

**ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES**

Monday, July 6, 2015

The meeting of the Economic Development and Finance Standing Committee was held on Monday, July 6, 2015, at 6:02 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners Townsend, Murguia, Walters, BPU Board Member David Alvey; in addition to Commissioners Bynum and Johnson. Commissioner Walker was absent. The following officials were also in attendance: Doug Bach, County Administrator; Gordon Criswell, Assistant County Administrator; Joe Connor, Assistant County Administrator; Melissa Mundt, Assistant County Administrator; Jody Boeding, Chief Counsel; Lew Levin; Chief Financial Officer; George Brajkovic, Director of Economic Development; Jason Banks; Assistant to the Mayor; and Marlon Goff, Economic Development.

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

Approval of standing committee minutes for April 27, 2015. **On motion of Commissioner Murguia, seconded by Commissioner Townsend, the minutes were approved.** Motion carried unanimously.

Chairman McKiernan said we did get a blue sheet for this agenda. There were originally only two items. Items 3 and 4 have been added.

Committee Agenda:

Item No. 1 – 150175...RESOLUTION: 57TH & STATE REDEVELOPMENT TIF DISTRICT

Synopsis: Request approval of a resolution setting a public hearing date of August 13, 2015, to consider the 57th & State Redevelopment TIF District, submitted by Charles Brockman, Economic Development. The district is bounded by N. 57th St. and Meadowlark Lane on the

east, approximately N. 59th Pl. on the west, State Ave. on the north, south of State Ave. on the south. It is requested that this item be fast tracked to the July 9, 2015 full commission meeting.

George Brajkovic, Director of Economic Development, said we've got Korb Maxwell representing the developer, and Clifford Dale, part of the development team. We've got a proposal to consider the creation of a TIF district, not immediately advancing a TIF plan, but we feel, from a staff perspective, there are some unique features of this property. I think as Marlon rolls through the details of the presentation, hopefully those become clear and you'll see why staff is supporting creating the district and kind of giving a little bit of time lag to the plan, which I know is kind of indirect opposition to what we've talked about recently with regard to TIF policy.

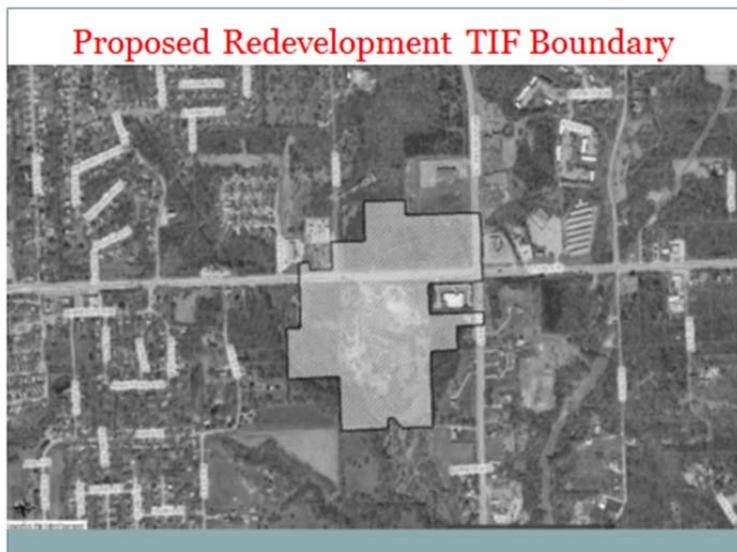
Action items requested for tonight:

- A resolution giving of notice of a public hearing on the advisability of creating the 57th and State Redevelopment TIF District.
- Resolution will set the public hearing for August 13, 2015.
- Fast track the resolution to the July 9, 2015 full commission meeting to satisfy public notice requirements.

Marlon Goff, Economic Development, said so the action item as George referenced, is we have before you a resolution to consider setting a public hearing. We're actually requesting that that action, that resolution, be fast tracked to the July 9th full commission meeting so that we can satisfy the public notice requirements. The hearing would then take place on August 13th.



To kind of help orient us to the site, essentially we're looking at an area at the intersection of State Ave. and 57th St. where 57th St. actually turns into Meadowlark Lane as you cross over State Ave. We've included this illustration to highlight some landmarks to help orient us to the site as well. Here to the west you see the Technical Education Campus, the community college opened a couple of years ago. As you travel down Meadowlark Lane, we have some current development activity both with Escalade Heights, a residential single-family neighborhood, but also the new district stadium for F.L. Schlagle High School and a new bus parking terminal. Going further as you cross over to Parallel, this is the location of the Schlagle campus and the district headquarters.



Zooming in a little bit closer, again, we can see the outline which essentially represents the legal description for the proposed TIF district.

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I would also note some of the recent investments we've seen in that corridor. We mentioned the Burke Technical Education Campus and some of the things that are going on with Escalade Heights in residential, but also the federal TIGER Grant. We've been enjoying those infrastructure improvements along State Avenue for a couple of years now. We're certainly excited to see the potential investment that this TIF essentially represents.

Mr. Brajkovic said I just want to point out on the proposed boundary map. First off, all the property within that is privately owned by the same company that's proposing to create the TIF district. I also wanted to highlight that any opportunity we have within that district to grab existing right-of-way, we wanted to make sure that that was included so that any right-of-way improvements would also ultimately be TIF eligible reimbursement items.

The Developer

1. Clifford Dale Sr. , Clifford Dale Jr. , and Travis Dale are the owners of 4101 Powell Avenue, LLC and own the property within the proposed 57th & State TIF Redevelopment District.
2. The Dale family has been in the community since 1984 and at that time purchased State Tractor and Equipment and started a fleet service repair company.
3. In 2006, the Dale family formed State Tractor Trucking to focus on heavy hauling and general over-the-road loads.
4. The business office is located at 5831 State Avenue.

Mr. Goff said so a little bit about the developer, and we'll certainly allow Korb, you and Mr. Clifford Dale, to chime in on a little bit about your company. They've had a presence along the State Avenue corridor since the mid-1980s. Again, this highlights some of the different business activities that have taken place; and as George referenced, their office is just located on that southwestern side of the proposed TIF district.

Korb Maxwell, Polsinelli Firm; 4101 Powell, said Marlon and George did a nice job. The makeup of 4101 Powell is made up by all true Dottes. We have Clifford Dale, Sr., Clifford Dale Jr., Travis Dale, his brother, and then also Tom Irish, who's their business manager and helps them run all of their various elements of their business. I can turn it over to Cliff and have him explain it a little bit more but they have really carved out on this piece of property a living and improving that area through heavy manufacturing basically, working with trucks, towing and otherwise heavy equipment.

They have outgrown that spot. They are looking and working with WYEDC and others to look for a place to consolidate all of their operations and all of their manufacturing uses somewhere else. They also include and have property in Shawnee just across the border from the Unified Government in Johnson County. They would like to locate all of their operations in one particular spot but it brings up the question of what happens here at 57th & State.

I had the good fortune to meet them and begin to work through it. One of the things, and we don't have a good picture of, but I think anybody who drives up and down State would know

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there is heavy, great change at this location. When you look to their northern piece of property we have 10, 15 feet high, 20 grades to go to the north and as you come off to the south, it's 10 to 15 feet as it goes low into the creek behind. The question was—and we thought we had a very unique opportunity here with the Dale's that are in the demolition, the hauling, the wrecking business, all of those things themselves—if I had a regular, normal developer that was coming to this site and they wanted to prepare this area tomorrow and we went out to bid that, there would probably be \$5M or more of site work to be able to bring this forward. At \$5M of site work and a location of 57th & State, no market based deal is ever going to be able to come and do that.

The good thing we have is that the Dale's and their business of demolition and site work and otherwise; they can do some of that work over time. They are working through the Planning Commission to be able to do that and bring that ground down to flat on both sides of it and prepare the site. The question is even in doing that and the long-term of years it would take to do that, we're still at 57th & State. The high likelihood of being able to attract high quality uses that are commencing with the things that we're doing in this county on at the east side and the west side is that it will likely take economic incentives to do that.

The request of the Commission and staff was can we go forward to create just a TIF district at that time so that the cost that are being spent are at least eligible for reimbursement. That's not committing you to reimbursement. That will take Council action later through a plan and a development agreement, but basically what it also provides is it gives my client confidence enough to go with that creation of the TIF district and begin spending money tomorrow, as soon as they possibly can to bring down those grades to get this to a usable site.

We thought it was a very efficient use of a time period and a way to go through this process with doing the district now that's why we bring it forward to the Commission so that we can go get busy on doing that work. Marlon, I answered a heck of a lot more than just about the developer. I figured I'd give a little bit more and happy to answer any questions as the Commission moves forward.

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TIF District Approval Process

1. Adopt a resolution to set a public hearing.
2. Notifications: 1) Clerk, 2) Board of Commissioners, 3) School District, and 4) every owner and occupant of land within the district.
3. Publication of the resolution in the official city news paper giving notice of the public hearing.
4. Hold a public hearing.
5. Thirty (30) day no adverse affect period.
6. Upon the conclusion of the public hearing adopt an ordinance establishing the redevelopment district.

Mr. Goff said t's a good segway. Before we follow up on many of the points that Korb touched on, here's a quick overview of what that approval process would look like to establish a TIF district, starting with obviously adopting a resolution to set the public hearing. We also referenced the various numbers of notices and the observation requirements necessary.

Discussion Items

1. No UG commitment on potential value of future TIF dollars.
2. TIF is projected as a pay-as-you-go.
3. Support a 5 year window to advance a TIF Plan.
4. Third party cost of (approximately \$4.9 million) to move (approximately 250,000 yards of dirt and/or rock).

To follow-up on a few of the points that Korb made, in spite of the commitment to go ahead and spend some of those predevelopment costs; staff is prepared to support a five-year window where they can research and develop a TIF plan. During such time, we're not committing to any value of potential TIF incentives. This will be setup or proposed to be setup as a pay-as-you-go TIF.

BPU Board Member Alvey said so as I understand it, this is simply to develop the site to move the rock from the north side, fill in the south side and at that point, you will have a site that could be developed but there are no actual plans in place to develop that. **Mr. Maxwell** said correct, Commissioner Alvey. Part of what the issue is, is to come forward and bring a TIF plan as we have often done to this Commission, to be able to do that, to go through Zoning, Land Use, Planning, tax increment and financing, all of it when we don't have a user in hand today. That process is well north of \$100,000 to be able to do that and do that appropriately and come with all of the answers that this Commission would want.

We don't have that done and we don't have a tenant that we can say, Cliff's ready to lease a building and get it going, start doing that. You can't go make that soft cost investment now. Frankly, also, how would I do a development agreement with Doug, George and all of you when I don't have the parameters of a tenant around you? What I do have is a developer that's ready to go out tomorrow and do all this site crap and the only thing they ask is for the creation of a TIF district with that.

Again, no promise that you're ultimately going to approve a TIF plan, approve those costs or approve any reimbursement; just a show of good faith that the UG understands this is an area that's important to it. This is a place we would like investment and that you all would support them making a very significant investment on this very tough corner to get redeveloped.

Commissioner Townsend said I think you've answered some of the questions that I had in terms of what was in the initial plan or how this was made different. I noted that for the properties that began at Meadowlark Lane and go west to 59th and that segment that is at State and north, that's District 1. So when I hear development, you know my ears perked up but as I understand this, you're just coming forward right now more with land preparation. **Mr. Maxwell** said I think that's a fair statement right now, Commissioner. It's all in preparation to have a development project and we want to do that and want to bring that to District 1, right now we just don't have a tenant in place. One of the frankly hard things you have is how do you go show a retail tenant, an office tenant or otherwise where would my building go. Well look 20 feet high. It doesn't work right now, it doesn't show well, and it's not ready for development. We need to go do the hard work to get it there and we think a TIF district helps bring that forward.

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Commissioner Townsend said and the development plan with regard to the preparation, I guess, Mr. Goff, Mr. Brajkovic, this is five years. **Mr. Goff** said, right. That's the window we would establish for them to do first of all complete the predevelopment site work, go through their due diligence process of marketing the site and then advancing the plan that we could then evaluate and present for approval or consideration. **Commissioner Townsend** said within the long-term, I'm sure the Council wouldn't be able to come back and look at, but that I'd be concerned about any tenant would just be compatible with what's already there obviously. I'd be in support of it. **Mr. Maxwell** said, Commissioner, obviously your staff will tell you and I would tell you, nothing that you're doing with the TIF district sets your hand for later able being able to make those zoning, land use, and planning decisions and or the TIF plan decisions of compatible use and making sure that the neighborhood its appropriate development for that neighborhood.

BPU Board Member Alvey said so I guess I'm wondering where the increment is. I suppose it would be once the lot is redeveloped, regraded, the change in value would be the increment; the increase in value of the site would be the increment. **Mr. Brajkovic** said that's correct. Outside of not asking for any bonding on this—and we contemplate this as a pay-as-you-go, really, what you do as you establish a district, you create what the base year is. If we create the district in '15, the base values will be established in '15.

As then, the second part of the TIF is when they do advance that plan and then under a plan, you can accommodate up to a 20-year period. That's where we would do an analysis and look at the project and what the projected increment looks like and just have a better idea of what the long-term project is.

Again, from staff perspective, we know that their current site on the south side of State Ave. isn't really conducive to the type of—they've been making it work for a long time and ran a very successful business there, but we know that's not their long-term home either. We're working with them to find something in Wyandotte County that they can move that to. In the meantime, if we're working to improve both the north and south side of State and we don't have any financial risk in it, that would be the kind of follow-up with my opening remarks why, from a staff standpoint, we're reviewing this considerably different than how we would normally evaluate a project.

Chairman McKiernan said I guess that leads into what I was thinking. You must have at least some halfway reasonable expectation that this is ultimately a developable site before investing enormous amounts of effort into what might not end up providing reimbursement. **Mr. Brajkovic** said absolutely. Again, when you look at the proximity to I-70 and the 57th St. exit, there aren't really any retail services within that stretch, maybe as you start approaching Parallel, you'll find something, but we do think that there's some real opportunity there especially there's a stop light and with all the transit improvements we've done in that area; the typography of the ground right now is what's standing in the way and we're giving them five years to work on that.

Mr. Maxwell said on that picture, Mr. Chairman, let me—we think it has potential. We think there's something there. It's got great traffic counts on it, which is obviously one of the first things that retailers look at. They're not going to look at it in its current condition. I do think that ultimately it will still take help to get it done down the line but today is just the beginning of and then we'll have to come back and prove that all there. But yes, we do believe it is worth investing significant private dollars because someday down the line we're going to be able to develop something here.

Commissioner Bynum asked how many acres have you been able to assemble. **Mr. Maxwell** said I think our full legal description of it is about 48.5, Commissioner, but that would also include right-of-ways so probably between the two tracts, 40, closer to 40 acres between the south and the north that is all owned by the Dale family.

Commissioner Bynum said I noticed that the little medical building's carved out. They weren't interested? **Mr. Maxwell** said we don't own it at this time. We wanted to make sure that everything we brought forward here was only something that the Dale family owned and basically we were able to make commitments or pledges of what we would do. Since that's not our property and our ownership, if you, as a Commission, had interest in putting that in a TIF district, that's fine but that was not our request given it was not our own property. We do not own it. **Commissioner Bynum** said I'm sure that our Economic Development folks will help you when you're ready to relocate your business into another Wyandotte County location.

We are going to pass a resolution for a public hearing notice. **Chairman McKiernan** said that's correct. That's all we're being asked to do tonight is to—our resolution tonight will just authorize the setting of a date and the publication of that meeting for a public meeting of August 13th. That's all we would be approving tonight if we did.

Commissioner Walters said if the owner is essentially self-performing the dirt work and these are ultimately eligible costs, how will they ever be quantified, the cost. **Mr. Maxwell** said, Mr. Walters, I can try. That was a question that your staff asked as well and that is why you're making absolutely no commitment on any of those items whatsoever. The normal process that we would go through in any of these is we would do a development agreement, we would come in, we would have full certification of those costs. We would have to bring in invoices, everything like that to go through and make sure it was true and real cost. You bring up the very good point of are those real? The real issue, Commissioner, is we actually think that there will be so many costs over and above just the site work that even if you pulled that out of the equation, it would still be fine.

I guess my bigger point is, that issue remains to be sort of decided but we're not asking you to rule on it today. We will prove it up to the staff and the Commission that all costs are true and real that go into this TIF just like every other one that we're involved in.

Mr. Brajkovic said I'll add to that. We can't really do a feasibility analysis because we don't know what the end project is to determine what the increment looks like, but we did ask them to quantify what they thought their site work costs were going to be. If it was an event where the site work was going to be a number, \$30M or something that we knew no matter what TIF project we put in, we'd never recoup those costs and so they gave us an estimate just shy of \$5M which when we looked at it, it seemed like a reasonable amount to expect from that, the current lay of the ground and moving that much dirt.

Action: **Commissioner Murguia made a motion, seconded by Commissioner Townsend, to approve and to fast track to the July 9, 2015 full commission meeting.** Roll call was taken and there were seven "Ayes," Alvey, Walters, Johnson, Murguia, Bynum, Townsend, McKiernan.

Item No. 2 – 150176...ORDINANCE: VACATION VILLAGE PROJECT AREA 4 BONDS

Synopsis: An ordinance authorizing the issuance of Sales Tax Special Obligation Capital Appreciation Revenue Bonds (Vacation Village Project Area 4, major multi-sport athletic complex project), Series 2015 in an amount not to exceed \$66M, submitted by Lew Levin, Chief Financial Officer. It is requested that this item be fast tracked to the July 9, 2015 full commission meeting for preparation of the necessary bond sale documents.

Lew Levin, Chief Financial Officer, said we're ready to move forward with the financing for the US Soccer facility. I notice we have two commissioners actually who weren't here when this project was approved last; I guess it was last fall and maybe into the winter months. Anyways, there was a delay in really moving forward with the financing in that was—I guess I would attribute it to the action or the delay in action by the Kansas Legislature to finalize what their state sales tax rate would be in the future. That's an important part of the bond offering documents since the STAR Bonds are based on a pledge of sales tax revenues. Once the state sales tax was finalized going forward, we're able to begin to finalize bond documents.

The ordinance before you allows us to proceed with the financing. It sets a maximum amount of \$66M for the financing. \$64M would be project costs and additional expenses would be attributed to cost of issuance. We actually expect the final amount to be less than the \$66M.

The debt service will be paid from future incremental STAR Bond revenues. What we mean by incremental revenues is once we have paid off existing STAR Bonds, which are projected to occur in 2016, we'll establish what are the base year revenues for the district and the government will receive those base year or the base amount of sales tax revenue. When I say the government, it will be both the state and local governments, city and county.

The additional increment will be pledged towards payoff of the STAR Bonds. There's no government backing so these are considered, I'll say, special obligation, meaning the revenue source or the payoff of the bonds is that incremental revenue. If there's a shortfall in that revenue, that's a risk to the bondholders.

In addition to the base revenues, we're not pledging our EMS sales tax or the dedicated sales tax or transient guest tax revenues which are currently pledged to the current Village West

bonds. We'll receive not only the base associated with those revenue streams but any incremental growth.

The request before you this evening is to adopt this ordinance that allows for the financing. There is an amendment to the Prairie Delaware Redevelopment Plan that describes this particular area for which the revenues were pledged. We're asking that this item be fast tracked to Thursday evening's Commission meeting. The actual pricing, by taking this action, will allow us to finalize bond documents and begin to prepare for the pricing. The pricing is expected to occur either late this month or early August. That's when the actual sale would occur. We'll receive a recommendation from our financial advisor on the—we'll work closely with our bond underwriters and make certain we approve of the actual pricing. This action allows us to proceed.

Doug Bach, County Administrator, said I'll just add to Mr. Levin's comments that all the activity that he just described and went through is all in accordance with the development agreement that you all previously approved. This really just takes us through how we do the financing to make that happen and get it done. In a sense we say we're coming forward, you already approved this, so to speak. This was the financing tool you would anticipate to move forward with but Mr. Levin brings it forward because you have to approve this actual financing tool and he explained how it all works.

Commissioner Walters said I think it's best if I recuse myself from voting on this matter since my firm is involved in the project.

Commissioner Murguia said so I have a question also along the same lines as Commissioner Walters. I just want to remind Administrator Bach that, unless I'm on the wrong project, Robb Heineman currently serves on my Board of Directors of the Argentine Neighborhood Development Association, which I am employed. I know that we have received an ethics opinion that says I'm fine to vote. I just want to confirm that in public, on television, on the record because I don't want to read about it later, let me tell you. I'd be glad to vote. I'd be glad not to vote. I want that clear with everyone that's here. Doug, do you have any comments? **Mr. Bach** said no. If Ms. Boeding thinks different, but I believe when you have something like that,

since you're not conflicted, you can state what the relationship is and then proceed to vote. Jody, is that correct? **Jody Boeding, Chief Counsel**, said yes. The possible conflict is disclosed. That is sufficient. I have not seen the Ethics Administrator's opinion but I take the Commissioner's word for what it says.

Commissioner Murguia said no, so not just my word. I'm going to clarify again, Administrator Bach, did you or did you not submit a request to the administrator for me on my behalf asking for an ethics opinion. **Mr. Bach** said yes, we did talk about that. I think that's all you have to do is just state what the potential conflict is and then you're free to vote on it. **Commissioner Murguia** said and we were given—both of us had copies of the ethics opinion that came back saying I was free to vote. I'm only bringing it up because as I said, voting or not voting on this one particular issue, if for some reason makes one of my fellow commissioners uncomfortable beyond the ethics ruling or the legal ruling, they just need to mention that to me and I'll be glad to abstain moving forward if that's a problem. Thanks a lot, Doug.

Action: **BPU Board Member Alvey made a motion, seconded by Commissioner Townsend, to approve and to fast track to the July 9, 2015 full commission meeting.** Roll call was taken and there were six "Ayes," Alvey, Johnson, Murguia, Bynum, Townsend, McKiernan.

(Commissioner Johnson left the meeting at 6:35.)

Item No. 3 – 150179...RESOLUTION: BONNER SPRINGS NRP NO. 5

Synopsis: A resolution adopting an interlocal agreement with the city of Bonner Springs whereby the UG adopts and consents to the city of Bonner Springs Neighborhood Revitalization Plan No. 5, submitted by Ken Moore, Deputy Counsel. The project consists of two new commercial buildings totaling 369,000 square feet and will result in 50 new jobs.

Marcia Harrington, Community and Economic Development Director, city of Bonner Springs, said tonight I'd like to give you a brief overview of the Neighborhood Revitalization

Property Tax Rebate Plan #5 that the city has already adopted by ordinance. Tonight we're coming to you for an interlocal agreement and resolution approval for adoption of that plan.

The city has had an NRP plan in place since 1997, and we feel like it has been very beneficial for our community. Currently there are 547 properties that have applied for the program. 355 of those are now paying full taxes. 192 currently receive the tax rebate. Since 1997 we have added our appraised value of about \$74M to the city of Bonner Springs because of this program.

City of Bonner Springs
 Neighborhood Revitalization Plan No. 5
 Effective September 1, 2015 – December 31, 2020

Table 1 - NRP Comparison Summary			
Items	Plan 3	Plan 4	Proposed Plan 5
Rebate amount - single-family, duplex, multi-family, commercial, industrial	75% - 5 years 50% - 2 years	75% - 5 years 50% - 2 years	75% for 5 years
Rebate amount - senior housing tax credit projects - SF & other	N/A	N/A	50% for 10 years
Minimum investment - new construction for single-family, commercial, industrial	\$100,000	100,000	\$170,000
Minimum investment - new construction for multifamily and duplex	\$100,000 No duplex allowed	\$100,000 No duplex allowed	\$200,000 Duplex allowed
Minimum investment - Rehab - single-family, duplex, multi-family	N/A - new construction only	5% of appraised value	5% of appraised value
Minimum investment - Rehab - commercial and industrial	N/A - new construction only	15% of appraised value	15% of appraised value
Lot size - single-family non-detached structures only	N/A	N/A	Rebate available only on lots in platted subdivisions or on platted lots of record not to exceed one-half acre in size.

Tonight you have a comparison summary. I'm just going to touch on proposed Plan #5 because our current two other plans expire August 31st of this year so I'll just touch on the plan that we're proposing. The rebate amount for all the categories, that being single-family, duplex, multifamily, commercial and industrial is 75% for five years. I will say that our other two plans averaged out about 66% about five years. This is a little bit better rebate amount.

We also have added a new category that is for Senior Housing Tax Credit Programs. That is a void in our community. I have a lot of people that come up to me and say, Marcia, I need a place for our parents to live and we just don't have very many choices for them. So we're starting to get a little interest in our community for that. We've added that as a new category. That would be a 50% property tax rebate for 10 years. The 10 years kind of follows in with the tax credit program and that goes for 10 years as well.

The minimum investment for new construction for the single-family, commercial and industrial is \$170,000. The minimum investment for construction for multifamily and duplex

units is \$200,000. We have added duplexes as part of the rebate program this year too. We've never allowed duplex units. It can be either owner-occupied, single-family attached or it can be a rental unit as well.

The minimum investment for rehab for single-family, duplex and multifamily has to increase the appraised value by 5% and for industrial and commercial it has to increase the appraised value by 15%.

One other thing we've added this year, we've added some new areas to our—as part of the tax rebate area, and I'll show you that in just a moment on our map, we have added a lot size requirement. The area that we're adding is large area tracts of land and we're looking for density in subdivisions. The rebate is only going to be available on lots in platted subdivisions or on platted lots of record not to exceed .5 acre in size.

City of Bonner Springs
Neighborhood Revitalization Plan No. 5
Effective September 1, 2015 – December 31, 2020



There's our rebate map. It's in blue, the area that we're proposing, and I will show you kind of our new areas. This area north of Metropolitan, this block area, is a new area here. This area going north of I-70 and over, which has never been in the program, that's a new area, as well as west of 138th St. in this area here. There are portions that have been in it, the Whispering Woods Subdivision right there, but we're surrounding that now. Those are the new areas and again, like I said, they're fairly large tracts of land. We've included those because we feel like they're sewerable areas and wouldn't be leapfrogging as well. Lake of the Forest is also included as well and has been in the plan since 1997. This plan would become effective September 1st of this year and continue for 5 years through December 31, 2020.

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Single-family homes have to be owner-occupied. That has not changed. If an applicant in the program is 90 days delinquent twice during the rebate program, they are automatically taken out of the program. We have had some of those happen; not very many, but we have had those.

Chairman McKiernan said well, I'm certainly a fan of the Neighborhood Revitalization Program or area, however we choose to call it. I do think, as we discussed earlier, it accomplishes what we want which is an increase in property values. That is a little bit now and more later. It ultimately builds up our community both in terms of construction standard and as well as tax base, so I'm certainly a fan. I think it's a great program. **Ms. Harrington** said it's worked very well for our community especially in infill lots and removal of a lot of blight from neighborhoods as well and spurred some new development and rehab of older homes too. That's been good to keep the property values up.

Commissioner Walters said I'd second everything Marcia said about the viability of the program.

Action: **Commissioner Walters made a motion, seconded by Commissioner Murguia, to approve.** Roll call was taken and there were six "Ayes," Alvey, Walters, Murguia, Bynum, Townsend, McKiernan.

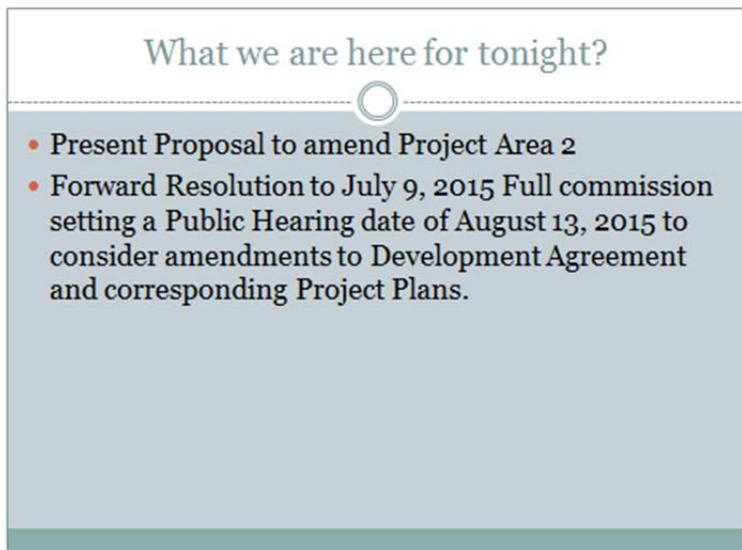
Item No. 4 – 150181...RESOLUTION: SET PUBLIC HEARING FOR SVV BONDS

Synopsis: A resolution setting the public hearing date of August 13, 2015, to consider the First Amended STAR Bond District Plan and Project Area 2A Plan (Vacation Village), submitted by George Brajkovic, Economic Development. It is requested that this item be fast tracked to the July 9, 2015 full commission meeting.

George Brajkovic, Economic Development, said I asked a few other folks to join us tonight, probably familiar faces for everyone. To my left, Todd LaSala with Stinson, he's representing the UG on this transaction or this deal; Curt Petersen with Polsinelli; and Richard Napper with

EPR, representing Schlitterbahn, the ownership group of the property. This should be familiar to some of you.

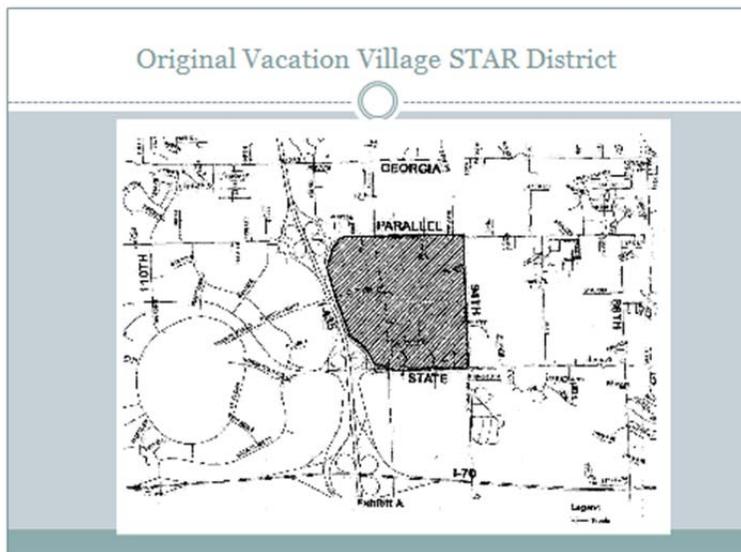
For any new commissioners that aren't familiar with the process, I kind of talked a little bit about the TIF earlier where you can start with the district and then you advance a plan. STAR Bonds are basically the same way.



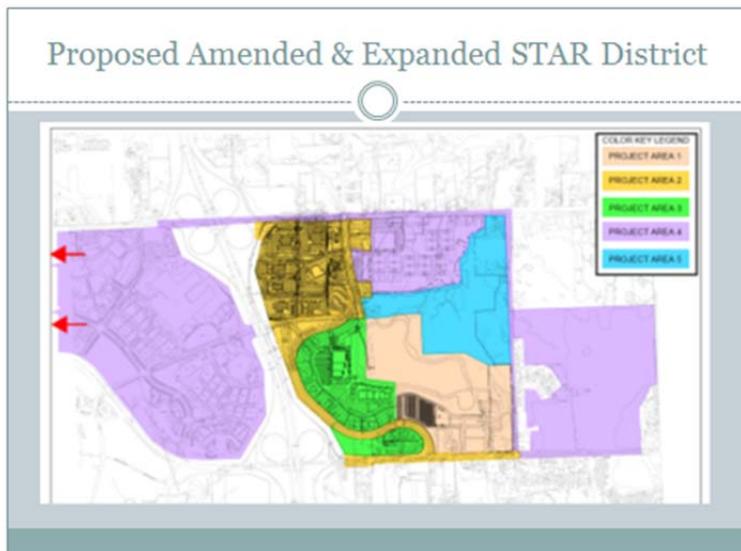
What we are here for tonight?

- Present Proposal to amend Project Area 2
- Forward Resolution to July 9, 2015 Full commission setting a Public Hearing date of August 13, 2015 to consider amendments to Development Agreement and corresponding Project Plans.

We've taken some previous action; I'll kind of get to that in part of this presentation. I'm going to kind of go through just the physical changes we're talking about to the location. We've got a slide or two, I'll hand it over to Todd, that talks about what the financial proposed amendments are to the plan. What we're here for tonight, again, is we're proposing an amendment to Project Area 2, again, just looking for a resolution to be fast tracked to this Thursday night that sets a public hearing on August 13th to actually consider these changes; however, we did get all the agreement, the document completed so it's part of your agenda packet for tonight; the resolution, executive summary and the actual amended agreement.

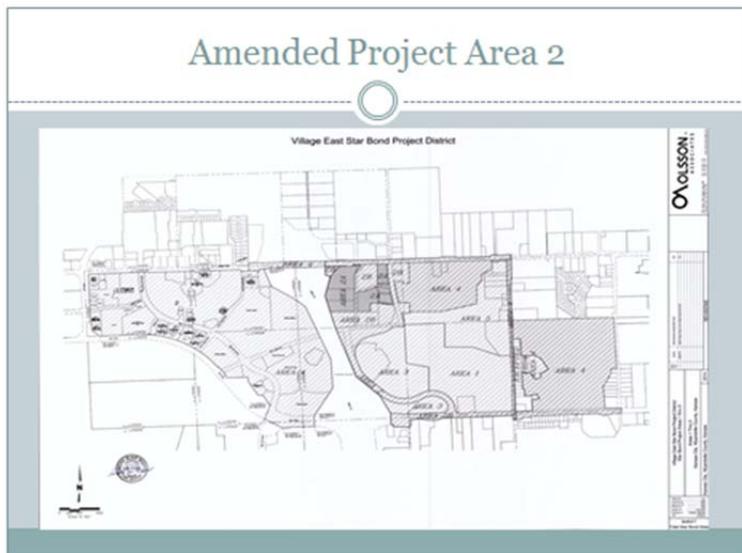


When the Schlitterbahn Vacation Village Star District was originally created, it was all just one large district area. Kind of since that time, we had taken a large area like this and really divided it into project areas under realistic development timelines and, again, it's because each project area can take advantage of its own 20 year calendar. That was the Parallel to 94th, to the highway to I-435, and then State Avenue on the south side. Then last year what we came back was really two things. One, we amended the original district and then we asked to have it expanded and the elected body approved that.

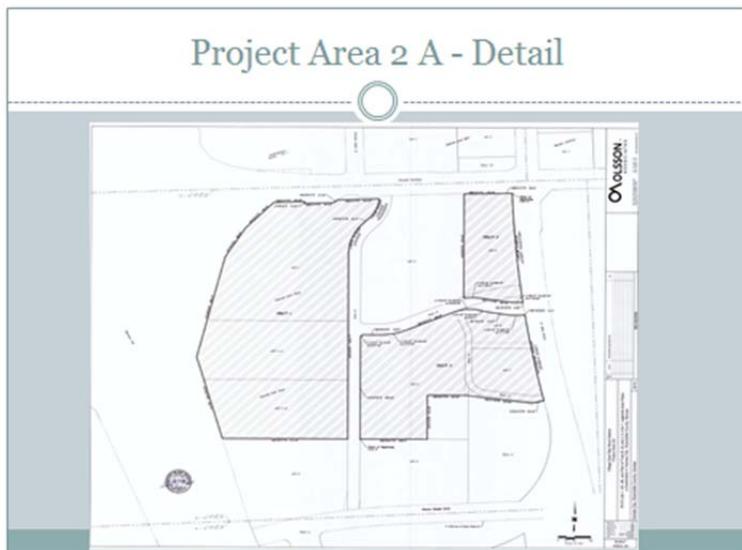


Again, the previous slide suggest that that property that was originally there is still represented with the middle of this diagram sandwiched between the purple areas. We really split that area and did five areas and then added the Speer Family property, which is to the right of the screen,

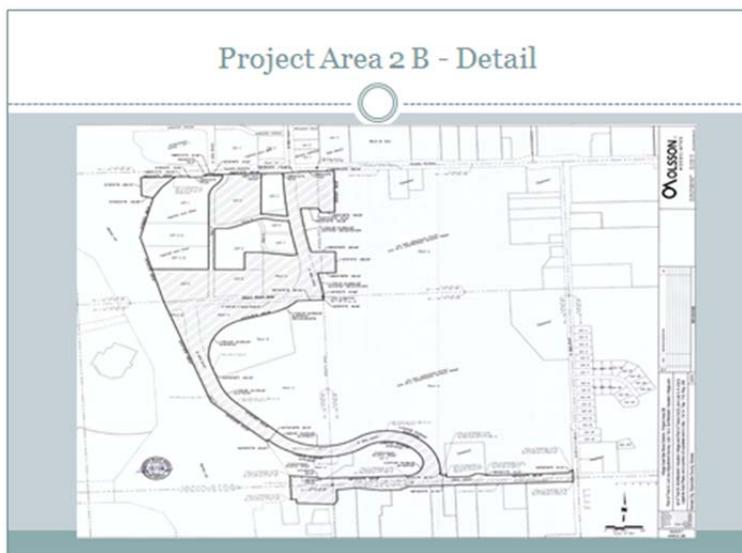
and then an overlay back into the Village West district. Mr. Levin kind of talked a little bit about that tonight. Project Area 1 then is that tan shaded or beige shaded area, which represents the existing water park to which Schlitterbahn invested a little over \$200M without actually seeing any public dollars float back into the project.



Project Area 2 then is the yellow, which includes 98th Street and then the automall that's currently underway. Really, that's kind of the focus of what we're going to talk about tonight is how we're amending that yellow area. To mention them, Area 3 is what we kind of call the front 50. There's a good office project going in there, The Dairy Farmers of America, will take about a 13, 14 acre portion of that site. Then the area in purple represents the US Soccer, so there's about 40 acres that's part of Schlitterbahn's property where the National Training Center is going to go. The Speer property is where the youth tournament fields are going. It kind of leaves about a 50 acre track for development with State Avenue frontage there and then the overlay back into Village West to capture increment. Area 5 is the light blue and that just represents future waterpark development.



When the elected body approved this amended and expanded STAR district, we also approved project plans for Area 1, an amended plan, Area 2 and Area 4. Tonight we're talking about, again, amending that Project Area 2 which was the yellow area from the previous slide. You've got the kind of gray area and the cross hash area. The gray area represents Project Area 2A, a little more detail of it. I'll let Richard or Curt kind of talk about what comprises this area, but essentially I think it's about seven parcels, Richard does that sound about right and some of the car dealerships currently have a LOI committed to it.



Area 2B is really kind of for—it's lagging just a little bit behind in terms of firm commitments for a variety of reasons. Part of it is we've got other projects in the immediate area that are still

under construction and being designed. That kind of leads to a little bit of lag time to get some of the parcels that but up against it back in play.

I'm going to go back to 2A. Again, kind of talking about what we're here for tonight and not to steal any thunder from Todd because he'll talk about the financial pieces of it. Really, I think what it comes down to from staff's perspective is there are some very favorable bond market conditions right now and we have a large portion of this project that's ready to move forward. They ask tonight to consider splitting these and kind of keep in mind as Todd rolls through his portion of it, the financial components related to that. Richard, I went back to this slide. I don't know—I don't want to put you on the spot, but if you want to make some comment about the commitments that you have with 2A and why we're really wanting to advance that now.

Richard Napper, EPR, said thank you for the time this evening. Sorry I was a little late. I was stuck in the weather out there as many of us were. Again, thank you for the time tonight and we're looking to really take, I guess, the Star Bond District that was approved about a year ago. Our crystal ball was pretty good but not 100% accurate. We'd like to split it into, really 2A and 2B or call it 1A and 1B, really two districts to go to market today with the users we have in tow. A big chunk of the land that we are not ready to take to the bond market yet is actually adjacent to the US Soccer facility.

With where that project stands as it progresses through its development and site planning, we'll be able to sell, at least develop the retail components next to US Soccer. But given where that project stands today, we are not to a point where we can sell, lease or develop those yet. There are a couple of parcels on the automall that have been in contract, out of contract, currently have activity on them but again, they are not firm committed where we could take them to market today.

All that as the backdrop, the bulk of the automall, of that 60 acres that were previously terrain challenged, that has now been under site development longer than we had anticipated. We never thought we'd have 27 days of straight rain in the month of May and we're not thankful for the rain this evening. We do have four auto dealers that are either sold or on long-term ground lease that are ready for development, three of the four into the Planning Department at present. The fourth will be in the Planning Department by later this year.

We also have a convenience store that also has built into it a restaurant component. It is a 5,000 – 6,000 square foot convenience store. It does have a sizeable restaurant component from a very financially sound operator with multiple units across the Midwest and the southern Midwest. We have a state-of-the art carwash that also has a restaurant component. It may sound a little odd but that was the owner's dream. He has taken a lot of his net worth and wants to develop this. What I like about the C Store and the carwash, operators today is they can drive out to the site today and they see the vision. They see what we're doing where many of the C Store and other operators we've talked to they read about US Soccer, they read about DFA, they saw everything on the west side of 435, yet they just—and they've seen all the work we're doing but they say is it really going to happen. Are you really going to develop something? The answer is well, we're moving 100 acres of dirt, yes, we're going to do something.

The gentlemen that are under contract today, they're ready to move forward today. They believe in the community, they believe in the area and they believe in the project which makes me very happy. They're ready to go. We have them under contract. All the way to the south of—its lot 3 on the far corner dropping down is Lot 6. Lot 3 is the C Store. Lot 6 is the carwash and then Lot 7 is a hotel. It is a nationally flagged hotel. Again, they are ready to go immediately as well.

Those are the parcels of the original 60 acres that are ready to be developed immediately. The two lots at the very bottom, Lots 8 and 9, are auto lots that have activity but are not ready today. Lot 2 at the very top in the center to your left, that lot has actually been sold to an auto group but they are not ready to build this year. They are ready to build next year. We wanted to take to market what we have ready today.

Mr. Brajkovic said I just noticed that it might be kind of hard to read some of the street identifiers. We've got 435 here, Parallel, 98th St. and the famous S curve that goes in here, to kind of get your parameters. With that detail, I'm going to turn it over to Todd and have him kind of roll through the proposed financial amendments.

Todd LaSala, Stinson Leonard Street, said in addition to the geographic division that we just talked about separating the project area into two separate project areas, there are also changes in

the financing. The primary change is the original agreement contemplated one big STAR Bond issuance. The new structure contemplates two.

The original deal called for about \$100M STAR Bond issuance. \$90M of that single issuance were really for the developer's eligible costs. It includes some UG costs but then the additional \$10M, which would really come more or less after the developer's \$90M, are for some temporary notes that the UG had previously issued to improve 98th St. as well as the cost of improving that S curve. By virtue of the DFA transaction happening, the UG took on the S curve cost but the combination of those 98th St. improvements and the S curve is about \$10M, again, one single STAR Bond issuance.

STAR Bond Financing - Amendments

- **Agreement originally contemplated a single STAR Bond issuance, capped at \$100M**
 - \$10M to UG for temp notes on original 98th St improvements and "S" curve improvements
 - \$90M (balance) cover Developer's eligible costs
- **Two separate STAR Bond Issuances**
 - First issuance expected to yield \$78M of proceeds
 - ✦ Series A - approximate yield \$65M - includes UG reimbursement of \$940k for new traffic signal at 98th & State and improvements to Marshall Creek Sewer Interceptor
 - ✦ Series B - approximate yield \$10M - pays for UG's street costs

We are now contemplating that there will be two separate and distinct STAR Bond issuances. The first of which would yield approximately \$78M worth of STAR Bonds and there would be two series. Series A would be about \$65M and it would include really the developer's costs. Again, there are some UG costs embedded in there that the developer is going to reimburse us for, but the first \$65M in Series A are really developer's costs. Series B, which would be a subordinate series would yield approximately \$10M. That is for the 98th Street cost and the UG's S curve cost. All of that would be issued up front in the first issuance. It is contemplated that sometime later, the developer would come back in as development progresses and we would go out and issue the rest of the bonds that were originally contemplated.

The overall size of the STAR Bond issuance is not intended to grow here. It's still capped at about \$90M worth of developer costs and the UG's \$10M for the UG's S curve and

98th St. Importantly, when we go out to do this second bond issuance down the road, the UG's \$10M in Series B, those bonds would be redeemed first because importantly when we issue those bonds in Series A, that \$10M or when we issue those Series B bonds, they are backed by UG appropriation. It's important to us that when we get to a second bond issuance, those bonds need to be redeemed first and the UG's money is taken out at that point.

It's a big picture, George. Those are the key components. There are other points we've highlighted in your executive summary, some other changes that are occurring within the development agreement including the timing for this. We kind of moved it from a September 1st issuance to probably somewhere as of November 1st. There were some holdbacks upon STAR Bonds; we've modified those a little bit. The holdbacks were largely about whether DFA or US Soccer would come, actually it was whether one of those two projects would come. It turns out we're going to get both. We have modified the holdbacks a little bit. We're happy to talk about that in detail.

We have also made some changes about the St. Patrick's Church improvements that the developer has agreed to do. We are modifying those dates a little bit. The developer is agreeing that they're going to close one of those entrance drives that are an issue for St. Patrick's by December 1, 2015. Richard touched on the carwash issues. We're happy to dive deeper into any of that, the big picture. Those are the changes.

Mr. Brajkovic said well, that's the extent of the presentation we prepared. We're open for questions or comments.

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

Adjourn

Chairman McKiernan adjourned the meeting at 6:56 p.m.

tpl

July 6, 2015