The meeting of the Economic Development and Finance Standing Committee was held on Monday, March 30, 2015, at 6:11 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners Townsend (via phone), Murguia, and Walters. BPU Board Member David Alvey was absent. The following officials were also in attendance: Doug Bach, County Administrator; Gordon Criswell, Assistant County Administrator; Melissa Mundt, Assistant County Administrator; Lew Levin; Chief Financial Officer; George Brajkovic, Director of Economic Development; Debbie Jonscher, Assistant Finance Director; and Bill Heatherman, County Engineer.

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

Approval of standing committee minutes from February 2, 2015. On motion of Commissioner Murguia, seconded by Commissioner Walters, the minutes were approved. Motion carried unanimously.

Committee Agenda:
Item No. 1 – 150063...RESOLUTION: AMEND MASTER EQUIPMENT LEASE PURCHASE AGREEMENT

Synopsis: A resolution amending the UG’s Master Equipment Lease Purchase Agreement dated October 17, 2013, with Banc of America Public Capital Corp. in connection with paying the costs of acquiring and installing certain equipment, submitted by Debbie Jonscher, Assistant Finance Director.

Debbie Jonscher, Assistant Finance Director, said this is an amendment to our Master Lease Agreement with Bane of America Public Capital Corp. The Master Lease Agreement is used to
finance all of our equipment that we budgeted as lease-finance. The term of the current agreement expired on December 31, 2014. This amendment would extend this agreement to December 31, 2015.

Also included in your packet is the equipment list of items that we expect to purchase in 2015. All of these items were approved as part of the CMIP budget and the maximum credit amount that was approved by Banc of America for this amendment is $7M.

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

**Item No. 2 – 150065…RESOLUTION: SALE OF UG PROPERTY AT 1207 & 1217 N. 5TH ST.**

**Synopsis:** A resolution authorizing the sale of UG owned property located at 1207 and 1217 N. 5th Street to GDC Financial Group, LLC, submitted by Charles Brockman, Economic Development. GDC owns the building improvements constructed on the property which they currently lease from the UG.

**Charles Brockman, Economic Development,** said first I want to introduce Dan Carr. He is standing back there. He owns the property that we’re discussing tonight. He’s available for questions if you have any.
Tonight, what we’re doing, we have a piece of property for sale downtown. We own the real property, the ground. Dan Carr, GDC Financial, owns the building.

Here’s the property located right here. It’s a 3.5 acre parcel. There’s the building right there and the parking lot. It’s situated right downtown where we have the Federal Building, the EPA, and the new SRS building there. It’s ideal for development. We would like to bring this to you to consider for the purchase of the property.

We’re asking that we sell this property to GDC Financial who desires to purchase the property.
When we do this we’re going to have a purchase agreement with GDC for $475,000 of improvements that consists of the repair and the replacement of the roof, new upgrade to the landscaping, structural integrity review by an engineer of the wall that is on the property, and demolition of certain interior portions. Plus, we also are attaching a 12 month reversionary interest clause in there.

What I’d like to do—because of these repairs we’re requesting as part of the purchase, I want to show you what these repairs entail.

This is the interior of the current condition of the building.
Here is a wall that we’re looking to have an engineer review. As you can see right here how it veers off and then the same way it pulls out right there and then the cracking and the dilapidation of the wall itself. We want that to be reviewed, repaired or replaced.

We need roof repairs because this is the soffit underneath, an extension of the roof, that’s in dire repair.
This is the parking lot that we’re requesting that needs repaired, upgrading.

At this point, we’re asking to forward this to full commission April 9 and adopt a resolution giving the County Administrator the ability to move the sale forward.

Commissioner Murguia asked what do they want the building for. Mr. Brockman said commercial use. It’s going to be commercial property, different businesses within the building.

Dan Carr, 8611 N. Donnelly, Kansas City, Missouri, GDC Financial Group, said originally we developed the SRS building next door. We’ve owned that facility, now, for probably 15
years, so we were involved in the redevelopment of that project. We tore the old five-story building down and rebuilt the two-story building that sits on the site today.

We’ve had a long relationship with this building as well going back for many years. We’ve had, probably, five or six different opportunities to lease it but because of the structure that’s in place between the Unified Government and GDC where the Unified Government actually controls the ground and we own the building, it’s been nearly impossible to get a transaction done with a user not knowing how to actually structure that deal.

What we are here today for is to try to get this into a joint ownership or a single ownership, I’m sorry, that would allow us to redevelop it. We have a user right now that we are negotiating with for half of the building. Irregardless of if that use happens or not, we plan to move forward with the improvements that will allow us to hopefully get that building leased up and back into production. It is a commercial use by the way.

**Chairman McKiernan** said staff has negotiated what they believe is a fair sale price for the ground, correct? **Mr. Brockman** said yes, sir, we have.

**Commissioner Walters** said that was going to be my question. How was the value determined of the ground? **Mr. Brockman** said there’s 3.5 acres at $2.50 per square foot that we were figuring out, which is roughly around $381,000, the value of the land.

**Commissioner Murguia** said this might be a dumb question, I’m not sure I understand. There’s a building and it sits on the ground. Are you selling the building and the ground? **Mr. Brockman** said said no, just the ground, the real property. **Commissioner Murguia** asked who owns the building. **Mr. Brockman** said GDC Financial. **Commissioner Murguia** said you already own the building, we just -- oh I see what’s happening. We have a ground lease. **Mr. Brockman** said yes. **Commissioner Murguia** said and you’re just selling just the ground. **Mr. Brockman** said correct. **Commissioner Murguia** said you did a good job, Charles. It’s me that I guess wasn’t paying attention.

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

March 30, 2015
Item No. 3 – 150067…RESOLUTION: 82nd & TAUROMEE STORM SEWER ENHANCEMENT

Synopsis: A resolution declaring the 82nd & Taurome storm sewer enhancement (CMIP 5044) to be a necessary and valid improvement project and authorizing a survey and description of land for said project, submitted by Sarah Fjell, Engineer. In order to meet deadlines for this scheduled project, this resolution is being placed on the EDF agenda.

Chairman McKiernan said this is brought to us with a request for approving the resolution and it is coming to us rather than Public Works because of the timeliness of the ultimate approval.

Commissioner Murguia said no offense, can we just move to approve. It’s pretty self-explanatory.

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

Item No. 4 – 150045…DISCUSSION: ON GOAL SOCCER AGREEMENTS

Synopsis: Review, discuss and forward a development agreement for the US Soccer National Training Center and a First Amendment to Multi-Sport Stadium Specific Venture Agreement.

Chairman McKiernan said Commissioner Townsend, just for your information, Mr. Brajkovic has a paper copy of the updated agreement. I would assume that you would be able, then, to find this in your mailbox on the 9th floor. Is that correct? That’s where these are going to go?

George Brajkovic, Economic Development Director, said yes. Chairman McKiernan said perfect, thank you. Commissioner Townsend said okay, thank you. Doug Bach, County Administrator, said we will also send it out electronically and get it to all commissioners here tomorrow. Commissioner Murguia said you want us to read all this real quick. Chairman McKiernan that’s right. Commissioner Murguia said okay, done.

Mr. Brajkovic said take a few minutes and look it over. Chairman McKiernan said Mr. Brajkovic is going to do us the favor of hitting the highlights of this updated agreement.
Mr. Brajkovic said in the packet, and again, my apologies to the earth for having to do so many paper copies, but in the packet you should have an Executive Summary, and then the First Amendment to the Venture Agreement, and the actual Development Agreement itself.

We have a quick presentation that will probably look very familiar to you from the last ED&F meeting, again, just highlighting the existing STAR District -- the purple 40 acres in the middle of the screen as well as the 130 acre Speer site to the right. Those are the two properties that are in play for this development.
Again, the two documents that I referenced, the Amendment to the SVA will deal with futsal and tournament fields among other things. Then the development agreement for the $64M STAR bond proposal.

Just a couple of quick slides to point out, again, where the property is. The Speer site being put into play for the tournament fields. Rob, I don’t know if anything’s really changed with these since the last time we talked. **Robb Heineman** said no, nothing’s changed.
Mr. Brajkovic said same thing for U.S. Soccer on the 40-acre site.

Then getting into the SVA, this is the slide you saw last time, futsal identifying the courts. Any existing double tennis court will be converted into two futsal courts. Then we have the right within the agreement for any park that has a single tennis court. If we provide the secondary base, Robb’s group would agree to put in a second futsal court there as well.

The tournament fields again, 12 fields total for the venue. At least eight of those fields will be at the Speer site. If they choose to only build eight there, the other four would be at the National Training Center site on the Schlitterbahn lease property.
Here’s a new slide. Again, it’s addressed in the SVA, but it has to do with the arrangement for Sporting Park and the parking lease that accompanies that. Maybe for that I’ll turn it over to Mr. LaSala and let him kind of roll through the finer points of that.

**Todd LaSala, Partner, Stinson Leonard Street Law Firm**, said very quickly, the parking for the stadium that exists over on the Kansas Speedway property, there is a lease in place with Kansas Speedway for that property so there’s rent that goes with that as well as some money the UG spent to build those parking improvements in the first place. The source of repayment for all of that money, both the Speedway rent and those improvements, comes from a Community Improvement District tax as well as ticket tax on each ticketed event that occurs at the stadium.

The reason for this provision is to increase the amount of ticket tax to make sure that we cover those payments, both the rent payments and the amortization payments for the Speedway improvements. This new provision increases the amount of ticket tax to a total of $2.25 per ticket. That should cover the rent and the amortization payment over the years.

If, at some point in the future, it’s not enough money to cover, there’s a provision in place where the UG would notify the developer, the soccer guys, and let them know, hey there’s not enough money here. Somebody has to make up the shortfall, either you or us. If nobody decides to put in the money to cover that shortfall, then the UG has the opportunity to terminate that lease so that we’re not covering these rent payments out of the General Fund.
Mr. Brajkovic said moving into the Development Agreement, again, same slide we used earlier this month. The National Training Center will be comprised of a 100,000 square foot facility or facilities. It’s still under design. It does have indoor and outdoor components to it. Again, the local benefit provision, we talked about giving some sort of preferential treatment to Wyandotte County groups, local groups, and then a specific provision for UG Parks and Recreation use. Does anybody need any further clarification on what that looks like?

Then, again as we mentioned, it’s a $64M STAR bond deal. Tried to give you some of the bigger pieces that are included as part of that total: the NTC at $26M, tournament fields at $17.5M, land acquisition, and then the parking component of it.
Under this agreement there’s a proposal from the On Goal group to consider grass parking as part of the tournament field structure. From a staff point, we’re willing to review that. If there comes a time where that needs to be some sort of improved surface, there is under the Agreement a provision that would make $1M from the STAR bond financing available to make that improvement. That’s something we’ve discussed with what their parking goals are and how that translates to spaces on a per field basis and make sure that we’re creating enough spaces so that we don’t have a situation where parking is at some sort of premium for the tournament fields.

Radius Restriction – again, this is 500 miles. It actually applies to the coaching and training component associated with the National Training facility as well as U.S. Soccer. It just puts some provisions in place that would prevent a similar facility to be built within that radius restriction.

Mr. Bach said I just want to clarify on the parking that George spoke about, that $1M -- that will actually go over into some type of escrow account or wherever we hold the financing and set there. If we do not use it, then it would be, well, the first use would go back to just pay back bonds unless we were to come back and identify some other funding source, but that wouldn’t just be approved by the contract. It would first be noted just to pay back bonds.

Mr. LaSala said one other point on the parking just so, it’s in the document, but there’s a significant amount of traditional curb and gutter asphalt type parking. The idea here is that what we’ve proposed for a portion of the parking are asphalt drives with grass parking. Part of that is that the parking lots aren’t going to be full all the time so we don’t necessarily want a bunch of asphalt just sitting out there. Part of it is that just if you go to a lot of sporting and entertainment events, utilizing some grass parking, if it’s done right, is easy to use and it’s relatively flat. It’s just a nicer environment. We’re trying to get that mix. Obviously the provision is if in the future the UG’s not happy with that, there’s ability to further review it.

Commissioner Murguia said I just have to ask, the radius restriction, 500 miles, doesn’t that take us into other states. But we can’t impose that restriction. Mr. Bach said well, the restriction is on soccer and U.S. Soccer. It’s what they did. If some other company did something there wouldn’t be any issue. Commissioner Murguia said that’s their own internal restriction. Mr. Bach said yes. Commissioner Murguia asked within 500 miles.
As a follow-up to the meeting earlier this month, a couple of the commissioners had some questions about well, are we evaluating this as a return on investment for the local sales tax dollars pledged or any local revenue pledged to the project. Trying to focus on what is the pledge, what’s the level of investment and what kind of return can we expect, just wanted to note a couple of things.

The local revenue pledge is estimated at that $31-$42M amount up to a 17 year period. That was actually from one of the underwriters responses to the RFP we put out to actually do the underwriting for this bond issuance.

On the flip side of that, what’s the impact to the community. New local sales tax generated are estimated at $65M over 30 years. That comes directly from CSL. They actually did two studies and an update in 2014. This comes from the 2014 update. Again, both of those are just dealing with sales tax revenue. We’re not sure on this project if there is going to be a component of it that would generate property tax. If there is it would be, obviously, in addition to these numbers. We thought this was important information to come back to this committee and share.

That concludes the presentation we have for tonight. I know we kind of rolled through this quickly. I think the goal was to get these documents before you as far in advance of the April 9 full commission meeting as we could. We’re available to answer any questions right now or any questions you might have leading up to that meeting as well.
Mr. Bach said would you put the site design back up there on the Speer property. Robb, I’d like you to talk a little bit about your thoughts. We showed the eight fields, and that’s the minimum, but you have real thoughts about that you’ll go and put all twelve of the tournament fields over on this property, and then some of your other ideas that you’re working with.

Mr. Heineman said I think the main thing we want to do is, obviously, just maximize the utilization of whatever we build, whatever we wind up building. One of the things that we’ve started talking about is does it make sense to also put potentially the indoor soccer field over on this site as well just because we would have the parking. It’s something that we believe is going to be highly utilized by youth, probably as much or more than it will be by U.S. Soccer directly. That’s just one thing we posed.

If that’s something that you have a negative reaction to, it’s not a big issue to us. We’ll keep it over on the primary U.S. Soccer site. As we’re doing the exploration we just want to make sure that we’re putting these things in different places that allow them to be optimized. Mr. Bach said understand, he’s not talking about the training facility. This is just the indoor soccer field. Mr. Heineman said just the indoor soccer field itself. Mr. Bach said that could get moved over to this site. The document allows for that flexibility to work with that.

Mr. Heineman said I think one of the other things that we brought up is in addition to that if we would see enough demand out there; it may make sense for us to build a second indoor facility out here. We’ve requested the right to build a second indoor facility out on site if we saw the need to do so.
Chairman McKiernan said any other questions or discussion about anything we’ve discussed so far tonight.

So the request that is before us tonight is to review and then recommend to forward to full commission for the meeting of April 9, at which time we would vote then on the agreement itself. Mr. Bach said yes, sir. As it went before your last committee, you already voted to move forward to full commission. That action has been taken. We just felt we needed to come forward, give a full update, and get the full document in front of the full commission as soon as we had it complete, which that was clear to me as well. This is really an update from that standpoint. We don’t require a vote to move on to the full commission.

Commissioner Murguia asked am I missing something or is there something different about this proposal that wasn’t proposed in the one just a month ago. Mr. Bach said there are a few of the items they went through. Probably one of the bigger ones was in terms of the ticket tax. That item was not spelled out to you at that point. We were still under discussion.

A few other items that I would say we went through in discussion about things we’re resolving. A lot of them are worst case type scenario things that we needed to resolve through. I wouldn’t say they were big issues that probably we would ever see as a community, but they’re issues we have to deal with and get done in a contract before it’s ready to issue out. Todd, is there something else that I should point out? Mr. LaSala said no, that’s about right.

Commissioner Murguia said I’m fine with this, but I do want to just say something. The action that you’re asking us to take is contrary to how it was presented. It’s not that big of a deal, but when we get a packet like this, it should tell us what those differences are from the time before. Just simply highlighting them would be helpful and then to get them in advance.

Giving them to us the day that we’re to make the recommendation isn’t really giving us any time to review. You’re really just here to make us go forward. I mean, I don’t have anything to object to and I don’t have anything to agree with. I’m good. I’m saying I trust you, but I’d rather trust you and verify the packet in advance.

Mr. Bach said that’s why I didn’t want to ask you to really take an action on it because it was just handed to you. Commissioner Murguia said yes. Mr. Bach said the directive we had
last time was to bring it forward to the full commission and go over with them, so we were trying to get it to you earlier than that. Come through; explain it to at least this committee so you didn’t just have it to read. You would get a breakdown from us verbally and then you would have it for the next week and one-half to review before you’re asked to give any decision on it.

**Commissioner Murguia** said then I would just recommend that you give this to the other commissioners. **Mr. Bach** said we will. **Commissioner Murguia** said because then they should all have that week and one-half to review it. If you could maybe somehow highlight for them, because we sat through these meetings, what’s different than what they saw last time, or if they didn’t see anything, I know I’ve seen this multiple times, I’m sorry. I can’t remember what’s new and what’s not. You should highlight from what the others saw last time.

**Chairman McKiernan** said I’m not sure that anyone other than this committee saw the first iteration of this since it didn’t come to full commission. Is that correct? **Mr. Bach** said that’s correct. **Commissioner Murguia** said then just send them this is fine as long as they have something to review prior to that meeting. That’d be great.

**Chairman McKiernan** said so that is the plan then, that we will distribute all of this to the rest of the commission and that we will plan to bring this forward to the April 9 full commission meeting.

**Commissioner Townsend** said, Mr. Chairman, I do have a question. I’m following this on TV as the discussion goes on. I did have one question from the first slide that I saw and it had to do with the deficit, or hopefully that there won’t be a deficit. I saw where the tax was increased. The decision, I guess, has been made if the increase in tax, the $2.25 doesn’t cover, I guess the cost that the UG is supposed to give notice and then at that time it will be decided.
Yes, that’s the slide I was referring to, in the New Provisions section, the second one down. Who pays the difference?

The only thing that struck me about that is that obviously the Administrator has taken precautions to try to forego such an occurrence, but then why would we leave this issue up in the air to so speak, if it turns out that the CID isn’t sufficient?

**Mr. LaSala** said I think in the negotiations neither party wanted to necessarily be obligated to pay money if there was a shortfall on rent. I think the determination was made that if, keep in mind that if the revenues are short, it’s because there are not people sitting in those seats and buying tickets to these events. It may be a situation where we’re looking for alternative parking opportunity for that stadium anyway, but the important thing from the UG’s perspective is we didn’t want to be locked down into that lease indefinitely if there wasn’t this revenue source to pay for it. Really, that provision is about being able to say to the developer, hey there’s not enough money here. Do you want to put in and cover this shortfall? If they don’t, our opportunity at that point is to shutdown that lease, terminate that lease and not be in the stadium parking business anymore, in which case the developer will have to figure out the parking solution on their own without regard to the Speedway parking.

**Commissioner Townsend** said thank you. I know I have some more questions, but I just can’t formulate them now, but I thought that was a big issue that was addressed. I was a bit surprised that still may be out there on the horizon. If we have additional questions as any of us look through this, would they be best addressed to the Administrator, to Mr. Brajkovic? **Mr.**
Bach said, Commissioner, if you want to – you can do either. If you want to direct them to me, and then I’ll either respond to them as I know or I’ll have Mr. Brajkovic or Mr. LaSala get a response back to you.

Please, I welcome you to submit any of those questions you have in advance of the meeting so we can try to clarify anything that we don’t feel like we’ve done so tonight.

Commissioner Murguia said I have one comment if you’re finished at the end of the agenda. Chairman McKiernan said I think that was our last item on the agenda since that was blue-sheeted.

Commissioner Murguia said I just happened to review our strategic planning meeting on the YouTube video today. I was a little bit concerned because that was a year ago and we’re fast approaching our next strategic planning. A year ago it was very clear that different departments that fell under our purview of this committee and the previous committee would come in front of us and present measures for us to be able to measure our progress on the things that our community felt were important based on the survey that we gave. I know I’ve missed one or two meetings.

Okay, that’s what I was checking on. I just wanted to say it out loud because what was really handy about the YouTube video is that it’s a record for me to say where did we leave off last year and where are we going this year. We have a very short timeframe to get those measures in place before strategic planning which I believe is how long, the new one? Mr. Bach said May is the next session. Commissioner Murguia said I don’t think we’ve heard from any departments as they relate to measures for the survey.

Mr. Bach said we have had a few departments come forward and present them. Chairman McKiernan said we’ve heard from Codes in term of increasing the number of tickets written. That was one measure that they brought forward. We had some discussions about some other ones, but I don’t know that we ever settled on anything other than that one measure for this year. Mr. Bach said I’m trying to remember which departments came.

Commissioner Murguia said well, you don’t have to answer tonight. I’m really not trying to put anyone on the spot. I’m really just trying to make a record so I remember what I’m doing from year to year and what I, as a committee member, is supposed to be doing. Really, it’s
very clear multiple times that we were linking the measures to the survey, to the public survey, so the public knows they’re being heard and that we’re taking action based on what their priorities are.

Mr. Bach said I will say that I was working under – that was last, was it November, was that session, that we were to get those goals and all in place over the course of the next year, not that we would have them all in place by May. Commissioner Murguia asked was it November. Mr. Bach said if that’s the directive, then we can move them in faster, but they’ll all be coming at that point. Commissioner Murguia said no, that’s okay. I didn’t hear that part, so if that’s right, I’m good with that. Mr. Bach said well, I don’t know that we specified, but I will say that’s what I’ve been working with my departments, that they would be bringing them in through the course of the year and submitting.

Just like Mr. Brajkovic, I know he has his economic development goals that he’s eager to get before you. Chairman McKiernan said he can’t wait. Commissioner Murguia said that was it. That’s all I have.

Chairman McKiernan said beautiful. Thank you very much. I think that’s a very timely reminder that several months have passed since we set that as our goal. We should be logging our progress toward it.

**Action:** For information only.

Adjourn

Chairman McKiernan adjourned the meeting at 6:44 p.m.

mls