a third one is the and in the project plan they also require a development agreement. We can put constraints on the developer through that development agreement. We’ve done that and I think it’s really our objective to do that and look closely at the economic feasibility of TIF projects before we move those forward. I think those were the additional points. Charles did remind, I think when we had our discussion last week given our timeline of when the next standing committee is that we wanted to bring the TIF discussion before you in the March standing committee.

Chairman McKiernan stated because we moved up the deadline for submitting materials. The TIF discussion then we will have at our March meeting and the Section 42 discussion we will open tonight and then have the ability to carry that forward if we choose. I guess I would entertain a motion on these three policies however we chose to word that motion.

Action: Commissioner Walters made a motion, seconded by Commissioner Murguia, to adopt all the policies understanding that the two items, the LITEC and the TIF components of the Economic Development policies will be reviewed within a reasonable amount of time. Roll call was taken and there were five “Ayes,” Alvey, Walters, Murguia, Townsend, McKiernan.

Item No. 4 – 140001… Discussion on the Revolving Loan Fund Program, submitted by Charles Brockman, Economic Development.

George Brajkovic, Economic Development, stated we will certainly work diligently to get that TIF report done as early as possible for you to review. Some of us are not new to the organization but we have been with Economic Development for a shorter period of time. We want to look back on all of our incentives and certainly identify any trends. If there is
opportunity for improvement or maybe just walking away from incentives that it may be outlived their usefulness in our community that those are the types of things we should come discuss with you and maybe kind of get staff recommendation on. That’s kind of what we’re here to do tonight on one incentive in particular to throw out acronyms like our federal counterparts. The EDA’s are Economic Development Administration Revolving Loan Fund. It’s an incentive we have here since the 80’s. Maybe to start the discussion what was the purpose of this incentive when it was first created and again it was more to service small business that had financial gaps and in terms of getting their project financed. Long story short, in 1985 the federal EDA program put in roughly $600,000. The city of Kansas City, Kansas also contributed $225,000 and we started this Revolving Loan Fund our RLF program in Kansas City, Kansas. A few years later we outsourced that to a company called CityWide Development and they ran it until, Charles, what year. Mr. Brockman stated 2010. I think there was a summary document included in your packet. In 2010, the EDA came in and said hey, I don’t think we should have this third party administering this program plus there’s some issues, it’s time to kind of clean up some of the accounts and so Charles Brockman at that point took it over, didn’t take it over, he was asked and assigned the task of hey, we need to bring this back into our organization and Charles did a lot of outreach with other communities that were successfully running that and we set it up. He is going to speak to that here in a moment. What we’re finding is that there are hurdles in offering this as an incentive. There is hurdles both on the administrative side of it as well as getting money to these small business. I’ll focus first on the small business type hurdles.

BPU Board Member Alvey stated so I understand it to highlight the history purpose and challenges administering the program to what end, to what purpose. Do you have to report this? Are we trying to make changes in the program? Are we possibly dropping the program? Mr. Brajkovic stated I think that’s all of the above. I think if you are asking staff recommendation we’re probably leaning towards because of all the hurdles that are in place moving away from offering it. Charles has had communication with other communities and their experiencing the same type of difficulties. I guess we are at this crossroads. Either we walk away from the program or federal legislation needs to be enacted so that the federal policies that EDA’s program is minored in any changes at that level could eventually come down and allow us to make changes. From our end, the small business, the hurdles are pain, the biggest thing are
prevailing wage. There is a ratio requirement 2 to 1 so for every dollar you get from the program you have to have two private dollars matching it. All the hurdles, all of those programs, are exactly what a small business that’s coming to you for gap financing isn’t going to be able to overcome. We’ve been recently able to successfully make loans by looking a little bit differently. Taking a departure from what our policy our UG policy with RLF and moving away from the cap in terms of what the largest amount of loan we can make but still working within the confines of what the federal restrictions are in terms of the match and if you’re doing approving prevailing wage. To sum it in a nutshell from my perspective we service 14 loans and that takes 3 staff members, two from finance and one from economic development. We maintain about three different spread sheets because in 2011 the EDA’s online reporting system went offline and they have not put it back online but they require you to maintain very specific information so that you can a data dump when it magically comes back on line. There are some hurdles. Again, Charles maybe can touch real briefly on what he sought to his counterparts in other communities that they are in fact experiencing the same type of difficulty.

Chairman McKiernan stated if I could just interject real quickly. Another possible outcome here would be that maybe we take the concept of this program as we originally implemented, take the concept but tweak how it’s implemented and still have this vehicle, still have this capacity to provide gap finance but differently than we done it before, potentially, with less restriction, potentially with less reporting requirement. It opens I think a rich discussion.

Charles Brockman, Economic Development, stated when we first took over the RLF the EDA hired a company called MOKan to come down and help straighten out the city-wide files. I talked with Gary Miller, he’s a Fiscal Loan Manager and I was just chatting with him and seeing how his loans were doing and how they have been going with his part. There is a certain percentage. We cannot have more than 25% of our capital base at one time in our account. We have to have 75% of our RLF money out. Speaking with Gary, on his second reporting cycle in a row it had over 25% and he his basically saying that they had three loans. They had two of them or USDA Micro Loans for rural and the other one is a EDA RLF. The problem that they’re having is they can’t find applicants that qualify. I talked with another entity, Craig Stephens, EDC, a Loan Executive Director at a Kansas City Economic Development Corporation. They
have an RLF program as well. Recently, they were over the 25% just like everybody else seems to be including us, that they did a couple of big loans so that they are back at 85% out so they’re not having to sequester their funding. Speaking with Craig, he basically is kind of questioning the value of the program because of all the hurdles and loopholes that it’s too restrictive as well.

**BPU Board Member Alvey** asked it’s too restrictive because of the federal regulations. **Mr. Brockman** stated yes. We were discussing for instance if a new business, small business, entrepreneur coming in, having to match like our RLF, we have for every $50K we have to borrow or you have to have one new employee. For every dollar you borrow from EDA with Revolving Loan Fund you have to match to two. Right now if you have to come with $10K that’s not feasible for a new entrepreneur so it is a lot of hurdles if they are doing any kind of remodeling and if they’re going to get a building their going to remodel they have to use Davis Beacon. Davis Beacon is anything over $2,000 for the EDA so that’s very restrictive as well.

**BPU Board Member Alvey** stated are we aware of any movement by anyone in Congress to work with Administration to try and rewrite of the rules and make it more minimal. **Mr. Brajkovic** in our discussions with the regional representatives from the EDA, no. In fact, we have been pushing for quite some time, over a year, we see that there are so many burdens with this program and I’m not sure if Greg Kindle is still here. We have been working with Wyandotte Economic Development Council to help us market this program and maybe even move it away from the acquisition or repair of property just to purchasing fixed assets so that it wouldn’t be subjective to the Davis Beacon or prevailing wage. We’re stuck. Our cycle right now, Charles is doing such an effective job at servicing loans the more we get, the outstanding loans are getting paid out but we’re not creating any new loans. We’re just getting further and further away from that 25%. More of the funds are going into the sequestered federal dollars than are available to make a loan. If you look at the last few projects we’ve done we’ve been able to manipulate the policy and get approval from the EDA but Charles, correct me if I’m wrong, our policy caps alone are $200,000 so if you look at the two loans we most recently done there is a $450,000 loan and a $300,000 loan although they won’t acknowledge that there’s problems and that other communities are having the same problems they’re very willing to allow us to go over our own policy cap to make these loans. I want to go back to something you guys
had said earlier. I think there is a huge need for a gap financing program here whether it’s small business, micro loans, all the way up to getting these other deals done. I don’t have the exact definition of what that is. I just know that for what staff has been experiencing in offering these programs I don’t see that it’s a breakeven deal for us in terms of the staff time that’s invested and the loans we’re able to put out. I think Charles even mentioned that since 2010 we’ve had five out of 11 loans actually successfully comes to fruition. It’s not a great batting average. It’s not a reflection on Charles or what we’re doing it’s just that’s how restrictive this program is and I think it’s not serving that initial purpose to help gap financing for small businesses and maybe we can identify better tools to do that by.

**Chairman McKiernan** stated I will say that I’ve been very frustrated a couple of times when I’ve talked to small business owners who wanted a small amount of money not necessarily for a gap but they wanted loan, like a micro loan, to enhance some aspect of their business but the restrictions placed on the RLF was that for example they had to create a job as a result of the business improvements that they would undertake with this loan. There was no way they were going to create a job, although it certainly enhance their business and so I’ve been very frustrated by the current restrictions placed on this. I know Commissioner Murguia you and I have talked about this more than once. We would open the discussion for, really we have a recommendation here that we consider abandoning the current structure of the Revolving Loan Fund Program but I think we had agreement here at the table that we definitely did find uses for micro loans, for business, for community development, for whatever it might be. Our challenge then would be can we come up with a structure that might enable us to do that type of lending or facilitate that type of lending but with fewer restrictions than we found through the RLF.

**BPU Board Member Alvey** stated what you’re saying if we did not continue with this program we would not access federal dollars. There would be no matching funds from the federal government. **Mr. Brajkovic** stated not like this current program’s set up. Where we are from staff’s perspective is where in that next reporting cycle. I think the EDA wants to hear from us are you going to continue the program and if you are you got to go back and prepare some of the reporting discrepancies because of their system being down or are you is there a different
request. I think that’s where we are in terms of staff’s perspective. We need for direction on this.

**Commissioner Murguia** stated first I have a couple of questions about the RLF and you know Commissioner McKiernan I am full of ideas for how to make this happen. The RLF, the outstanding loans that you have, you have been assigned what happens to them? **Mr. Brajkovic** stated Charles and I have been discussing this with Mr. Bach. Is there an opportunity just to engage in the EDA to say look, it’s not working and we know we’re not the only community. Is there a possibility to get our initial investment that we put into this program back out, you guys take whatever already is in sequestered funds anyway. We’ve made over $1M worth of loans in the last three years. We would offer, if they want us to continue servicing those loans in the same fashion we have but we just think there has got to be a better use of both UG funds if their available and UG staff time and keeping a partnership with WYDEC to offering an incentive that actually has a better batting average, for a lack of a better term.

**Commissioner Murguia** stated first of all half of this money was lent to build a new grocery store in Argentine. I am instantly aware of how this fund works so that you know what’s going on. It wasn’t fun let me tell you. Do you think this loan would be more usable if there was another fund offered by the Unified Government that they could maybe leverage and meet this other criteria? **Mr. Brajkovic** stated quite possibly. I think it would help them in terms of the ratio required for every dollar you get out of the program to help on that side. I think where it doesn’t help though, Commissioner, is on the job creations side and Charles, correct me if I’m wrong but I think we’re about as low as we could get in terms of for every $50,000 you have to create at least one job. There is no opportunity to lower that threshold whatsoever. We don’t have as much inner action in small businesses as I think we probably should as a department. I know with Greg he really brings us in for any requests that WYDEC are working on. I that think that there’s a real need out there for loans that are under $100,000 for existing businesses that aren’t looking to create any new jobs they are just looking to stabilize what they have. We just don’t have a product for that niche right now. **Commissioner Murguia** asked do you think several will be for under $100,000. **Mr. Brajkovic** stated I think so.
Chairman McKiernan stated if I could just jump in here real quick. Just this morning in the Kansas City Star the headline is KC microloan Program giving businesses a big boost. They talk about loans I believe anywhere from $12,000 to $38,000. They were really getting small in terms of the size of their loans. I think we have some other examples that we can look at in terms of how we might change our program but certainly Kansas City, Missouri seems to have started what is a very successful microloan program. Kansas City’s micoloans average $12,000 and cap at about $50,000. This is really much smaller than our revolving loan fund has been. My question would be is there room for both? The big ones for big developments and the small ones for the person who wants to just enhance their business but is not going to meet the RLF criteria. Mr. Brajkovic stated I think in the ideal world the answer to that is there room for both. I think that though with the EDA requirements, they way they are, we’ll forever be in this pattern of holding this money but inherently we’re going to be way beyond that 25% capital investment. We’re constantly going to take a hit in terms of auditing results from the EDA because we’re going to have more funds sequestered because we’re not able to make those loans and until there’s a large enough time that passes by and we have another large project that can come in and take advantage of that money. The exercise we’re doing is service current loans and put more funds into sequestration for the EDA as opposed to what are we really doing. Are we actively engaged with potential loan dollars out in the community? Instead of waiting for that next big deal can we actually be proactive and go engage small business with a different product, same concept. I’m not trying to throw this program under the bus my any means because there is certainly some aspects of this program that are fantastic. Like the 75% subprime interest rate. We’ve done loans for, what Charles, 10 - 15 year terms at 2.5, 2.75% interest. Fantastic for those five projects over the last three years that we we’re either fit into the nitch or work the EDA over to help them compromise on our own policy to get it to work. I guess that’s a long winded answer to answer you. Yes, there’s room for both of them. I would see us being much more proactive in one role versus kind of reactive or waiting and continuing the programs as it is today.

Commissioner Townsend stated we’re talking about abandoning the structure of this RLF through the EDA. What would that leave us with in terms of money and programs? I know there are people who contact me within the 1st District who are desires of the loan to help an
existing business. The dollar amounts that they talk about are more in the range of what Commissioner McKiernan has mentioned. So as I hear you explain the current program and setup it doesn’t sound like a lot of the constituents in my area would make the qualifications or would qualify for the loan. So what are we saying if we abandon the structure? We’d eventually have to tell the EDA this is not working for us. What happens to the money that’s in sequester already and I see a number here that we’ve contributed, the UG, $225,000, is that money still available to be put into some other micro fund, small business pot? Mr. Brajkovic stated that’s a great question and I don’t think we’ve got to the spot with the EDA yet. We certainly had plenty of discussion with them but they know are frustration level with administering this program. We’re at that crossroads. If we terminate the agreement with them we’ve not sent them any sort of notification yet that hey, we’ve done this research and we know that the city of Kansas City, Kansas had put $225,000 in there initially. I would certainly have no problem with making that request back to them and say hey, overtime. Charles, how much is in the sequestered funds right now? Mr. Brockman stated $673,587.17. Mr. Brajkovic stated we initially put $625,000. I think that they wanted the sequestered funds that will give us an opportunity to recapture as much of our initial investment. We just haven’t had that discussion with them yet. I would certainly anticipate, if we get direction, that we would engage them and say we’d like to terminate the program per the agreement as it is now. Could we get our initial investment back and maybe offer some program that’s very similar but without the stipulations of the EDA currently has in place.

Commissioner Townsend asked how much leverage or latitude would we, the UG, have to make some type of alteration in the program. Isn’t that federally controlled? Mr. Brajkovic stated the problem is their program is their pulling from their federal policies and so we can try to go and legislate or help legislate change at that level but how long is that process? In the mean time we’re still in that cycle of more funds being pushed into sequestered and not able to make loans.

Commissioner Murguia asked Commissioner Townsend are you asking where would we get the money to lend if we decided to come up with a different criteria, is that your questions? Commissioner Townsend stated not really. I’ve heard Mr. Brajkovic talk about maybe come
up with some other vehicle. I’m just wondering what our options are. It doesn’t sound like with
the current structure. Number one, we have a lot of input and changing it. It doesn’t sound like
it’s benefiting as many people as it was intended too in terms of small businesses looking for
small amount. What are we going to do with it? Is there some alternatives? I guess the first
thing is do we stay with this with or not, that’s it. Because when I look at these numbers with the
exception of this No. 5 Dynasty for $17,000 most of these don’t look like what I had for small
business. People who are coming in for Mom and Pop, you know start up or improvement on
their business. It just seems like we’re bound by restrictions that we can’t change anyway. Now
with the loans that are currently out repayment would come to us or what would happen to that?

**Mr. Brajkovic** stated I think that’s we need to be able to sit down and talk through with the
EDA representatives whether they want us to continue to service those or they service
themselves or there’s a third party. I think your earlier question is probably spot on. The same
question we are asking them. Are we at a spot where we need to walk away from the program as
it is and what does that entail? What kind of notice do we need to give the Economic
Development Administration giving them notice and should we be preemptive and say we’d like
to get our initial investment back? Those are all the pieces that we’re really looking at getting
some direction on.  **Commissioner Townsend** stated well to me it seems like those are the
alternatives that we should be considering. I don’t see where we have a lot of, we being the UG,
have a lot of latitude to change those things. It would benefit the group of people that it seems it
is intended to benefit or hopefully benefit. **Mr. Brajkovic** stated maybe I didn’t do a very good
job earlier of explaining that. I think in terms of manipulating our own policy to keep it in check
with the EDA’s guidelines we’ve already lowered the thresholds on all the ratios as low as we
can. Then working with WYDEC we’ve changed the whole marketing of this program to be
geared more toward the fixed assets and even doing all those things and combinations we’re still
not experiencing very much success in offering this program the way it is currently structured.

**Commissioner Townsend** asked was there a limit on the amount of money that someone could
borrow. **Mr. Brajkovic** stated there was a cap at $200,000 but that was the lowest amount.
What was the lowest amount? **Mr. Brockman** stated there was not. **Commissioner Townsend**
stated say if someone needed $25,000 that wouldn’t even meet your threshold for $50,000 and a
job, maybe then? **Mr. Brajkovic** stated that’s a good example. If someone wanted $25,000
from this program they would have to have a private match at $50,000 funds from wherever plus create at least one job.

Chairman McKiernan stated that’s some of the reason that I, myself, would like to consider the concept. Let’s see if we can execute it differently. See if maybe if we can learn from the city of Kansas City, Missouri or the city of Des Moines, Iowa has created what they call the Neighborhood Finance Corporation, a CDFI, Community Development Financial Institution which works with the city government parallel to it but with the city government. In this case they provide small loans for community development purposes, let’s say for housing improvement, housing construction, but what I want to know is if we were to emulate that structure why couldn’t we provide those loans for both community development as well as business development purposes. Are there structures that are available that we could take and modify to create the kind of lending program that I think, I think at least this would be very beneficial to small business as well as community development corporations as well as homeowners within the city. Mr. Brajkovic stated I know staff has researched other programs whether their façade improvements for businesses or we’re an existing business we need roof repairs. Most of our incentives are structured to help a business to take advantage of an incremental change whether it’s in their property tax or their sales tax. We just don’t have that product to help them bridge some sort of financial gap when a private lending institution just won’t give them the $100,000 that they need to make a repair. They can only get $60,000 or $70,000. How can we structure a product to service that type of need? Commissioner Murguia asked how risky are the small micro loan that you’re talking about? Mr. Brajkovic stated pretty risky. I mean there’s a reason they’re coming to you for gap financing. Then that’s one of the issues even with the EDA. It’s certain organizations that come for these loans. There needs to be a guarantor on it. If it’s a not-for-profit their board members are probably not likely to put a personal guarantee with their not-for-profit to get $50,000 to $60,000 and rightfully so. I think you kind of get into that same discussion you know but again if it’s a lower amount it mitigates some of the risk because it is a lower amount. The way we service these currently is, Gregg at WDEC, puts together a loan review committee and I assume we will continue with something like that where we have a third-party really look at these, just like a banking institution, would and say is this a good risk to take or not and not just count on staff for
reviewing that and handing out. **Commissioner Murguia** stated but there still higher risk, the loans, correct? **Mr. Brajkovic** stated yes.

**Commissioner Murguia** stated I just have some general comments. Commissioner McKiernan and I have talked about this at great length and I’ve talked to a couple of other Commissioner’s about this. I approach this from a bigger perspective than just the Revolving Loan Fund. When we went to our Strategic Planning, it seems like sort of a elementary comment to make but I think it was our Mayor that made the comment that there only so many ways that our government brings in revenue. Basically, property tax and sales tax are the two sources of revenue that he talked about. Obviously, we can increase those but that doesn’t always necessarily mean that our constituents are going to get anything more for what their paying. What has been on my mind are ways that we can increase or broaden revenue streams to the government and also utilize it in a way that it enhances economic development. One thing I’ve noticed that government has traditionally done is when no one else will do it, come knocking at our door because we’ll do it. If there is a gap or whatever or if there is something missing in a deal, usually we get involved. Their high risk usually. I know that you guys do a good job trying to mitigate that, an excellent job at that. The reality is their usually high risk and usually the last to be paid back on the deal because we want the deal to happen. I’m just suggesting I really don’t even know that it’s possible.

I know Commissioner McKiernan and I have talked about it. Maybe the government get more progressive in the way of lending money on less risky deals. I’m just going to give you an example. This is open to a lot of criticism so feel free to jump on. It’s just off the top of my head. For example, I can only speak to my district. Your familiar with the 39th & Rainbow Development, the Five-Guys Burger that’s being done by Lane 4. They have Phase II that’s across from the medical center. They involve the school of nursing and then some retail on the lower level. I’m guessing that that’s a $16M development so let’s make an assumption that they had to borrow $20M on that deal from a bank. Let’s make an assumption that given what interest rates are right now, let’s say they’re paying 6.5% to 7%. Let’s say 7%. On a deal like that I’m not sure why the Unified Government when their negotiating incentives with Lane 4, we’re already in the deal with the incentives that we’ve offered that particular project. Why wouldn’t we look at being the lender of the $20M. We can use a General Obligation Bond, a
Taxable General Obligation Bond. We’re charged 2% right now on that bond and they have to be charged 7%. Let’s charge them 4.5%. We instantly start to get payments back. We put this excess, sorry for my lack of business terminology, take this excess revenue or interest payments that are coming in and set up in a fund and use that money to do these micro loans that Commissioner Townsend is referring to. My concern is that we just do the micro loans we’ll kind of doing the same thing that we’ve always done in the sense we’re taking those high risk deals that people traditionally don’t want to do so they come to us. This way we have a source of revenue for the project we’re trying to do and it’s instantaneous. They are going to be making payments back to us like a mortgage right away, as opposed to the other types of incentives that we do here at the government. For example, right now we have a program NRA that offers you a tax abatement on a piece of property. If Commissioner McKiernan built a new house he’s eligible for a property tax rebate of 95%, we will just say 100% for 10 years. We, this government, has to wait 10 years to get any money back on this new house that he built. It’s a great incentive, absolutely brings people to our community. Hopefully their buying things which increases the sales tax we get in our community. I’m not belittling that program. I think it’s a fantastic program. What I’m saying though is I’m looking for ways to get money now so that we can do things now and do projects, bigger projects that have impact. That’s my first example.

I’ll give you one more example. It’s not a fair market, Lane 4 kind of deal. It’s no secret I run a not-for-profit called ANDA. We do infield housing. We recently, Commissioner McKiernan, Commissioner Walters and myself, have been part of this committee to look at all of the property tax, delinquent property in the city. Clearly, especially east of I-635 this has been a problem. One of the ways that I see this fund as being helpful is say there are 50 property tax delinquent properties in Rosedale, which there are I’ll tell you. We run them through our Land Bank process. The not-for-profit gets those 50 homes. If they have the ability to come to the Unified Government and borrow money at a lower interest rate to turn those houses around whether it be rehab or new construction you’re broadening our tax base. We are generating revenue from the lending that we are doing. It truly is a win win all the way around. I will tell you in fairness I don’t think that our government should be in the business of loaning money to not-for-profit if the deal isn’t proven to be lucrative. It has to show that the preponderance to be successful. I don’t think this should be some social project. The point is to develop this economic development fund set-aside for either small business micro loans or for whatever we
decide there is a more social need more for it. Not that small business absolutely helps our community. I’m just saying I think that whatever we decide how we want to use that revenue is irrelevant to me. I’d say I’m concerned more about how to build that fund up so that all of our districts can have access to that money. Does that make sense?

Chairman McKiernan stated it does but it seems you’ve now introduce a tantalizing several new possibilities into this broadening from the micro loan exclusively into much larger lending. Of course a thousand questions pop into my mind. It would just need to be worked through and need to be answered. How does that affect our overall debt to asset ratio and things like that in terms of the initial borrowing of that money to then relend and how we manage all of that. You’ve introduced the aspect here that we might actually use a loan program to generate revenue that can then be redirected maybe into the micro loan program or forgivable loans or the higher risk loans that would be smaller in dollar amounts so using the large ones to fund the small. That’s an interesting twist.

BPU Board Member Alvey stated or just would they be revenue generated for the general fund. Commissioner Murguia stated absolutely. I am just saying that simply because Commissioner Townsend brought up the micro loans and George brought them up that there is a need there. I’m just saying absolutely can go into the general fund. That was my original idea is that we need another source of revenue coming into the Unified Government other than raising peoples taxes. So I think it’s a great opportunity for us in particular right now. We have plenty of deals where I can see having incredible impact in urban areas that we haven’t had before. I just see this as the biggest tool for helping us turn our tax base around, in particular in those areas where the delinquency is very high. As a not-for-profit that does this I’ll be the first to tell you the one and two house infields that we are doing are not going to change the community in my lifetime. We are going to have to come up with another tool that has a greater impact on this community. It’s just not gonna happen.

Chairman McKiernan stated so I said in a meeting the other day good research always generates more questions than answers. In this case good discussion generates more questions than it answers. I think our question is how do we move forward from here. To being to sketch
out because we have talked about larger loans and smaller loans. We’ve talked about community
development as well as business. We’ve talked about large developments and small
developments. The government borrowing and lending versus a parallel organization doing both
of those. I guess the question is how do we move forward from here and who can begin to help
sketch out some of the framework of all of that with the pros and cons to each step.

Doug Bach, Deputy County Administrator, stated if there’s three items that are coming from
this and their different areas. One is the initial item that staff has come from. I might come back
to all three points that have been raised here to this. We opened our discussion with the EDA
about discontinuing that program. We have a general framework from our current RLF Program
about doing a micro loan program so we would want to tweak that and change it and direct it
toward the small one.

Then I think it would be working on some guidelines that would be for this larger loan
program. I know you brought this conversation up and engaged Lew Levin, our CFO about this.
Commissioner Murguia stated and Bond Counsel. Mr. Bach stated and Bond Counsel so
thinking about some guidelines that maybe we can come back in that start to program this. This
item would be a budgetary item where you guys would have to look at it and say let’s include
this in let’s go out and issue a loan as part of our budget or issued bonds. Maybe we’re doing it
that way or it’s just not a project by project basis so it really wouldn’t become budgetary from
that standpoint. Commissioner Murguia stated not to interrupt you Doug, I don’t think it is
part of our budget process. I think what it is it’s like typical development deal. We just issued
IRB Bonds. We just did it. We didn’t plan on Northpoint financing with Northpoint during our
budget cycle. I think people are making it too complicated. I will tell you what I would like to
see happen. It’s always good to try to develop a framework but sometimes you’re developing in
a framework can take a whole lot of time and then you end up doing a deal within that
framework and you end up changing it all anyway. I would like to see us actually look at
moving forward with a PILOT project. This originated on the agenda at my request to the Mayor
because at the time I had a PILOT project I was going to bring to this committee but we decided
not to do that. I think while you’re working on this you just know that all can vote no but at
some point and time I will probably bring a PILOT project forward. I think this is one of those
programs where we’re going to have to go through it together once to see how it works. In sort
of the way Brian and I envisioned this and I talked with one of you about this tonight. I envisioned this where if I bring a project forward each Commissioner would either have an appointment to this committee or they can appoint themselves. We are all working together on this one PILOT project for a year and at the end of that year each appointment from each district would have the opportunity or the wherewithal to bring their own project forward for their own district because they have gone through the process. I really think we have a lot of the process in place if we treat it like a regular economic development deal. I think the only difference is we’re actually going to put ourselves in position to make some money. You’re not going to charge. You’re not going to loan Northpoint money at 2% you’re going to loan them more money at 4% to offset what they would pay a private lender. We’re going to keep that money and we’re going to do whatever this Commission decides to do with that kind of money that comes in.

**Chairman McKiernan** stated I appreciate a PILOT project, abate to test. I can say for myself I would like to know more of the framework. I would like to have more definition and clarity before I could really get behind a PILOT project. I’d like for us to have better sketched out what we think are going to be the operating framework of this program and once we’ve done that and we’re all cool with that than I would absolutely get behind a PILOT project. Another thing you said was Commissioner’s bring forward projects. There is a part of me that says I would like to take myself out of that equation and not be standing in between a business or community development group. I’d like to get myself and not be the middle man in that. That’s just kind of the thought that went through my head is how can I facilitate that happening more organically without me being a piece of that puzzle. I don’t know. **Commissioner Murguia** stated except the only problem is Commissioner, that nobody is doing that. Nobody is coming forward in your district or my district or Gayle’s district. That’s part of the problem. Sometimes as a leader in a community you have to be the one taking the first step to be able to begin to make that happen. If you don’t understand how that happens it’s pretty hard to be in our position and set good policies so others will follow. That’s all I’m saying. That would be the concern.

**Mr. Bach** stated I just want to clarify if I can. You kind of laid out two different loan programs. One is using the example of like Lane 4, they came in at the 39th & Rainbow project. Knowing if there’s a will of the Commission that we try to insert something like this in a future
development plan from a stable developer. That isn’t really one where we have to go find something. We can just kind of use it has something in our tool box to kind of see what happens and then it comes back as part of the equation where we work on a deal and see how that shakes out. They come in with their private financing so much and we have to say what are you getting you’re private financing for, we kind of know what the market is and say well we’d like to be on that side of the equation too. If you want to get our TIF or our CID money or something like that then you are going to take a loan from us and this is how much you’re going to pay. We think it’s still be a better deal for you or maybe it’s about the same as you would from your bank but you get there. We could work that concept. That’s one path. We’re classifying as a non-risk or a lower risk type loan where we just make money on it and that’s all there is out of that equation.

Then there’s your non-profit community project side which that’s the one. You got your ideas okay have everybody go develop a project come back and they promote it and we issue a loan to it. That’s kind of a different equation there because it just depends on what the project is. It’s eight different Commissioner’s do it, probably eight different projects. Commissioner Murguia stated that’s right and it depends on whatever the need in that area. There could be a need for a $10,000 micro loan that might be a different scenario versus another neighbor that might need massive housing redevelopment. It just depends on what’s brought forward but whoever brings it forward and whatever the project is at minimum I would suggest that it is held all to the same standard. I think how you’re going to be able to do that is because these people are going to be able to access large amounts of capital for a very reduced cost which is going to make the development more affordable, more doable, which is going to make that more affordable whether you’re fair market business or whether you’re a non-for-profit. The cost of doing business regardless of who you are is the same. You see what I’m saying. It’s exactly the same. The bank doesn’t give me a better rate because I go there and say I’m a not-for-profit versus I’m Lane 4. I’m just saying it should be handled exactly the same way. It really doesn’t have to be that complicated. It actually would be reverting back to what we’ve always done traditionally, which is take on those high risk projects, if we have a different standard for our not-for-profits than we do for the fair market. I see this really has a way of leveling the playing field for districts. I’m going to pick on Commissioner Walters here who don’t have not-for-profits. Who have areas that could really benefit from a not-for-profit entity that would be willing to do housing redevelopment in a particular area but don’t have access to those. I see it a
Mr. Bach stated keying in on your last comment “at a reduced interest rate”. Commissioner Murguia stated right. Which is significant when you’re talking about a large impact for housing redevelopment plan, one or two houses, it’s not going to matter.

Chairman McKiernan stated so is it possible and you already identified earlier 3 points. Is it possible that we move this forward pick this discussion up again but in between now and our next meeting we move forward on the question of do we continued with the Revolving Loan Fund fully, partially, or not at all? I think that was the original questions. Let’s see if we can get some clarity to that by our next meeting. Mr. Bach stated I’m taking that from the direction that we should go ahead and engage the EDA to say we’re looking very strongly at disengaging and if we do, what happens? Chairman McKiernan stated part two of that would be to look at how this larger dollar loan program might be structured, what the pros and cons of various ways of structuring it, how it might work so there is more definition and more clarity to the structure of it. Bring that back for conversation and then parallel to that or in addition to that third piece, which is the micro loan piece, which would be much smaller in dollars and might have differences in terms of interest rates and terms and what not. Mr. Bach stated really replace the RLF we have that we have today but make it much more practical for use within the community and small business.

Chairman McKiernan stated is that something that staff can begin to talk and bring back and given our shortened timeline for materials for the February meeting. I don’t know that we’ll have it by then but begin to move with all deliberate speed to start putting that together. Mr. Bach stated we can fully engage EDA. We don’t know whether they will be able to get a conversation with them or not. We only get a conversation with them in 2½ weeks but there’s really nothing that has to be on the agenda maybe regarding that. It might be February 2 before Charles can talk with them and he can come back and report the findings of that rather than have
the report that’s in our document. I think that kind of drives or other where we might go with our other smaller self-owned RLF program. I think the larger one is one for us to continue maybe having some internal discussion and then come back with you all and discuss more. 

Chairman McKiernan stated Commissioner Murguia if you could participate with those discussions as well and kind of lay out your vision for how that would work and help clarify the organization with that. Mr. Bach stated thank you.

Action: No action.

IV. Outcomes

Chairman McKiernan stated this section only has one item on it and it is the item that Commissioner Murguia alluded to earlier and that is in a report of housing with income with restrictions. I believe it’s also for a housing development with various incentives used. Mike Grimm and Charles Brockman.

Item No. 1 – 130431… REPORT: HOUSING WITH INCOME RESTRICTIONS

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

Mike Grimm, UG Research Division, stated Good Evening. I’m going to take just a few minutes to just review the data on this table. I’ll think you all have your packet. Residential units added in Kansas City, Kansas 2009 – 2013 and that’s through November 2013 so almost five years of data by the type of incentive. As you can see in the columns we have 2009 through November 2013. In the row and section we break the data down to single-family, duplex and
multi-family. Just to follow some data across. 2009 there were a total of 101 permits in Kansas City, Kansas and of those you can see the breakout that had incentives, applied to those permits. We had 20 NRA and that’s in form of tax rebate. The other there were no NSP projects. There were 12 Home Funds and the LIHTC Section 42 had zero and Habitat for Humanity built zero that year. For a total 32 permits of the 101 that had incentives doing the math that’s 32% of single-family permits issued in 2009 had an incentive tied to it. Then going across you have the totals for five years. 123 had incentives out of the 501 permits, that’s 25% of single-family permits issued for that timeframe had incentives.

Under duplexes in 2010 and 2011 what we see there are the Pemberton duplexes across from West Wyandotte. Those are all the LIHTC projects. Well, it is a LIHTC project but not all the units of income restrictions some were market rate and then that last section multi-family. We can talk about the data, really. 2013 is the year that had incentives so I’ll step through that. The number of permits you see the number eight, six of those permits were for the building with the Northpoint project. One was the St. Margaret’s conversion and one was the Horace Mann conversion. So the 444 units 306 were for the Northpoint, 108 for St. Margaret’s, and 34 for Horace Mann. Those were the total. Then below that you look at the permit with incentives and that one for LIHTC that was St. Margaret’s so 44 of the 108 units at St. Margaret’s is LIHTC were income restricted. The NRA is the 18th St. Plaza project.

Again, each of these sections have overall count permits and those that had incentives tied to with percentages. The last four rolls just sum all of those. We look at the total residential for that timeframe 1,034 permits issued, 241 had incentives tied to it for 18% of all those units having some sort of incentive. That’s the data if there’s any questions I can try and answer those. I want to thank Charles, we both worked on this and he had a lot of influence.

**Commissioner Murguia** stated so this chart is a little bit hard for me to follow sorry. Can you break down, this one’s a little bit hard I guess. Let’s just look at 2009 again. I’m sorry look at 2010 that’s easier for me. Home Funds are low-income housing, 15 LIHTC, that’s low-income housing and four, so 21 of the 96 units were low-income, is that correct? **Mr. Grimm** stated had a low-income component to the incentive. **Commissioner Murguia** stated that’s what I wanted to know. Do you know the general geographic area of those 21 low-income units? **Mr. Grimm** stated the big one of 15, that’s a CHWC House to Home, those are going to be east of I-
Habitat, I’m pretty sure they all are. Commissioner Murguia stated east of I-635. So how many of these that are not of the 21 low-income that fall into the 74 or 75 homes that were not low-income, how many of those were built east of I-635. Mr. Grimm stated I don’t have those numbers in front of me but probably most of those were elsewhere. Commissioner Murguia stated probably zero. Mr. Grimm stated west. Correct. I’d have to double check. Commissioner Murguia stated that is my concern. We cannot have an economic divider line in our county where if your poor, your east of I-635 and if your rich your west of I-635. It cannot be like that. It’s going to end up causing us bigger problems as we moved forward so when we make decisions about low-income housing tax credit deals we cannot build every single one of them east of I-635 or every home house we build cannot be east of I-635. It creates an instability in the community. We learned this in the 60’s and the 70’s and the 80’s and the 90’s. You cannot stack poor people on top of poor people. I don’t care how you slice it. I don’t care how the deal is structured. I’ve been sold a bag of goods over and over and over again on this Commission about why their low-income deal is different than the low-income deal done in 1980. There is no difference. It’s low-income people and your stacking them on top of each other.

Chairman McKiernan stated you and I have had this conversation many times before. I would counter we’re not stacking them. They’re already stacked. I think that if you look at the median income and you break it up by census track or whatever there are areas of our city already without building housing projects. They’re already there whether the median incomes or higher or the median income is lower. I was looking through something from LISK that said nationwide half of all renters pay more than 30% of their income for housing. One in four pays more than 50% of their income for housing, generally for paying rent. What I would counter is if there are people who don’t have the means to pay for a very expensive house or a very expensive apartment low-income housing, subsidized housing, is one way to improve the housing stock and to do it in a way that’s affordable to that person. One of the ideas behind the low-income housing tax credit is that providing housing that for example would take no more than 30% of somebody’s income. That person then can redirect the rest of their income to other things like building wealth. Certainly, we can argue whether or not that actually happens but that’s been one of the ideas behind the creation of the low-income housing tax credit program that by
providing low or affordable won’t say low, by providing affordable housing we can then give those people a leg up and an opportunity to build wealth and raise their income. Commissioner Murguia stated my comment back is that’s great why does all that have to be east of I-635. That’s all I’m asking. I heard everything you’re saying. I believe in everything that you’re saying I’m just saying that if all that opportunity is out there and that is what is going to make a difference, why can we not pass any of that out in western Wyandotte County? Chairman McKiernan stated and again as you and I have talked before I think we’re kind of getting in a personal opinion. We are a little misdirected looking at the housing piece of it, the Section 42 piece of it. The real solution is raise by the buying power of the people who are east of I-635 and we will eliminate the need for Section 42 housing. There won’t be a need for low-income housing tax credits because everyone will be able to afford whatever house they want but that’s a much bigger issue than low-income housing tax credits. I’ll be honest with you it’s beyond the scope of my pea brain to figure out how to do that in a quick and meaningful way.

We have a couple of things however that we did put on the agenda from staring our discussion last week and that was to reconsider the scoring system and to reconsider and to reconsider the procedure that we had put in place a couple of years ago that a project that reaches a certain score in terms of applying for low-income housing tax credits would then get our letter of support automatically and pass through. One of the discussions that we want to open up is do we want to change our scoring system or do we want to change the criteria for getting an automatic letter of support from the Unified Government when applying for low-income housing tax credits. Commissioner Murguia stated I simply want to be able to vote no when I want to vote no and for it to count. Whether I lose because other Commissioners vote yes, that’s fine. I want to be able to vote no and not have to hear from staff that we have the threat of a lawsuit if we vote no.

BPU Board Member Alvey stated and I’m trying to clarify this again. My understanding is that the set of criteria, the scoring system was developed in order to create a fair equitable system for a developer who is applying for the low-income tax credits to say okay, in order for my project to get a letter of approval to the State I met these criteria than I have satisfied the requirements that the Unified Government has set for me. Every developer who comes to the table has the same set of criteria and looks at those their best to meet the criteria, it is scored, and if they those
criteria then it moves on, it the State that approves not the Unified Government that approves. The Unified Government would just simply say that based upon what we already set forth this set of criteria this developer has met this, so as far as we are concerned this is an eligible project we’re forwarding it to the State as an eligible project, am I getting that right? **Mr. Bach** stated our criteria is a letter of support. The State requires or they’ve stated they look for our letter of support when they consider their other projects for approval. **Commissioner Murguia** stated I think it is pretty high unlikely that the State is going to fund a project that the county says no to. **Mr. Bach** stated if they don’t get our letter of support that’s why the developer is looking it has to be done right. I don’t think there is anything that says that they can’t but I’m not aware that they’ve done it.

**Commissioner Walters** asked has the reverse ever happened, we support a project and the state turned it down. **Mr. Bach** stated yes. There’s 50 projects put in and they can only fund 10. It’s just a dollar issue. **Commissioner Walters** asked how often do we change our criteria or update our criteria based on changes to market conditions and things like that. **Mr. Bach** stated Charles we went through it last year. **Mr. Brockman** stated yes sir, we did it in 2013. **Commissioner Walters** asked annually. **Mr. Brockman** stated not annually. There were some questions about one in particular what can we do to ensure that say it goes through, we give it blessing, resolution of support, how do we know it’s going to be completed. The adoption of a developers agreement was put in place as a past Commissioner wanted that completed so that was added to it. We tried changing a couple of other things and they were rescinded. **Mr. Bach** stated it’s set for annual review. The Commission does not always actively take a change on it annually. We have the past couple of years. We probably went a couple of years prior to that where we didn’t do anything and you know so.

**Chairman McKiernan** stated for Mr. Alvey’s benefit. I don’t think you were here at the last meeting. Some of the other questions that I think Commissioner Murguia was just wondering about was should we consider things like geographic proximity of other low-income housing developments. Should we look at density? How would a project affect the density of low-income units? How might a project the median income in a census tract or in a district or in area. How might it affect median housing value in a census tract or a district or an area?
Commissioner Murguia stated and I can tell you it significantly does. It is what I do for a living. I’m currently in the middle of a low-income housing tax credit development I am personally doing. I can tell you I just brought a grocery store to District 3. I can tell you I have spent an incredible amount of time inner-acting with retailers and you’re median income of a particular geographic area has significant impact on whether or not you’re going to get retailers or not. That’s why I am completely opposed to continuing to approve low-income housing tax developments whether we have them or not. It is killing our median income. Now the difference is if somebody is to come forward and was to say I am going to take out these 20 units that are old and dilapidated because we all know we have plenty of those kinds of units. Their old and junky and we’re going to wipe those out. We’re going to build 20 new low-income housing units I’d be fine with that but that’s not what’s happening. What’s happening is people are converting things to more low-income housing we’re actually increasing the number of low-income housing units available which draws the low-income housing population to a particular area. It’s not just meeting the needs of the people that already live in our community. It’s about attracting more low-income people to our community which affects our ability to get retail. I know personally what a struggle that is.

Chairman McKiernan stated there is a piece of data that I would love. Do we have data that says that people with a lower income, with a lower median income move to Wyandotte County because we use low-income housing tax credits? If the data are out there I would love to have them. It would be very interesting if that’s the case. My question would be. You said earlier I just want to be able to vote no. Well about this, about we work up a system where we’re all happy with how the system works and nobody has to vote because we’ve come to an agreement on a system that works to provide affordable housing for people whose incomes are low but still respects the geography, proximity, the mean and the median incomes and house values and things like that that.

BPU Board Member Alvey stated I think that was the point I was asking. It seems to me that we’re looking to recraft the criteria differently that would prevent the stacking of the poor on top of the poor if I’m right. Can it be put in the criteria. Commissioner Murguia stated if I usually pretty open minded about trying to find a way to do that I just don’t know that there is. I mean
short of writing in there for every unit of LIHTC you want to build you have to take one out and then how many deals are really going to happen. Their not going happen I can tell you right now. I just don’t think they will if we make that a requirement. I would vote for it every time if that was the case no matter where it’s at.

Chairman McKiernan stated help me understand this one. Your saying for example for the sake of arguing we have 100 units right now that are classified as having as falling under the Section 42 criteria for affordable housing. We want to build another one, one of those 100 has to go away. Commissioner Murguia stated right. Chairman McKiernan stated so what if we have 100 units but there’s really 200 people who qualify by income to live in those units. Commissioner Murguia stated where are those other people living now? Obviously, they have to live somewhere and it’s obviously not in Wyandotte County if their looking for a place like that to live. They would have a place to live if they lived in Wyandotte County. Chairman McKiernan stated again I go back to the argument that they are living here but their paying such a high price for the housing that they are in that they have no ability to build wealth. They have no ability to redirect their money. Not saying that it’s true but there are some people who would even say that the lack of affordable housing contributes to the problem of chronic homelessness.

Commissioner Murguia stated all I can go by is that I work in infield housing in Wyandotte County in particular in your neighborhood for CHWC and currently for ANDA for 11 years now and I’ve never seen that before. I’ve seen where people have been over charged to live in property that was substandard. I’ve seen that but those people then didn’t turn around and seek out subsidized housing to reduce the rent that they were paying. There were other factors that why they lived in that kind of housing. I will just tell you, I don’t know, I’m only one person, but I’ve done it for 11 years and I can tell you that’s not what I’ve seen. That’s just that I’ve seen.

Commissioner Townsend stated due to criteria that you just articulated and what Mr. Alvey was getting and Commissioner Murguia was getting at. In terms of the impact of these things are those criteria currently part of the evaluation program. Chairman McKiernan stated no they are not. Commissioner Townsend stated that seems to be moving toward the direction of giving the Commissioners a voice in what comes and goes in low-income housing. To me it
sounds like a reasonable thing to evaluate. I get the net increase or not of this. I’ve heard the same thing in the 1st District. Retailers want to come to areas where they know people have disposable income. It becomes a vicious cycle of why they don’t so I think that would be a reasonable starting point to evaluate the current criteria and look at the types of questions we can ask about the impact and the numbers and all that geographic.

**Chairman McKiernan** stated we have the opportunity to review and potentially revise the scoring criteria for Section 42 applications that come for our letter of support. If we are agreed, as a committee, that we want to get into that we can distribute the current criteria to each Commissioner and ask each Commissioner to look those over before our next meeting and to come up with what they think are useful additions or modifications to the existing criteria. How can we change the scoring system so that it better meets your concerns and sets up a situation where if somebody passes these criterion everybody can vote yes and they can feel good about voting yes because they know that it is going to contribute to our community in a positive way.

**Mr. Bach** stated I’ll just add this dates back somewhat. It’s probably, this is excellent discussion or topic when we originally a criteria, there was a time when the governing body really got into it more than just being here’s a project, came before you. I will say we were very arbitrary, I mean in the way the Commission looked at it they had really not said what do we want to get from low-income housing tax projects. After we when through the criteria stage then that’s how that came about. We sat down. Well it’s not a one for one reduction you know we do give more points for somebody if they come in and they do reconstruction. If you go demo a project, something on site, it may not have been housing it may have just been some old warehouse that’s sitting there and you clear something and then build up, you give points for that. Entering this piece into the equation whether you want to say as a qualifier to say you can’t even start unless your eliminating one and it’s one for one that’s the only way to consider it or you build it in the criteria that says in order to get to your 50 points, you’ll get more by reducing and taking things out and putting something in. There’s a lot of ways we can go about working on that and I will say right now we’ve had our last couple of projects that have come in close to 60 points, Charles, and when we started this they were throwing their hands up coming to us and they couldn’t hardly get to 50. They were sitting at 47 and looking at different things. Well, they stepped up
to the plate and realized that they were going to the endorsement of this governing body and then just thought about this gold standard but it’s still kid of working it’s way through. The more points you get the more glowing endorsement you’ll get from the Unified Government. I think having a criteria based on this discussion that makes challenging but clearly meeting your standards to get to 50 points is what you want.

BPU Board Member Alvey stated again the criteria there have to reflect the values of the governing body. Commissioners Walters stated right. BPU Board Member Alvey stated as you clarify and these values change and develop then you have to go back into the criteria. The criteria would probably have to be rewritten.

Commissioner Walters asked Doug, so what were the changes that happened in the projects that took them from a point to where they were just barley getting 40 points to where they got well over 50. What kind of actual physical changes to the projects come to mind? Mr. Bach stated Charles, you might be able to remember that better than I having to sit down and review them or Mike, you guys review the applications. Mr. Brockman stated a lot of times amenities play a factor in it, green space. Different items like that can increase it. LMW, if you have 25 or 35 you can get one or two. There’s a lot of little factors involved in there that can increase your score. Mr. Bach stated not to interrupt you Charles but that was one I think we added wasn’t it last year where we didn’t give points for LMW and then we added that in. If you we’re coming now here’s a new opportunity to just add points to your bottom line. We didn’t take something back out to make it and do all the things we did before and here’s a way to add a couple of more points. I do believe we have seen a lot more amenities on these project. Just like the last one we saw, last month, Lane 4, they had built in a handicapped type basketball courts and fitness things like that so were just different ways for them to put a point or two on. Commissioner Murguia stated you’re talking about Fouch’s development. Mr. Bach stated no I’m taking about the one that’s for the veterans. Mr. Brockman stated the Tartan Development. Commissioner Murguia stated that’s right they were building a basketball court for veterans. Mr. Bach stated and that was the intent. The project is targeted towards veterans. That’s where they have come in with some of these different types.
Commissioner Walters stated if what you suggested is a path forward I support it. I think we should distribute the criteria. I have to say I’m not sure I’m smart enough to develop a full proof criteria and that’s why I’d kind of like to fall back to the thumbs up thumbs down project by project approach understanding that that spot with it’s own challenges and arbitrariness and subjectivity is probably absolutely inherent in that kind of a process. It’s been very helpful to have the conversation here regarding the unintended consequences or the impact to communities of these kinds of programs. If there is an outside source, expert in the vicinity that could help us gain more knowledge on those kinds of topics that might be another suggestion that we might have a guest speaker perhaps our next meeting. Just throwing that out.

Commissioner Murguia stated I just want to have one more comment. The big issue for me and has been for several years. Its cause it’s work on every single day and it’s so hard to raise your median income and it is so critical when you are talking about bringing in new business to meet the needs. I just see when you build this housing in areas that already don’t have things like a grocery store you set people up that are low-income to fail. They typically don’t have cars, they rely on public transportation. We all know we don’t have great public transportation. So now we’re subsidizing a grocery store, we’re subsidizing housing, we subsidizing a bus line. When really it has always been better practice to just integrate people of lower economic needs with people of greater economic needs and develop mixed income neighborhoods. We continue to not do that and we have all the poor people in one area that have no amenities or resources. At the end of the day this is my concern. I am pretty proud of what I’ve been able to accomplish in District 3 with the help of the people that live there and a lot of community partners and charitable foundations. Some of you may or may not know from the time I took office in 07 until now, which in the scheme of things has been a very short period of time. We have raised the median income in my district by $10,000, $10,000. I have $20,000 more to go before I can see people fair market, retailers, start looking at my district without my intervention and I can’t wait until that day comes. Just to let you know. I’m looking forward to being able to business out the business of not-for-profit development. I can’t wait til that happens. I know how to get there within my own district. What I don’t want to do is be put in a position to vote against something Commissioner McKiernan wants in his district. If you want low-income housing in your district it has always been my rule of thumb to support the leader that was elected within
that district. I will continue to do that. If that’s what you want and that’s what you think is
gonna help your district I’m all there for you and the same with everybody else here. My
concern is and thank god it hasn’t happened is that someone come forward with a low-income
housing tax credit deal in my district and it gets moved through because it meets the criteria.
That defeats in my mind all the work I have done in my district. It may not have an impact on
yours but it impacts mine. Maybe that’s more specific for you. I’m not going to vote against
somebody that wants it in their district. I am going to warn them about what I think it’s going to
do their greater community. Anyway that’s my last two sense.

**Chairman McKiernan** stated so moving forward we’re going to distribute the current scoring
criteria where each Commissioner and Board Member Alvey are going to look through that and
see what changes or modifications or additions they might suggest to that to come up with a
scoring criteria that really meets or that addresses all of our concerns and our thoughts about the
housing development and to consider as part of a revised policy that in addition to the scoring
criteria we had a committee vote to the process for that project to moved forward out of this
committee. Certainly, we can consider adding a vote to the process. If we can come back with
some suggestions on both of those issues, the scoring form and the procedure for our next
meeting than we can continue this discussion.

**BPU Board Member Alvey** stated I’m going to add this. When the lawsuit occurred because it
questioned or that is was perhaps arbitrary so the strategy then was to so again well then we will
develop a set of criteria that once they’ve met those they get our blessing and it moves on to the
State. Was the strategy of developing a set of criteria the only possible strategy to beat the legal
challenge? Or did we explore other strategies other than developing a set of criteria that would
incorporate a vote by the Commission that would still withstand legal challenge. That’s also I
think maybe ought to be thrown into the mix. **Mr. Bach** stated I know we looked at variations
and we looked at other communities to determine ways where we thought success had been
and/or they were successfully working with it and determined that this was a good method for us
and the Commission was acceptable at that time. I want to say, I think, Jody, something we need
to look into from your perspective. I know the attorney that worked on it for you in your office
is now a judge so you don’t have her past expertise anymore but the development of a criteria
that would come before the governing body that has may not pointed out but has listed out and is more of a do they meet this yes or no. Then you look at and I believe I’d have to look back and see where it was. It was one that were determined a higher probability. It did have probability of litigation on it was there. That’s a risk factor you can take. As long as there is some criteria and you looked at to say well that reduces it. This is not our criteria. You could in a sense approve one project and they can be identical to the this next project that you deny. If you’re still looking at this criteria saying based on this information I don’t support it or based on the information I do support it. We could look at that and see where that’s at we just would probably advise you as to what we think the probability of litigation that could be from something like that or not.

Chairman McKiernan stated so we have our homework this one and we have our homework on the Revolving Loan Fund and we have homework on data. It is going to be a fun month.

Action: No action.

V. Adjourn
Chairman McKiernan adjourned the meeting at 8:05 pm.

tk
Staff Request for Commission Action

Type: Standard
Committee: Economic Development and Finance Committee

Date of Standing Committee Action: 3/3/2014
(If none, please explain):

Proposed for the following Full Commission Meeting Date: 3/20/2014
Confirmed Date: 3/20/2014

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

<table>
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<tr>
<th>Date:</th>
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<th>Contact Phone:</th>
<th>Contact Email:</th>
<th>Ref:</th>
<th>Department / Division:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/19/2014</td>
<td>Charles Brockman</td>
<td>x5733</td>
<td><a href="mailto:cbrockman@wycokck.org">cbrockman@wycokck.org</a></td>
<td></td>
<td>Economic Development</td>
</tr>
</tbody>
</table>

Item Description:
Cross Lines Towers is requesting the UG to issue multifamily housing revenue bonds for the renovation of the Cross Lines Towers Apartments located at 1021 N. 7th Street, Kansas City, Kansas 66101

Action Requested:
Review and forward to full commission date 3-20-2014 for approval

Publication Required

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

File Attachment
SUMMARY OF PROPOSED MULTIFAMILY PROJECT SUBMISSION

PROJECT – DESCRIPTION

Project Name: Cross Lines Towers Apartments

Project Location: 1021 North 7th Street, Kansas City, KS. 66101

Purpose: Permanent financing for a Low Income Tax Credit acquisition and rehabilitation

Proposed Project/Site Improvements: Cross Lines Towers was constructed in 1950 as a 13-story modern, full service hotel. It included grand ballrooms, cafeteria and dining rooms, stately marble enriched lounges and a pool deck. After going dark in the late seventies, the property was acquired and underwent a major rehabilitation in 1980 which converted the usage to 126 one and two bedroom apartments for seniors under the HUD 202 program. The project is owned by Cross-Lines Towers, Inc. the original non-profit sponsor since inception.

As part of the LIHTC (Low Income Housing Tax Credit) and Historic Tax Credit syndication this project will be an entire remodel of the structure and convert the existing commercial space to additional residential units

Number of Units (Market/Affordable Rate): Project will remain 100% affordable. 126 units will be assisted by a 20 year HAP contract. Another 4 newly added one and two bedroom units will be restricted by LIHTC requirements and income limits.

Unit Mix – Summary

<table>
<thead>
<tr>
<th>Unit Type</th>
<th>No. of Units</th>
<th>Unit Size</th>
<th>Current Unit Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Bedroom Studio-HAP/LIHTC</td>
<td>1</td>
<td>650 SF</td>
<td>$787</td>
</tr>
<tr>
<td>1 Bedroom/1 Ba. – HAP/LIHTC</td>
<td>111</td>
<td>800 SF</td>
<td>$1,052</td>
</tr>
<tr>
<td>1 Bedroom/1 Ba. – LIHTC</td>
<td>2</td>
<td>TBD SF</td>
<td>TBD SF</td>
</tr>
<tr>
<td>2 Bedroom/1 Ba. – HAP</td>
<td>14</td>
<td>950 SF</td>
<td>$1,316</td>
</tr>
<tr>
<td>2 Bedroom/1.5 Ba. – LIHTC</td>
<td>2</td>
<td>TBD SF</td>
<td>TBD SF</td>
</tr>
</tbody>
</table>

126 Units are covered by HAP rents
6 Units are covered by LITHC rents

The current rents indicated above are approved effective January 1, 2013.

Basic Information on the Developer and its Principals:

Developer: The development is a joint venture between Hughes Development Company, Inc. and The Townhouse Development Company.
Robert Hughes, President of Hughes Development Co. has developed a number of affordable properties. Below is a list of Hughes Development projects. The Townhouse Development Company is a 501(c)3 non-profit which is a newly formed entity of the existing board taking the place of the current nonprofit owner of the project. The current nonprofit owner has been the owner of the project since its original development in 1980 but was not formed as a 501(c)3 organization. The board feels that it can bring more value to the project by forming the new entity and will remain as the managing general partner in the new ownership structure.

- Maple Manor Apartments (Universal Management)
- Mid City Towers II (Hughes Development)
- Parker Square Apartments (Hughes Development)
- Royal Gardens Apartments (Hughes Development)
- Chelsea Plaza Homes (Hughes Development)
- Cross-Lines Tower (Hughes Development)

General Contractor: Foutch Brothers, LLC of Kansas City, Missouri will be the general contractor on the project. Foutch Brothers, LLC, is a design, development, construction, ownership and property management company that has completed thirteen historic conversions into multi-family and/or senior housing using LIHTC, Historic Tax Credits, New Market Tax Credits as well as AHP funding sources. The company is currently in the process of completing one historic LIHTC senior housing conversion and one multifamily housing project. Foutch Brothers’ niche is developing and converting abandoned blighted buildings, mainly schools into loft style housing, while utilizing the original structure and saving historic landmarks.

Management Company: The current management agent for the property is Hughes Development Company which has an identity of interest with the proposed ownership group. Hughes Development has managed the property since 1966. Hughes Development currently manages five multifamily developments. Universal Management was formed in 1966 and currently manages six multifamily developments. The eleven multifamily units managed consist of 1,096 units. Under the current management company, the subject project has maintained approximately 93% occupancy over the past 3 years.
RESOLUTION DETERMINING THE INTENT OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, TO ISSUE ITS MULTIFAMILY HOUSING REVENUE BONDS IN THE AMOUNT OF APPROXIMATELY $33,000,000 TO FINANCE THE COSTS OF ACQUIRING, CONSTRUCTING, IMPROVING AND EQUIPPING COMMERCIAL FACILITIES FOR THE BENEFIT OF CROSSLINE RENAISSANCE, LP

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

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

WHEREAS, Crossline Renaissance, LP, a limited partnership (the “Company”), has submitted to the Unified Government an Application for the issuance of Multifamily Housing Revenue Bonds (the “Application”) requesting that the Unified Government finance the cost of acquiring, constructing, improving and equipping certain commercial facilities as more fully described in the Application located at 7th and State Avenue in Kansas City, Kansas (collectively, the “Project”) through the issuance of its revenue bonds in one or more series in the amount of approximately $33,000,000, and to lease the Project to the Company or its successors and assigns in accordance with the Act;

WHEREAS, it is hereby found and determined to be advisable and in the interest and for the welfare of Wyandotte County/Kansas City, Kansas and their inhabitants that the Unified Government finance the costs of the Project by the issuance of revenue bonds under the Act in a principal amount of approximately $33,000,000, said bonds to be payable solely out of rentals, revenues and receipts derived from the lease of the Project by the Unified Government to the Company;

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

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

Section 2. Intent to Issue Bonds. The Governing Body of the Unified Government hereby determines and declares the intent of the Unified Government to acquire, construct, improve and equip the Project out of the proceeds of revenue bonds of the Unified Government in a principal amount of approximately $33,000,000 to be issued pursuant to the Act.

Section 3. Provision for the Bonds. Subject to the conditions of this Resolution, the Unified Government will (i) issue its revenue bonds to pay the costs of acquiring, constructing, improving and equipping the Project, with such maturities, interest rates, redemption terms and other provisions as may be determined by ordinance of the Unified Government; (ii) provide for the lease (with an option to purchase)
of the Project to the Company; and (iii) to effect the foregoing, adopt such resolutions and ordinances and authorize the execution and delivery of such instruments and the taking of such action as may be necessary or advisable for the authorization and issuance of said bonds by the Unified Government and take or cause to be taken such other action as may be required to implement the aforesaid.

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

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

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

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

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

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

Section 9. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Governing Body of the Unified Government.

By: ____________________________

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

(Seal)

Attest:

By: ____________________________

Unified Government Clerk
Staff Request for Commission Action

Tracking No. 140066

| Revised | On Going |

Type: Standard
Committee: Economic Development and Finance Committee

Date of Standing Committee Action: 3/3/2014
(If none, please explain):

Proposed for the following Full Commission Meeting Date: 3/20/2014
Confirmed Date: 3/20/2014

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

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<th>Department / Division</th>
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<tbody>
<tr>
<td>2/20/2014</td>
<td>George Brajkovic</td>
<td>573-5749</td>
<td><a href="mailto:gbrajkovic@wycokck.org">gbrajkovic@wycokck.org</a></td>
<td></td>
<td>Economic Development</td>
</tr>
</tbody>
</table>

Item Description:
NorthPoint Development LLC is proposing a redevelopment for the Public Levee site, consisting of a single 342,000 sq. ft. industrial building, submitted by George Brajkovic.

Action Requested:
Resolution forthcoming.

Publication Required

Budget Impact: (if applicable)

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

File Attachment

File Attachment

File Attachment

File Attachment
Staff Request for Commission Action

Type: Standard
Committee: Economic Development and Finance Committee

Date of Standing Committee Action: 3/3/2014
(If none, please explain):

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<td>2/19/2014</td>
<td>Charles Brockman</td>
<td>x5733</td>
<td><a href="mailto:ebrockman@wycokck.org">ebrockman@wycokck.org</a></td>
<td></td>
<td>Economic Development</td>
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</tbody>
</table>

Item Description:

Staff is presenting a TIF financial status report which details each TIF project since 1991. In addition to the separation of residential and commercial projects, the financial status is broken into three categories: 1) Current TIF’s, 2) TIF’s paid off early, and 3) Other.

Action Requested:

Discussion purpose only.

Publication Required

Budget Impact: (if applicable)

Amount: $
Source:

- Included In Budget
- Other (explain)
Memorandum

TO: Economic Development & Finance Standing Committee Commissioners

FROM: Charles A. Brockman, Analyst
       Economic Development Department

THROUGH: George Brnjovic
         Economic Development Director

DATE: February 12, 2014

RE: TIF Financial Status

Staff completed a TIF Financial Status report, which details each TIF project since 1991. In addition to the separation of residential and commercial projects, the financial status is broken into three categories: 1) Current TIF’s, 2) TIF’s paid off early, and 3) Other.

Lessons Learned:

Residential

Analyzing the trends during the review period, the facts suggest that single family residential TIFs have been riskier than Commercial TIFs. For example, over half of our pre 2006 residential TIF’s are not performing, and another five that were approved did not move forward. Below are some of the major factors that contributed to performance issues:

- **Feasibility Studies** - For those Projects not performing, it can be argued that unforeseen market fluctuations, causing the housing market to stall, impacted the Feasibility Studies for those Projects in a manner that was initially unaccounted for.

  *Adjustment* - As a result, staff has since added a layer into the feasibility study that can account for slower than anticipated construction cycles.

- **Bonding** - Some projects had full bond authority issued immediately, only to find that the increment generated was insufficient to service that level of debt.

  *Adjustment* – Staff has since either issued temp notes or split the full bond authority into separate tranches. Additionally, staff introduced performance measures that dictated the pace of TIF reimbursement, based on construction milestones.

Despite the risks, there are proven benefits of residential TIFs:

- New residents – revenues from auto registration, sales tax, etc.
- TIF dollars vs. UG dollars to have adequate public infrastructure
- New housing
Commercial

- All commercial TIF’s are performing with the exception of Midtown/Indian Springs
- Commercial TIF is still a strong tool, in particular for Urban redevelopment:
  1. 39th and Rainbow TIF
  2. Metropolitan TIF

Staff did a comparison of the residential and commercial 2013 debt vs. revenue received. Below shows the comparison:

Residential:

<table>
<thead>
<tr>
<th>2013 Debt</th>
<th>2013 Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>$504,879.00</td>
<td>$663,483.00</td>
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</table>

Commercial:

<table>
<thead>
<tr>
<th>2013 Debt</th>
<th>2013 Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,773,879.00</td>
<td>$5,356,929.00</td>
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</table>
### TIF Financial Status

<table>
<thead>
<tr>
<th>CURRENT RESIDENTIAL TIPS</th>
<th>START DATE</th>
<th>END DATE</th>
<th>DEBT ISSUED</th>
<th>NO DEBT</th>
<th>YEAR DEBT TO LONG-TERM FINANCING</th>
<th>TIF FULLY PERFORMING</th>
<th>BONDED DEBT LIABILITY</th>
<th>OUTSTANDING BALANCE 12/31/13</th>
<th>DEBT SCHEDULE PAYMENT 2013</th>
<th>REVENUE 2013</th>
<th>GO BACKING</th>
<th>REPAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission Hill/Rainbow</td>
<td>2000</td>
<td>2023</td>
<td>yes</td>
<td></td>
<td>2010</td>
<td>no</td>
<td>no</td>
<td>-13,780,581.00</td>
<td>12,530,406.00</td>
<td>504,879.00</td>
<td>346,388.00</td>
<td>20.00</td>
</tr>
<tr>
<td>St. Peter's Waterway</td>
<td>2005</td>
<td>2025</td>
<td>yes</td>
<td></td>
<td>2010</td>
<td>no</td>
<td>no</td>
<td>-20,321,003.00</td>
<td>15,285,762.00</td>
<td>966,271.00</td>
<td>711,082.00</td>
<td>21.00</td>
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<td>Strawberry Hill &quot;A&quot;</td>
<td>2005</td>
<td>2025</td>
<td>yes</td>
<td></td>
<td>2010</td>
<td>no</td>
<td>no</td>
<td>-14,683,156.00</td>
<td>11,769,504.00</td>
<td>471,120.00</td>
<td>372,980.00</td>
<td>20.00</td>
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<tr>
<td>New Cottages &quot;B&quot;</td>
<td>2000</td>
<td>2025</td>
<td>yes</td>
<td></td>
<td>2010</td>
<td>no</td>
<td>no</td>
<td>-37,982,160.00</td>
<td>29,381,040.00</td>
<td>592,358.00</td>
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<table>
<thead>
<tr>
<th>CURRENT RESIDENTIAL TIPS WITH NO DEBT</th>
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<tbody>
<tr>
<td>Turner Hills</td>
</tr>
<tr>
<td>Elmbrook Village of Fountains</td>
</tr>
<tr>
<td>Elmbrook Village &quot;C&quot; &amp; &quot;D&quot;</td>
</tr>
<tr>
<td>Sycamore</td>
</tr>
<tr>
<td>Totals</td>
</tr>
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<table>
<thead>
<tr>
<th>RESIDENTIAL TIPS PAID OFF EARLY</th>
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<table>
<thead>
<tr>
<th>OTHER TIPS</th>
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</table>

<table>
<thead>
<tr>
<th>START DATE</th>
<th>END DATE</th>
<th>BONDED DEBT LIABILITY</th>
<th>YEAR TERMINATED</th>
<th>ANNUAL REVENUE AT TERMINATION</th>
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<tbody>
<tr>
<td>1991</td>
<td>2011</td>
<td>$3,676,784.00</td>
<td>2011</td>
<td>Total revenue of TIF paid off on annual audit reports (CPA18762014)</td>
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<tr>
<td>1995</td>
<td>2015</td>
<td>$3,120,000.00</td>
<td>2011</td>
<td>Total revenue of TIF paid off on annual audit reports (CPA18762014)</td>
</tr>
<tr>
<td>1982</td>
<td>2015</td>
<td>$2,475,664.00</td>
<td>2011</td>
<td>Total revenue of TIF paid off on annual audit reports (CPA18762014)</td>
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<tr>
<td>Totals</td>
<td></td>
<td>$3,676,784.00</td>
<td>Total</td>
<td>$348,000.00</td>
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## TIF Financial Status

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<tr>
<th>CURRENT COMMERCIAL TIF</th>
<th>START DATE</th>
<th>END DATE</th>
<th>DEBT ISSUED</th>
<th>NO DEBT</th>
<th>YEAR DEBT TO LONG-TERM FINANCING</th>
<th>TIF FULLY BUILT OUT</th>
<th>BONDED DEBT LIABILITY</th>
<th>OUTSTANDING BALANCE 12/31/12</th>
<th>DEBT SCHEDULE PAYMENT 2013</th>
<th>REVENUE 2013</th>
<th>GO BACKING</th>
<th>REPAYMENT</th>
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<tbody>
<tr>
<td>Freedom Corp.</td>
<td>1996</td>
<td>2018</td>
<td>yes</td>
<td>no</td>
<td>1998</td>
<td>yes</td>
<td>yes</td>
<td>$-3,274,278.00</td>
<td>$-2,676,000.00</td>
<td>yes</td>
<td>Property tax</td>
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<tr>
<td>Northeast Armadale</td>
<td>1999</td>
<td>2013</td>
<td>yes</td>
<td>no</td>
<td>2013</td>
<td>yes</td>
<td>yes</td>
<td>$-2,676,000.00</td>
<td>$-2,076,000.00</td>
<td>yes</td>
<td>Property tax</td>
<td></td>
</tr>
<tr>
<td>Freedom Corp.</td>
<td>1998</td>
<td>2018</td>
<td>yes</td>
<td>no</td>
<td>1998</td>
<td>yes</td>
<td>yes</td>
<td>$-2,676,000.00</td>
<td>$-2,076,000.00</td>
<td>yes</td>
<td>Property tax</td>
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<tr>
<td>Melrose</td>
<td>2000</td>
<td>2022</td>
<td>yes</td>
<td>no</td>
<td>2013</td>
<td>yes</td>
<td>yes</td>
<td>$-2,676,000.00</td>
<td>$-2,076,000.00</td>
<td>yes</td>
<td>Property tax</td>
<td></td>
</tr>
<tr>
<td>Northwood</td>
<td>2000</td>
<td>2020</td>
<td>yes</td>
<td>no</td>
<td>2013</td>
<td>yes</td>
<td>yes</td>
<td>$-2,676,000.00</td>
<td>$-2,076,000.00</td>
<td>yes</td>
<td>Property tax</td>
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<tr>
<td>Prescott Plaza</td>
<td>2000</td>
<td>2026</td>
<td>yes</td>
<td>no</td>
<td>2009</td>
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<td>yes</td>
<td>$-2,676,000.00</td>
<td>$-2,076,000.00</td>
<td>yes</td>
<td>Property tax</td>
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<td>Ypsilanti</td>
<td>2005</td>
<td>2014</td>
<td>yes</td>
<td>no</td>
<td>2005</td>
<td>yes</td>
<td>yes</td>
<td>$-2,676,000.00</td>
<td>$-2,076,000.00</td>
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<tr>
<td>38th Leavenworth Road</td>
<td>2007</td>
<td>2027</td>
<td>no</td>
<td>n/a</td>
<td>no</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$1,020.00</td>
<td>yes</td>
<td>Property tax- plan did not go forward</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midtown/Armadale</td>
<td>2002</td>
<td>2014</td>
<td>yes</td>
<td>no</td>
<td>2002</td>
<td>yes</td>
<td>yes</td>
<td>$-2,676,000.00</td>
<td>$-2,076,000.00</td>
<td>yes</td>
<td>Property tax</td>
<td></td>
</tr>
<tr>
<td>Pizza at the Speedway</td>
<td>2007</td>
<td>2027</td>
<td>yes</td>
<td>no</td>
<td>2013</td>
<td>yes</td>
<td>yes</td>
<td>$-2,676,000.00</td>
<td>$-2,076,000.00</td>
<td>yes</td>
<td>Property tax</td>
<td></td>
</tr>
<tr>
<td>5th rainbow-Phase 1 - South</td>
<td>2010</td>
<td>2019</td>
<td>yes</td>
<td>no</td>
<td>2010</td>
<td>yes</td>
<td>yes</td>
<td>$-2,676,000.00</td>
<td>$-2,076,000.00</td>
<td>yes</td>
<td>Property tax</td>
<td></td>
</tr>
<tr>
<td>39th Rainbow-Phase 2- North (Area 2)</td>
<td>2011</td>
<td>2015</td>
<td>yes</td>
<td>no</td>
<td>2011</td>
<td>yes</td>
<td>yes</td>
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<td>$-2,076,000.00</td>
<td>yes</td>
<td>Property tax</td>
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<tr>
<td>Metropolitan Market</td>
<td>2006</td>
<td>2014</td>
<td>yes</td>
<td>no</td>
<td>2006</td>
<td>yes</td>
<td>yes</td>
<td>$-2,676,000.00</td>
<td>$-2,076,000.00</td>
<td>yes</td>
<td>Property tax</td>
<td></td>
</tr>
</tbody>
</table>

**TOTALS**

- $112,061,423.00
- $101,888,176.00
- $3,773,879.00
- $5,148,549.00

---

<table>
<thead>
<tr>
<th>COMMERCIAL TIF'S PAID OFF EARLY</th>
<th>START DATE</th>
<th>END DATE</th>
<th>FONDER DEBT LIABILITY</th>
<th>YEAR DEBT TERMINATED</th>
<th>ANNUAL REVENUE AT TERMINATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sandier TIF</td>
<td>1996</td>
<td>2012</td>
<td>$3,670,058.00</td>
<td>2012</td>
<td>$63,000.00</td>
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<tr>
<td>East Armadale</td>
<td>1996</td>
<td>2016</td>
<td>$3,936,954.00</td>
<td>2007</td>
<td>$72,000.00</td>
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<td>Woodward</td>
<td>1997</td>
<td>2017</td>
<td>$3,918,764.00</td>
<td>2017</td>
<td>$72,000.00</td>
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</table>

**Annual Revenue Total**

- $6,347,707.00

**Current Revenue Generated Total**

- $565,000.00

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Total Revenue: $3,156,929.00 (2013 revenue) 8.46% annual revenue of TIF's paid off

Annual Debt Liability: $1,771,879.00 - 2013 debt schedule