

**ECONOMIC DEVELOPMENT AND FINANCE  
STANDING COMMITTEE MINUTES**

**Monday, September 14, 2015**

The meeting of the Neighborhood and Community Development Standing Committee was held on Monday, September 14, 2015, at 6:05 p.m., in the 5<sup>th</sup> Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Chairman; Commissioners Walters, Townsend, Walker, and David Alvey, BPU Board Member. Commissioner Murguia was absent. The following officials were also in attendance: Gordon Criswell, Assistant County Administrator; Ken Moore, Interim Chief Legal Counsel; George Brajkovic, Director of Economic Development; Melissa Mundt, Assistant County Administrator; Joe Connor, Assistant County Administrator; Lew Levin, Chief Financial Officer; Debbie Jonscher, Assistant Finance Director; Marlon Goff, Economic Development.

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

**Chairman McKiernan** said before we get to our first item I just wanted to make sure that everyone has gotten—we did get updates on Items 2, on the Committee Agenda. I just want to make sure everybody got those updates. There was additional information on Item 2 and on Item 3 and there was updated information on Item 4.

Approval of standing committee minutes from July 6, 2015. **On motion of Commissioner Walters, seconded by Commissioner Townsend, the minutes were approved.** Motion carried unanimously.

**Committee Agenda:****Item No. 1 – 150253...RESOLUTION: CASH MANAGEMENT & INVESTMENT POLICY**

**Synopsis:** A resolution adopting the revised Cash Management and Investment Policy, submitted by Lew Levin, Chief Financial Officer.

**Lew Levin, Chief Financial Officer,** stated the governing body has adopted a Cash Management and Investment Policy as required by the state. Currently, we have what I'm going to reference as expanded investment powers with the state which allows us to invest our idle cash for up to four years. As part of that ability our governing body is required to review our Investment Policy on an annual basis. We have a Cash Management Committee that meets quarterly, but we've reviewed our policy and we're proposing one addition to the policy that essentially requires that the individual that's appointed as Cash Manager either has the required investment training or will be required to complete that training within one year of his or her appointment. It's relevant at this time, our current Cash Manager is retiring in October and we feel this change will assist us in the recruitment efforts for his replacement.

**Commissioner Walker** asked are we going to pay for the training. **Mr. Levin** said the training—the expectation is yes. There's classes offered by the Government Finance Officers Association and those classes are at a nominal rate. I think the training would be less than \$1,000 including travel.

**Commissioner Walker** said well I suppose the question is what happens if they don't succeed in their training. Is this a pass/fail course? I mean you have some certification or you just have to show up and sit in a room. **Mr. Levin** said I don't believe there is a test involved. The individual would receive training material that they could utilize as they move forward in the position. The requirements for the position are still somewhat stringent. We're requiring some level of management experience as well as a degree in accounting or business. **Commissioner Walker** said I ask that because lawyers, when I go to CLE, often sit and read the paper or do their computer work. They're just sitting in the course. I see several here in the room that I'm sure have done that themselves. I just wanted to make sure that if we're going to train

somebody, there is actual training occurring here. You're just not fulfilling a certain number of hours of being in a room listening to somebody.

**Action:**        **Commissioner Walker made a motion, seconded by Commissioner Walters, to approve.**

**Commissioner Townsend** said one other quick question. I forgot what page it's on, who's identified as a member, members of the committee. Is the Cash Manager also a member of that committee, of the Cash Management Committee? **Mr. Levin** said the Cash Manager attends the meeting but he or she is not an official voting member of the committee. The committee includes Chief Legal Counsel, Chief Financial Officer, County Clerk, and County Treasurer. I might of have missed one other individual. **Commissioner Townsend** said the Clerk, the Director of Revenue, Treasurer, Chief Counsel designee, Legislative Auditor. **Mr. Levin** said yes. **Commissioner Townsend** asked the Cash Manager, is that person a UG employee or is this an outside individual. **Mr. Levin** said it's a UG employee.

Roll call was taken on the motion and there were five "Ayes," Alvey, Walters, Townsend, Walker, McKiernan.

**Item No. 2 – 150254...RESOLUTION: UG MEDICAL CLINIC FINANCING**

**Synopsis:**     A resolution authorizing funding for the UG Medical Clinic to be financed with Public Building Commission Revenue Bonds, submitted by Debbie Jonscher, Finance. Information forthcoming.

**Debbie Jonscher, Assistant Finance Director,** said I just have this resolution authorizing funding for the Unified Government Medical Clinic. The resolution includes and authorizes acquisition and furnishings of property at 800 Ann Avenue for the purposes of establishing a medical clinic to serve Unified Government employees.

The resolution also requests the Public Building Commission to issue revenue bonds to pay for these costs. The revenue bonds are backed by the lease payments that would be made by the county on the building itself.

In your packet actually included two resolutions that included the authorizing resolution as well as the Public Building Commission Resolution of Intent to issue the revenue bonds. That resolution would not be approved by the full Commission. That resolution would be approved by the Public Building Commission after the full Commission approved the authorizing resolution.

Authorization for the project is \$1,830,000. Approximately \$1.4M of that would be for acquisition and site improvements. The other \$450,000 would go for equipment and furnishings. This would be financed by the county over a 10 to 15 year period with the city paying it's prorated share of the payments. We estimated the city share based on the number of employees and we calculated that at 60%. It would be 60% city, 40% county.

**Chairman McKiernan** said if I could, I'd like to ask Mr. Connor to give some background on the medical clinic itself and it has kind of come about from employee benefits and some others.

**Joe Connor, Assistant County Administrator**, said this is a project that when I came to the Administrator's Office last year that was one of the first assignments that I was given. This was a project approved by the Commission previously to move forward with the establishment of an employed based health clinic. The purpose of the clinic is to provide employees with not only a way to get some healthcare but also to include a wellness component that we sorely need with the ultimate goal to lower our premiums. We are self-insured. We want to lower our costs of healthcare. This is a long-term investment. To do that it won't happen in year one, but we expect year three, year four, year five, to start to see some return on this investment and that's why we're bringing this forward today.

Just as a reminder, our provider will be Cerner for the clinic itself. It was our responsibility to find and equip a facility for Cerner to come work in. We've got a Cerner agreement that's been completed. Now we've got the building completed as well. We expect to have this clinic opened sometime next year. I really hate to say a specific date at this particular time, but we do expect things to move rapidly from here once we officially take ownership of the building and get started with the renovation process.

**Commissioner Walters** said you said this will be a county facility. Could you expand on the options that you went through and why is this not a city facility as opposed to a county? **Ms. Jonscher** said it would be a combined city/county on the county side. On the city side, if it was completely city, we would have the option of just doing a General Obligation Bond issue. On the county side, we are limited by state statute to the \$300,000 that we can issue General Obligation Debt for a public building improvements so we had to look at other options on the county side so that's why we looked at the Public Building Commission.

**Commissioner Walters** said and did you say that 60% of the people that would use this are city employees and 40% are county. **Ms. Jonscher** said right. We based that on the total number of Unified Government employees and approximately 60% are city employees. That's how we came up with that share.

**Commissioner Townsend** said I know we've been talking in terms of Unified Government employees. Would this facility be open in any way to dependents of those employees because that would also with the goal to decrease cost if dependents are part of the healthcare plan—**Mr. Connor** said that's correct. Year one would be employees only. Year two would include dependents. It would also include the establishment of a pharmacy within the facility as well so they can have more of a one-stop shop. We want to ramp this up. Again, this is based on usage so we wanted to staff it up. As people start to use it more we'll be ready to increase the staffing level for the additional usage.

**Commissioner Townsend** said one other question for Ms. Jonscher. What in simple terms would this mean to our budget per year in terms of expenditures. How will we see this in the budget accounted for? **Ms. Jonscher** said right now it is not in the budget. When we went through the budget process this year the medical clinic was not included in the budget. We would have to budget for the lease payments. The way it would work the Public Building Commission when they approve the issuance of the bonds, they would issue the revenue bonds and then we would have an agreement, the city and county would then pay back the, they would make lease payments to the Public Building Commission which would then in turn pay the debt service on the revenue bonds. **Commissioner Townsend** asked do we have any idea at this

point and time what those lease payments might be. **Ms. Jonscher** said I estimated, if we did a 10-year financing, I used a 3.5% rate; we'd probably be looking at about \$215,000 per year. It could be a little bit lower if we did a 15 year. **Commissioner Townsend** said we would expect \$215,000. I'm sorry, what was that number again? **Ms. Jonscher** said \$215,000. That's approximate, if we were able to get a rate of 3.5%. **Commissioner Townsend** said and we would expect in FY16 to see that first or any of that in 15, we expect. **Mr. Levin** said we haven't went out to bid with this financing yet. We would probably structure that there would be maybe more of a minimal payment in first year in 2016. We would have the ability to use Reserve Funds within the respective Debt Service Funds of the city and county with our full payment anticipated in 2017.

**BPU Board Member Alvey** asked the money that you spoke about that's for capital and furnishing the facility. What about the operational cost? Is that again, assessed? There might be a co-pay for an individual who would make use of the clinic and then again charge then to the Reserve Fund for healthcare costs.

**Mr. Connor** said the operational side of it, this is the building but the operational side is with our contract with Cerner. There is a flat fee that goes along-when you employee these kinds of companies you just pay a flat rate no matter how much you use it up or down. Like I say, we're going to ramp up the staffing and the costs for the dependents in year two so we can get year one, make sure we work all the kinks out, make sure that it's something the employees want to use, that's why we're not opening it up to all because you would basically be staffing the thing and not having anybody coming. We want to make sure that it ramps up appropriately. The costs for that are going to come from the Employee Health Fund. Again, this is a long-term investment with the return starting to come out in year 3, 4, 5, and on down the road. We really want to encourage the folks to use the health coaching, the wellness part of it to help lower the overall cost of the plan.

As far as co-pay, there will be some sort of payment most of those are on the High Deductible Plan. That's more of a by law. We have to charge something for that, but generally the cost will be very minimal or all the way down to none.

**BPU Board Member Alvey** asked is there sufficient capacity in this facility that we could in fact as you bring on the dependents in future years find that it's successful that actually could contract/provide similar services let's say to the BPU. **Mr. Connor** said the answer to your first question is yes, the facility does have sufficient capacity. We worked very closely with Cerner who has done this across the country to see what kind of space did we need. It's about 5,000 sq. ft. on the upper floor of a building we're looking at which is plenty for what they need for that. The answer to your second question is I've been in contact with both Don Gray and Sam DeLeon about this about this possibility. I think that the issue is that we were a little further along with our Strategic Planning and looking how this is going to be a long-term solution for us. I think that you guys have Strategic Planning coming up or there was some—this was going to be discussed with you as a board first before we start talking about a partnership or expansion for the BPU. It's certainly been contemplated.

**Commissioner Townsend** said we're saying that this would be a move to reduce healthcare cost to the UG. How would moving forward with the clinic actually reduce those costs? How do we anticipate achieving a savings by having this clinic? **Mr. Connor** said well, at the end of the day it's just how many claims do you pay. Right now, we're at about the \$27M, \$28M mark in claims that we pay out every year for healthcare. By going to the clinic it will be a cheaper alternative for us number one and number two we want that to include a more holistic look at our employees and their dependents so they don't access healthcare as often as in the future. You're trying to gain a healthier population with our population being defined as our employees and dependents. They won't use healthcare as much, they'll be a healthier population. That's where you see the savings. **Commissioner Townsend** said by advocating the wellness portion of it. **Mr. Connor** said yes. **Commissioner Townsend** said because what I was looking at or considering let's say I have a sore throat, I go to that clinic, how do we anticipate that that would be less if I just went the cost to treat that would be less, it may or may not. **Mr. Connor** said part of that cost is figured into the pro forma is return to work time. You may be able to make an appointment but we're hoping that you can walk in, get seen, get treated, get looked at, get counseled and then be able to get out quickly and so you're return to work time will be a lot shorter and the productivity will also go up. **Commissioner Townsend** said some of the cost savings is not necessarily the cost of the bill for the service, but other intended savings like you

said productivity. **Mr. Connor** said it's less sick days taken, more time at work, those kinds of things.

**Commissioner Walker** said well I thought that when we first discussed this it was the idea that by going to the clinic, when you go to a GP, you pay a \$30 co-pay under our current plan and then there is an amount that is charged per visit by contract between that participating physician and United Healthcare and I'm not sure what that number is. Now, when you go to a specialist, which virtually every doctor is today, you pay \$60 as your co-pay. The only way this works as far as I can see it is—there has to be a way to encourage an employee to go to the clinic and the only way you're going to do that is by making the deductibles for not going to the clinic higher ultimately, that won't be the way it will be at first, but that's how it will come out down the road. If it's going to cost me \$100 to go to a specialist or let's say it's going to cost me \$50 out of my pocket to go there, and I've got a cold or the flu, if I can go to the clinic for \$20 or \$10 or no dollars, I'm going to go to the clinic. I'm assuming that the contract for the physician services is cheaper per visit ultimately than what we're paying United Healthcare. The savings should come out—this is where it begins to cash flow when you get enough people going to the clinic who don't want to pay a higher deductible. That's not the plan today but I assure you if we keep with United Healthcare the only way this thing is going to work is to discourage people to go to United Healthcare except when it is absolutely an essential. Most health decisions you make, you got a cold, you think you broke your toe, you need stitches, those kinds of things; you don't need to go to a specialist to have that done. This clinic will be equipped to do that plus provide the additional benefits of the holistic advice that I'm not sure all doctors are very well equipped to do or would recommend vitamins, supplements, various alternative exercises and so forth. I think that's how it's going to end up working.

**Mr. Connor** said I just want to be clear about one thing. We're not trying to replace your family physician or your primary care physician. Cerner has promised to work in conjunction with those folks to share information. They're not there to be the replacement for your primary care. That's not what their goal is. The goal is to get our employees healthy and back to work and hopefully on a plan to being healthier throughout their life. That's what the difference is. **Commissioner Walker** said is it not like today—you don't have to go to your doctor to get your

flu shot. You can go up to your local drugstore and they give you a flu shot. They have flu shot days at the grocery store. You're not paying for an office visit plus the cost of the flu shot which I don't think is covered. Where are you going to go? You're going to go where it's cheaper. So you go up to the drugstore and get a flu shot rather than going to the doctor, those kind of preventive medical. Unfortunately, it seems like healthcare does not want to engage in preventive healthcare. You got something wrong with you, you go to them, they'll deal with it but the idea that you're trying to prevent something from happening is not a usual with most doctors. You got the problem and they're going to help you fix the problem. I guess the idea is selling your customer base on utilizing it. **Mr. Connor** said we're definitely not early adopters in this concept. This has gone on across the country and cities for a long time and they show good return on the investment. **Commissioner Walker** said I hope it succeeds.

**Chairman McKiernan** said back to Mr. Alvey's question about capacity within the building itself. If I understand correctly, there is actually a little bit more capacity than this clinic might ultimately need once it's all there. Is it possible that someone else could come in as a tenant in that building in addition to the clinic? **Mr. Connor** said I think the answer to that is yes. We haven't really contemplated what to do with the extra space just yet, whether it be UG department or additional capacity for another room for the BPU or a similarly situated tenant can compliment what's happening in the building. There's things to consider from a tax standpoint. If we start charging rent to someone that kind of changes the purpose of it and the tax status and things like that, lot of things to contemplate with that but yes the answer is yes, there is certainly could be room.

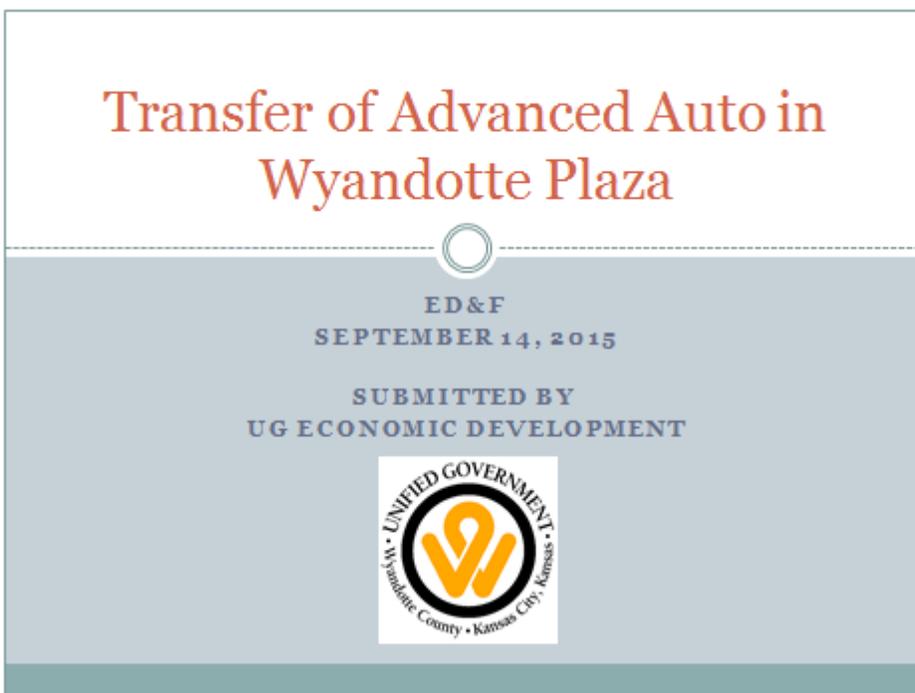
**Commissioner Walker** said maybe we could just simply give the BPU a free service in exchange for some of their free services. **BPU Board Member Alvey** said I second that motion. **Chairman McKiernan** said unfortunately that's not the motion we're here for. The Request for Action is to approve the resolution for the funding of the Medical Clinic Building.

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

**September 14, 2015**

**Item No. 3 – 150259...RESOLUTION: SALE OF ADVANCED AUTO PARTS**

**Synopsis:** A resolution authorizing the execution of a Transfer Acknowledgement and Assumption Agreement for Advanced Auto Parts within Wyandotte Plaza, submitted by George Brajkovic, Economic Development Director. Information forthcoming.



**George Brajkovic, Director of Economic Development,** stated as you probably recall back in May, 2012 we entered into a development agreement with some incentives in place with RED Legacy for the redevelopment of Wyandotte Plaza. To try to keep it as simple as possible for tonight's meeting, just so I can keep it straight, we actually contemplated two different bond issuances as part of the financing calling the first one the initial bond financing. It was about \$9.5M which allowed them to go acquire the property and get started on the new grocery store. Of that initial financing the UG actually backed those bonds. What was contemplated within the

**September 14, 2015**

development agreement was that within a two to three year window that gave the developer enough to build, to construct the new grocery store, backfill the old grocery store spot with new leases and that gave them enough performance time that they could actually go issue about \$14M in bonds, which would take out the UG backed bonds. In that timeframe it's all kind of coming together now.

What we're here for tonight is during that initial bond phase when the financing is being backed by us we have a provision within the development agreement that does not permit them to sell or sign any part of that project without our consent. That's really what they're coming forward with here tonight. In July they told us there was some interest from a large REIT for the majority of the shopping center and there has also been some interest to purchase individual pad sites. This Advanced Auto Parts is an individual pad site. We're using Mr. LaSala, I think you all know Todd LaSala with Stinson. He represented the UG on this transaction. That gave Todd an opportunity to work with their attorneys to kind of vet through this potential buyer to ensure that they were credit worthy buyer and someone that would be a capable owner of this. We started that process and then as we tried to tee up the agreement to sign off on the consent, the developer notified us that they were closing window that they had agreed to was shorter than the approval process to come before you tonight and so they actually went ahead and moved forward with that transfer. We are coming, staff supporting, we are just lagging a little bit in terms of they've already gone forward with the transfer. Todd, did I cover that correctly? **Todd LaSala**, Stinson, said that's all precisely true.

**Commissioner Walker** asked why should we do this. Do we know these new buyers? Are they anybody that we would've ever heard of? **Mr. LaSala** said no. It's an investor, commissioner, who—we did some vetting, we looked at their financial wherewithal, the documents about the investment group that was coming in to buy it. It is not really an operator. This is purely an investment for them. It's a triple net lease with Advanced Auto Parts which is obviously a good credit tenant, a national credit tenant, and because of the triple net nature of that lease the owner is really going to sit in the ownership position, collect rent checks, but all of the other indicia of ownership is really going to transfer to Advanced Auto Parts. They are going to pay the taxes, insure it, maintain the property and fully operate that property. To your question, we did sit down and look at their financials.



**Mr. Brajkovic** said I asked Shawn to throw in the aerial, sometimes it helps in the explanation of what we're doing. If you'll notice, when they first acquired this property really the majority of the center was all under one parcel. As they've gone through to redevelop it they've created these pad sites out in front. Right now the only discussion is on the transfer of this Advanced Auto Parts pad which looks like this building now. They have kind of put us on notice that they do have a party that's interested in buying this in line center not including the grocery store property, but this portion of it. We are trying to ensure that the process we are using for Advanced Auto Parts—and we can repeat that, but in reverse order as they move to sell the rest of the center, ie, having the consent in place prior to the transfer.

**BPU Board Member Alvey** said, George, I'm assuming the fact that they actually have a buyer is a sign that this has been a successful redevelopment of the center and it's attracting that kind of attention. **Mr. Brajkovic** said absolutely. The potential buyer for this center is a very large REIT that's interested in purchasing grocery store anchored retail centers. This buyer like Todd said it's more of an investor, smaller real estate transactions.

**September 14, 2015**

**Chairman McKiernan** said just to hear it from you this has economic or other advantages for us that would make us say, yes, this is a good thing to do. **Mr. Brajkovic** said correct. I don't know if Lew has any comments. Embedded in this, again, it sounds like they have an interest in selling the center, but we want to get out of the bonds that we're backing on it and kind of get them to move to more of a permanent financing. I believe Lew's been kind of working with some underwriters or looking at the feasibility of that transaction. Our hope is that we continue with the group that's in ownership now until we do that, what's called more permanent financing and we get out of the bond backing on the \$9.5M. **Mr. LaSala** said that next transaction may be more complex. When you're talking about somebody who is going to purchase the rest of the center it is necessarily more interesting to us who that owner will be, what their wherewithal will be. The rest of that will not be triple net like this pad site. The experience and operating similar assets we'll care an awful lot about when you see that next buyer. It has the potential to be a little more complicated than this.

**Lew Levin, Chief Financial Officer**, said the only thing I would add is and we have brought forth earlier this month a temporary note financing for part of the debt related to this center. I'm certain our position is we would not want to advance the sale of the entire center until we have clear direction or we know how we're moving forward with the refinancing of our existing debt. Our expectation is that will occur during the fourth quarter of this year.

**Commissioner Walker** said I don't know. There is just something that makes me nervous about these kinds of transactions where you have a developer build it, it seems to be going well and then offloading it. I guess that's a common commercial transaction but it's all too common in Wyandotte County. Maybe we really don't know who we're dealing with when we have a developer, but in this particular case I'm not sure of the corporate status, but we generally know who is behind the corporate status. In this essence we're substituting for a known quantity so a somewhat unknown quantity. It's just a natural hesitancy. I'm willing to pass this along. For myself, I am going to be wanting a fuller presentation at the Commission meeting to what really is going on here. Is it really that successful that this outside investor that we don't know is going to make a lot more money off of this than the current one or does the current one wanting out of

it for a reason that we don't understand that hasn't surfaced yet within our antenna. Maybe this is just the way of business, but whatever it is; I'm willing to vote for it tonight to pass it on and get it next week, a week from Thursday. **Mr. Brajkovic** said the 24th, yes. **Commissioner Walker** said I really want a little bit deeper presentation next time before I vote anyway.

**Mr. LaSale** said that's very reasonable to ask for obviously and I would think that we should make sure that RED Legacy is here to explain sort of their strategy on transitioning pieces of the assets to other people and talk about the buyer. **Commissioner Walker** said I'm sure there is but I would like to know what it is before I vote for it.

**Commissioner Townsend** said one thing my comment goes to the concern that Commissioner Walker has. My thought was and I understand that this will relieve the UG's debt but I was wondering if this development is going to be resold or sold off. What assurances, if any, does the area get that what is vibrant now and our customers and citizens are used to certain vendors there now remain vibrant and those same vendors. **Mr. LaSale** said great question. One of the issues that you see in these transfer and acknowledgement documents is what happens to the development agreement obligations. Importantly, when we negotiate the underlying development agreement we fight pretty hard for the obligations on the developer to continue to maintain this thing well, operate it, insure it. There's a bunch of operational obligations that we put on developers so it's not just about completing the initial construction of the project. It's about maintaining it and doing a good job with it for a period of 20 years. If the balance of this center sells sometime this year or next year, what we care about in this document if a buyer comes in, we want to make sure someone is on the hook for those operational obligations for the balance of the agreement that we negotiated with the original developer. One of the key important things that is going on in this document is we make sure that whoever picks up the ownership of this thing remains obligated in the same way that the developer was for that 20 year period.

**Commissioner Walker** said since we're rushing this a week from tonight or a week from Thursday. Are you pretty far down the road in that negotiation? **Mr. LaSale** said yes.

**Commissioner Walker** said are you prepared to say they're assuming the original developers obligation, without material change. **Mr. LaSale** said I am.

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

**Item No. 4 – 150252...RESOLUTION: MAINSTREET SKILLED NURSING FACILITY**

**Synopsis:** A resolution granting consent to the assignment of the base lease and performance agreement from MS Kansas City, LLC to Health Care REIT, Inc., as part of the Mainstreet Skilled Nursing facility, 8900 Parallel Parkway, submitted by Marlon Goff, Economic Development.



**September 14, 2015**

**Marlon Goff, Economic Development**, said we'll start with an introduction. We've got Curt Petersen with Polsinelli Law Firm. He is representing the developer in this particular item. Before we start I thought it would make sense for us to kind of take a moment to revisit this project.

## Project Overview

- Ordinance (O-25-14) approved in April 2014
- IRB PILOT and performance agreement.
- \$15M Investment
- "Next-Generation" skilled nursing & assisted living facility
- 100 new jobs, over 3 year period



We actually approved the ordinance in April 2014. It was a project that we made use of our IRB tool, negotiated a PILOT Agreement and it represents roughly \$15M in investments. This is a skilled nursing next generation facility just north of the Providence Medical Center Campus. It anticipates to create a little over 100 jobs over that same period. This is a project that's actually nearing completion, about 90% done or so which leads us to why we're here tonight.

## What are we here for tonight?

- MS-Kansas City, LLC plans to transfer ownership to Health Care REIT, Inc.
- Consider adoption of a resolution consenting to the assignment of base lease and performance agreement from MS-Kansas City to Health Care REIT, Inc.

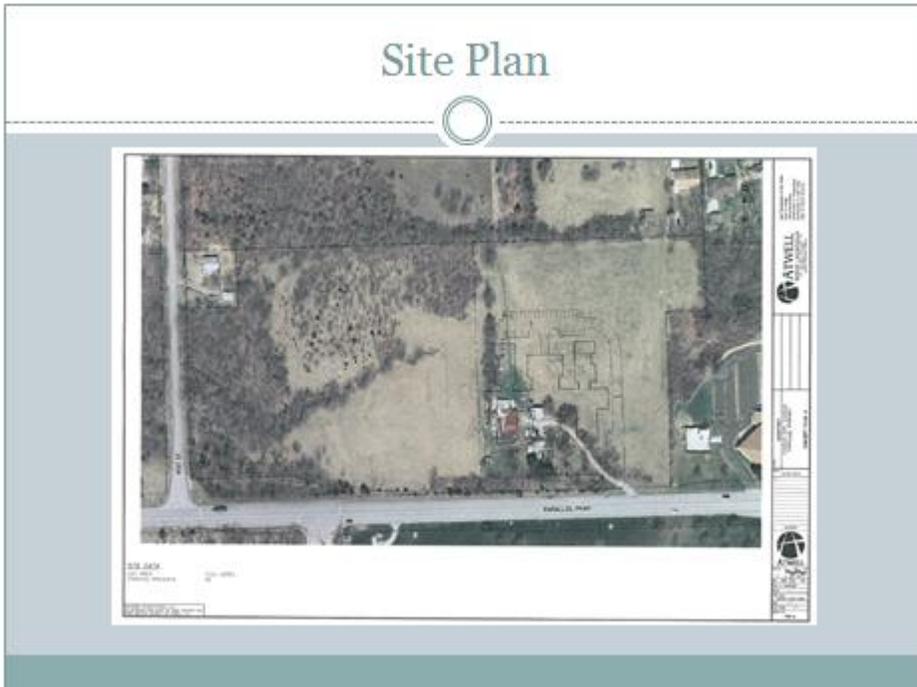
Similar to the request, but not actually the same structure, we're requesting an assignment resolution. That's part of their motto in this region. Mainstreet, which the legal entity is MS-Kansas City, as they complete construction on the project it's part of their strategy they will transfer ownership to another Health Care REIT, Inc., it's a multi-national healthcare investment holding company. I've talked with our Bond Counsel. They had an opportunity to visit some of their website tools. They specialize in this particular product. Curt is here to kind of answer any specific questions about the company if there are any. Essentially, the action item is to consider adoption of the resolution whereby we grant our consent for the assignment of that performance agreement.

## Satellite Image



This is the satellite image for folks in the audience and if you're unfamiliar with the project. I know it's been over a year and a half or so since we approved it. It's just north of the Parallel Providence Medical Center at 89<sup>th</sup> & Parallel Parkway.

**September 14, 2015**



This is an engineering site plan overlay prior to construction that kind of envisions what the property would like.

**September 14, 2015**

## Project Characteristics



This image here kind of goes over some of the interior finishes and the service. You can kind of get a feel of why they build this next generation type of skilled nursing facility. The thought is maybe you can have a hip replacement or something and you're at the hospital or one of the surgery centers, you come here and take part of your rehab and post-op care.

**September 14, 2015**

### PILOT Structure

Factor	Abatement %
Standard Abatement	45%
Residency/New Hires	5%
L/M/WBE Participation Goals	5%
Capital Investment	5%
<b>TOTAL</b>	<b>60%</b>

### PILOT value

• 10 year term	
• Current Annual Property Tax	\$1,020
• Annual PILOT	<u>\$158,829</u>
Net annual increase in revenue:	\$157,809

A quick overview of the PILOT structure we negotiated to 60% abatement. At the time that we approved the ordinance the annual property tax of this parcel resident was just over \$1,000. The first year of that PILOT we resulted in roughly \$157,000 net increase in property tax revenue. That's the just of my presentation. I'm certainly available for any questions. Again, Mr. Peterson is here as well.

**Commissioner Walker** asked who is Health Care REIT, Inc. and what else do they own and operate in the immediate area or the metropolitan area if you will. **Curt Petersen, Polsinelli Law Firm, here on behalf of MainStreet or MS Kansas City, LLC.** , said Health Care REIT is a billion dollar REIT that is traded on the nearest stock exchange is it's a public REIT. I actually off the top of my head don't know how many assets or properties it has, but just by even the name of the REIT itself, this is something that specializes in Health Care REIT. Specifically, assets in the Kansas City metro, I also don't off the top of my head have that for you commissioner. I can assure you and I know staff has looked at it, this is what they do and they are at the top of the food chain, if you will, in terms of expertise. **Commissioner Walker** said can we have this stuff before the full Commission, can we have some other properties or other assets that they have that we might be familiar with from other opportunities or other experiences, just for my edification. I recognize the name but I don't connect the name with a specific property or entity.

**Action:** **BPU Board Member Alvey made a motion, seconded by Commissioner Walters, to approve the resolution granting consent for the assignment.** Roll call was taken and there were five "Ayes," Alvey, Walters, Townsend, Walker, McKiernan.

**Item No. 5 – 150257...PRESENTATION: UG SMALL BUSINESS INCENTIVE PROGRAM**

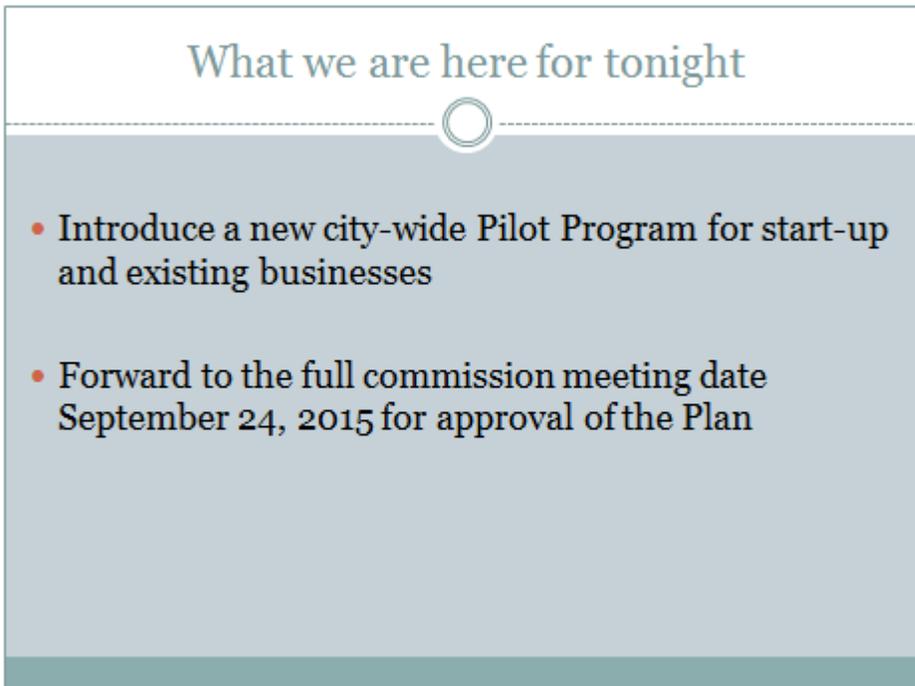
**Synopsis:** Presentation on the UG Small Business Incentive Pilot Program, by Charles Brockman, Economic Development.



**George Brajkovic, Director of Economic Development,** said I'll take an opportunity just to make some quick introductory remarks about this. This is kind of, we'll call it a PILOT program, but it's something we've been discussing with the County Administrator's Office for a while and really we've got a lot of details and we'll dive into it, but one thing I'd ask you to remember as we're going through it really the just of this proposal is that we're taking some of the money that's generated by the incentives or the cost of the incentives for these larger projects in the community and we're using a portion of that to help fund up something that can benefit small business. Specifically, in this proposal anytime we do an Industrial Revenue Bond project we have bond issuances fees that go along with those. Typically, those fees all go straight to the General Fund. We think there is an opportunity to carve out some of that revenue to fund up a program like this. Again, we've got a lot of details and Charles has done a lot of leg work on this. I don't want to take too much of his time away but I just wanted to offer those comments to say this is something that we're looking as a startup, but we're also wanting to do is reach out to some of our other community partners or other agencies that are also involved in pursuit of development projects that were redevelopment. We're hopeful that as they see us leading the way with a program like this that they're much more willing to offer or leverage any incentive

**September 14, 2015**

dollars they might have to attract new businesses into their coverage area. Let me turn it over to Charles and we'll kind of roll through the program itself.



The slide features a white header with the title "What we are here for tonight" in a blue font. Below the title is a dashed horizontal line with a small circle in the center. The main body of the slide is a light blue rectangle containing two bullet points in a dark blue font. The bottom of the slide has a dark teal horizontal bar.

### What we are here for tonight

- Introduce a new city-wide Pilot Program for start-up and existing businesses
- Forward to the full commission meeting date September 24, 2015 for approval of the Plan

**Charles Brockman, Economic Development**, said tonight we're here to introduce the new city-wide incentive program based on the IRB issuance fees that George discussed. Then we are also asking if we can forward it to the full commission date September 24 for approval of the plan.

## The Challenges

- Financing for small businesses
- Some areas are unproven markets
- The structures condition discourages investment
- Clearly identified opportunities
- Other than NRA, currently we do not have a specific incentive for small businesses

Some of the challenges that we had with this is we have some areas, I can touch on a couple of them, some of the areas are improving markets. We clearly have identified opportunities. We have constant calls from businesses wanting to have assistance or do you have a building or something like that where we can—at this point we don't but we're suggesting to offer this.

Other than the NRA Program currently we don't have a specific incentive tool for small businesses to help them.

## Pilot Program Goals

- Provide a city-wide incentive for small businesses via incentive tools used on larger scale projects
- Help stimulate growth and new investment
- Small business / neighborhood vitality
- Economic gardening
- Urban Innovation
- Coordination with other public and private groups

The program goal is we want to provide a city-wide incentive like I touched on via the incentive tool that are used on larger scale projects. This will help stimulate growth, neighborhood vitality and we also want to coordinate with other public and private groups as well.

## Pilot Program Funding Source

- UG 2015 Amended Budget            \$25,000
- UG 2016 Proposed Budget            \$50,000
- The program is established as a revolving grant fund and subsidized annually by a portion of the Issuance Fees collected for Industrial Revenue Bond Projects (IRB)

The Pilot Program funding source is \$25,000 for the 2015 Amended Budget and \$50,000 from the 2016 Proposed Budget. This is basically a revolving fund grant subsidized from the IRB issuance fees.

## IRB Issuance Fees

- The formula for calculation of IRB fees is established by Ordinance O-15-01
- This program derives a pro-rata share of fees charged then diverted to fund this program and the balance goes to the General Fund

Those fees are calculated through an ordinance that was established in 2001. It basically derives a pro-rata share of the fees charged then diverted to this fund and then what's leftover goes back to the General Fund.

### Example of a Fund-up Scenario

As an example, below shows how the larger IRB projects would help fund the program for smaller projects:

- \$125,000 in IRB issuance fees annually will fund the program \$50,000 annually
- Project values are between \$31 million to \$63 million to fund the program

An example of a fund-up scenario, below shows how the IRB larger project can do this. We have \$125,000 in IRB issuance fees would fund \$50,000 for this program.

The project values which means it would have to take \$31M to \$63M to fund the program and that can give us the \$125,000 in issuance fees.



**Mr. Brajkovic** said really quickly to clarify that, the variance in that is the way our fee schedule was set up as the project grows in terms of how many IRBs need to be issued, there is a lower percentage, the higher you go. To get to that we could do one \$63M project and we'd have \$125,000 or we would do five smaller projects. I think we averaged like \$6.5 or \$7M. What we wanted to show with these slides here is we're not asking for an impossible fee. If we look at our historical trends or performance data, we're issuing that much if not double that or triple that amount in IRBs each year, like this slide shows or highlights.

## Pilot Program Strategy

- Target existing businesses primed for expansion and start-ups with strategic plans:
  - ▷ Inventory as part of expansion
  - ▷ Building Façade Improvements
  - ▷ Commercial lease rate subsidy for operating pro-forma
  - ▷ Provides a one-time grant of \$2,500 to \$10,000
  - ▷ Discretion to award grants in excess of \$10,000 up to \$25,000 per project basis

**Mr. Brockman** said the Pilot program strategy is to target existing businesses primed for expansion and startups. Some of that can be funded or inventory, building/façade repair, lease rate subsidy's. The program itself will provide a \$2,500 to \$10,000 grant. The UG does have discretion to go over the \$10,000, but not past \$25,000 per project basis.

**Mr. Brajkovic** said these are staff recommendations. Certainly, if at any point, you want to shout out or tell us to add something to this. I know Greg Kindle and Jay Matlock are here with WYEDC. I want to touch just real quickly on the commercial lease rate subsidy. This is really to directly compete with something that Kansas City, Missouri can offer. They have certain target areas where if you take a business that's ready to expand, they offer a program that can subsidize up to three months' worth of their lease payment provided that they move to this certain target area. It just so happens that we're competing with KCMO right now on a couple of businesses that are in that expansion mode that if we had a similar tool, I think we could attract them certain corridors within our community as well. This was our initial attempt at itemizing what, who, the target grant recipient would be and under what type of reasons we would be willing to give them this grant money.

## Pilot Program Target Area

- The Pilot Program will focus on all areas of the city. As an example:
  - ▷ Existing business districts
  - ▷ Traffic corridors
  - ▷ Older and urban areas of the city
- Build on partnerships with other agencies and leverage their funding sources

**Mr. Brockman** said so the target areas here are existing business districts, traffic corridors and older and urban areas of the city.

What we also want to do is we want to make sure we build partnerships with other agencies leveraging funding sources like Downtown Shareholders, Brownsfield programs, things like that that we can have a partnership.

**Mr. Brajkovic** said again, in the past, just from the UG standpoint, we've had Brownsfield where we would get grant money from the EPA and we leveraged that to get properties or buildings eligible for reuse.

We also have a Land Bank program where we can help acquire properties. We've never had that next step where we have something to offer to a small business that can actually help transition them into being able to function or operate. We had the RLF Program that we administered for the Economic Development Administration. It's a federal program and really the hang up with that is the federal program has the requirements and things like paying prevailing wage if there is any construction associated with it. Typically, small businesses just aren't going to be able to pay those kinds of premiums to get a project floating or to have some capital flushed into. What we're hoping is using this keys in nicely with some of the other

programs we already have. Then we know that there is other community partners and Charles mentioned Downtown Shareholders who we've been engaged with and discussion because it fits right into the agenda they're pushing. They've got pop ups and startups that they're trying to attract downtown and we feel like it's part of our goal is to be able to truly leverage this grant money in coordination with some of these other partners.

## Pilot Program Oversight

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- Establish an oversight/advisory board – Annual program review
- Pilot program marketing will leverage referrals from existing support
- Home based businesses do not qualify
- Store fronts repairs are strategically tied to the placement of a start-up business or an existing business primed to expand
- Due diligence review of public records (i.e. codes, taxes, etc.)
- Job growth expectation

**Mr. Brockman** said the Pilot Program itself will have oversight. You have the in-house through Economic Development. Pilot Program will be marketing, leveraging referrals from existing support of programs we have out there. Home based businesses would not qualify. We have other due diligence that we are going to be required to do on applications.

## Grant Administration

- Submit an application and related documentation to the Economic Development Department  
[www.wycokck.org/economic/](http://www.wycokck.org/economic/)
- The review and approval process will proceed utilizing internal controls noted in the plan

The grant administration process is to submit an application and documentation to the UG and we have an in-house process utilizing internal controls to score the project basically to a matrix system to see how much they're able to apply for and then based on that get approval through the County Commission on the grant.

**Commissioner Walker** said I'm a little concerned and I didn't see it, if I missed it, I apologize. I like these programs when you put the label Pilot on them. I'd prefer a definition of what you mean by existing business district, traffic corridor, I mean it's pretty loose. It could just about be anywhere in the city, not that I'm opposed to that entirely. I would like to see us define the corridors, the business districts, and the older and urban areas we're talking about where we're going to put this. We've got places all over the community, largely within the 635 corridor, major arteries, Quindaro, Strong Avenue. Brian, I know you have several that you could identify. I don't know. Before we expand this to any place, anytime, anywhere, where you can justify one of those descriptions, I'm asking the question or am I telling you should we try to define or limit the area where we're going to put it if we're giving out public money for this purpose.

**BPU Board Member Alvey** said my concern is if you use that I-635 corridor but you know, for instance, with residential redevelopment that takes out Highland Crest. That's been a problem in the past. The Shawnee Drive redevelopment, you know, the Community Improvement District, the 1% tax added on, Gibbs Road, a few businesses there. Like you said there are places all across the county, the city that would benefit from this. My concern would be it would be limited just to what we normally think of say Strong Avenue, Leavenworth Road, Minnesota Avenue, Quindaro, Central Avenue apparently seems to be doing really well. In fact, I understand it has the highest rate of occupancy in the city for commercial. **Commissioner Walker** said it does seem to be, there's very few vacant buildings.

**Commissioner Townsend** said well my first presumption; I'm sure this is the same or is the same project that the Administrator brought to us during the budget plan. When it was initially proposed, I believe there was a term used, I don't recall now that would more narrow in the definition. By identifying it, citywide with these perimeters are set out that is exactly where the body said it wanted to be if you roll the tape when we had those discussions about that during the budget cycle. Initially, there was a term that was more restrictive so this was, as I read this and recall, more in keeping with the discussion we had during the budget, not to limit it to just certain areas or streets of the city. I think I used the term distressed areas which could be found in most any part of the city. At this point and time I'm comfortable with the way that that's defined because it leaves it open to qualify areas, businesses, sections of the city for which this is intended to revitalize and spur development so I'm okay with that.

**Chairman McKiernan** said one question that I had when I read through the materials with the agenda was will these applications be processed on an as received basis, so basically first come first served. **Mr. Brockman** said yes, commissioner, they would be. **Chairman McKiernan** said and then going back to some of our discussions during the budget cycle regarding how we publicize and make people aware of this, I'd like to make sure that we extend every effort to make sure that it's not just a small percentage of the eligible businesses who actually know about the existence of this program so that anybody who ends up within the areas that we designate, has an equal opportunity to put together a proposal, to put together a plan and apply for funds. **Mr. Brajkovic** said I think that's a great point. We've been working with Downtown

Shareholders and WYEDC and you know we obviously share some marketing responsibilities with WYEDC on other incentive programs. One of the keys that we see as, just kind of looking at it historically, what type of small business opportunities or those seeking to start a small business what were some of the common threads that they had. If you recall on the slide where we laid out the goals, one of the connections was neighborhood vitality. There is a large portion of these small business opportunities that arise directly from a neighborhood setting. As you were talking about that, I immediately thought how can we get some of the neighborhood groups involved. Again, just from a pure notification standpoint because they might know someone in that neighborhood that's trying to start a small business. I think that's really the kind of grassroots effort that this will require. I know that there is going to be some other interest from parties that are going to be interested in going into a downtown location and don't necessarily want to part of a neighborhood. I think there will be some real interest from that other side as well.

Again, keep in mind the funding for this year is \$25,000 and even next year it goes to \$50,000. Let's just say we have five projects that were looking for \$10,000 which, you know, for almost nearly any location or community would represent three months' worth of lease payments. We're expecting a lot of competition for these funds. Again, we're talking about servicing maybe five to ten or offering \$5,000 to \$10,000 of varying sizes. That's why it's important for us again to make that connection with some of these other partnering agencies to know what are they offering to that same small business. Again, we know we have Brownfield, Land Bank, now we have this grant application. What can the other partners put into the deal that really help, again, with another one of our goals which was economic gardening and really kind of the simplest terms what we're looking for there, is there an opportunity to pursue a very specific type of development and a very specific type of area. It might be when we start looking at how we leverage everyone's tools in the pursuit of small business that there will be a real opportunity to do something like that.

**Chairman McKiernan** said and this is labeled as Pilot Program. What's our timeframe anticipated for reviewing the results and possibly making recommendations? **Mr. Brockman** said after we review the application it's a 30 day process. **Chairman McKiernan** said no, I mean for us to evaluate the effectiveness of the overall effect of the program. **Mr. Brajkovic**

said I think as soon as we make the formal announcement that they have this policy in place. At the very least by the end of the year we should come back and report to you what kind of activity we've seen. That kind of goes back to the establishment of that oversight or advisory board where we're suggesting at the very minimum we meet with that board on an annual basis to discuss the business types that have submitted, where did the awards go, and look for really any trends whether it's within the application process or the award process. Certainly, whatever type of reporting schedule the Commission would like to see from us on this, we'd more than happy to accommodate. **Chairman McKiernan** said and the advisory board then would be facilitated out of your office. **Mr. Brajkovic** said we'll review the applications and make recommendations out of Economic Development. We haven't fully defined who's on that board yet because, to be frank with you, how some of these other partnering agencies; what are they putting into these deals to make sure we can get a small business established there. We want to make sure there is equal representation in this advisory board both from those that are successfully placing projects and then those that haven't been successful so we know how to bridge that gap as well. For right now we haven't really fully defined that component of it. I think that is something that will come into play as we announce the program and see what's coming in and we see how that interaction goes with the other partners.

**Chairman McKiernan** said there's two items under action request but I think we fulfilled number one which was presentation of the program plan. It looks like the action that is requested is to forward this plan to full commission on the date of September 24 for consideration by full Commission. **Mr. Brajkovic** said that is the request, yes.

**Commissioner Townsend** said I have a couple of other comments about that if we are going to forward it as is. There are some other things I'd like to see taken into consideration. I agree with everything that you said Commissioner McKiernan about the marketing of this. I'd like to see it not only to existing businesses but using any mechanism we can, just as you said grassroots effort with neighborhood groups. There may be entities, individuals out there who but for the availability of something like this may not be in existence right now. I think the marketing of the plan will be essential to it, its success in the intended markets and for what this is supposed to do.

Second question or observation that I had and this is on page 2 of the proposal, it's about the money itself. I understand it's capped each year at \$50,000 right? I did have some concerns in section 3 on that page where they talked about the UG having the discretion to award grants in excess of \$10,000 and up to \$25,000. If we're only dealing each year with \$50,000 and you expect a lot of competition, that might give as many entities the opportunity in a given year to do a startup or to do repairs if they want. I would like to see if we expect that much competition at least five entities. I don't know how many will apply, but I have concern that we exercise awarding, at least in the Pilot stage, grants at the \$25,000 level which would take 50% of the whole pot for any year. I would not like to see, at least in this stage, until we see the number of applicants, the amount of competition award more than \$10,000 at this point, to give more entities an opportunity to get something in a year.

That brings me to the other question of how this fund will look, let's say, by July of any calendar year, whereas a balance of \$5,000, is that all we have for the rest of the year or will money be ported to that account so you have a rolling balance of \$50,000. **Mr. Brajkovic** stated our understanding is that the budgeting process will account for \$50,000 total and as the issuance fees come in, if we've awarded grants those issuance fees will be used to basically replenish those accounts but my answer is not what I thought I was going to say. It's \$50,000 per year but we're repaying the budget via the issuance. **Marlon Goff, Economic Development**, said the budget authority is only \$50,000 although we'll have a rolling replenishment as we continue to do hopefully to do more and more IRB projects. **Commissioner Townsend** said but only in a calendar year, \$50,000 is it. Then that really takes me back to what I said earlier about limiting at least initially the amount that we give any one entity.

The other thing I'd like to call your attention to page 3, section 5, where we're talking about the application process. I really appreciate the way this was laid out. I was excited to hear about this project when the Administrator first talked about it. I would like to see that if, well it says the UG reserves the right to request additional information, make additional stipulations and or deny an application, that all makes sense. What I would like to make sure happens is that in the event an application is denied, the applicant is given a reason for the denial and an opportunity maybe, if they choose to, to cure it or better understand why they didn't get it or what could be done differently.

Then on Exhibit C, Application and Documentation Submittal, I appreciate this exhibit. Where in the process is there an opportunity for the Commission, or at minimum, this standing committee to see who has been approved and/or denied in a given month. I would just like to know that. **Mr. Brajkovic** said I think that kind of ties into the question Commissioner McKiernan had as well, what reporting comes back to the full elected body. I think for this year since we were in a compressed timeframe, I would suggest let's market this and come back before the end of the year with a report on the activity both on the applicant side as well as the award side and then moving forward from there do we want to do a quarterly report, do we want a bi-annual report, we're open to whatever your suggestion might be. I think where you're going on this, especially in the early stages of this probably more frequent reporting is probably in line with really trying to analyze how well this program is functioning. **Commissioner Townsend** said the way I interpreted what Commissioner McKiernan was asking, I agree with him, is evaluating how successful we were overall on the project and these pieces of it, what worked, what didn't. Before we get to that I'm requesting, say on a monthly basis, there may be none but we meet once a month, who applied, who was approved, how much they got, what was it for and who was denied and why. Just an update on that, not quite as extensive at that level and as often as often as what Commissioner McKiernan was talking about which I agree with that we step back a year from now and see how this worked. Before we even get to that just to see who's applying, who's getting money, how much or who's been denied. **Mr. Brajkovic** stated okay. **Commissioner Townsend** said thank you so much for this.

**Elnora Jefferson, Kansas City, KS**, said I'm here to applaud as well as I've heard others say economic development for what appears to be just a fantastic program. I'm approaching you as President of the board of HNMA which is the NBR for the Northeast East to Midtown area. I was looking at the program oversight as well as enjoying the conversation about grassroots involvement and neighborhoods. We've been looking for an opportunity to touch our businesses, small businesses in that area. To that point, I would like to suggest that it be considered that HNMA and maybe even as well, our sister NBRs be considered to have a seat on that board. Our two reasons maybe because it's also a contractual obligation, it's in our contract as an individual contact with the city to stimulate businesses, start businesses, as well as retain businesses.

The second thing I wanted to say is in the definition of businesses, especially if you look at our area, we're probably all over, I'm more familiar with our area, especially on the Quindaro corridor. We do have non-profits, which are a form of business, so the question is are non-profits included in this?

Then the third thing is just a suggestion which probably will be included anyway and that is just a definition of what the applicant is required to do, what that means. For example, a business summary, what does a business summary contain and that way we're sure the people have the same understanding when they apply. Those are the comments I have and thank you very much for the opportunity to state them.

**Mr. Brajkovic** said well we'll try to address some of those questions. On the non-profits we had not intentionally excluded them. I think, again, our base the premise for our decision making was existing business, growth opportunity, job creation, and Charles, unless I missed something or Marlon, along the way I don't recall specifically saying we were going to exclude other than home based businesses that we were going to exclude anyone from the application process. **Mr. Brockman** said that's correct.

**Mr. Brajkovic** said the question about the business summary, I think we could definitely go back through the document and if there are some key terms that we can identify that maybe requires some definition, I know just our recent discussion I think we said, how are we going to define small business. Really, that kind of stumped us for a few days and our fallback position on just that alone was under the RLF Program that we administered through the EDA, the definition that was submitted there was businesses with 100 employees or less. We felt that since that had already been established in a previous policy we we're willing to move forward with that, but I think to add to Ms. Jefferson's comments, I think that is probably a good one we need to make sure we're all on the same page of how are we really defining what small businesses we consider.

**Commissioner Walker** said I would just say if this is as popular as we seem to think, the reason you're going to be denied in many of the cases is there just simply isn't enough money to fund it. What I will say, is that on that aspect of the reason for denial, I think you should consult with

legal counsel and develop a format for standardizing answers because clearly there is going to be subjective decisions made by whoever decides. If we only have ten applicants and we give them all \$5,000, then that's a different animal. I clearly believe that we're simply in many cases just not have enough money to fund them. Somebody has to say one through ten are better ideas at better locations with more chance of success. I don't envy that decision-making and do not want to make it myself. Clearly, I think that the answers have to be phrased appropriately.

**Commissioner Townsend** said I can envision circumstances especially early on where we have the funds but there may be some legitimate deficiency in the way the application is presented or the purpose for which they're seeking funds. That's why I want to make sure that there is some mechanism for letting the applicant know. **Commissioner Walker** said I agree. The applicant should know a reason. I just hope this is so successful that we have to think of ways to get more money. **Commissioner Townsend** said it may be if we're already out of funds and we get applications we don't have to go through the whole process of vetting that application, we just don't have any money since Mr. Brajkovic won't let me have a rolling \$15,000. That's just the way it is. There is nothing that the applicant would learn from that for future business purposes other than we're just out of money and it's a timing problem. **Commissioner Walker** said should we then make a motion to forward this to the full Commission for final consideration subject to the various comments you heard and hopefully we'll have an opportunity to review it in more detail before. **Mr. Schlittier** asked may I say something. **Commissioner Walker** said now would be the time.

**Chuck Schlittier, Downtown Shareholders, Kansas City, KS, 726 Armstrong, Suite 201,** said we're looking right now, in fact may have some leveraged monies in process already. Certainly grateful the work that Charles and WYEDC, the group has made toward this idea and toward this issue. I think our board and I can ask our executive committee tomorrow would prefer that it would be for-profit business enterprises. I will do what my board obviously instructs me to do. I think at this juncture that would be our preference, but we'll gladly community what our board would decide to do. I do not see that as a deal breaker. If the Commission should decide to do otherwise, but again I think our preference would be to assist for-profit businesses.

**Commissioner Townsend** said would the gentlemen here believe based on what you heard tonight there would be enough time between now and the Thursday night meeting that would be the only concern I would have to incorporate the comments and suggestions they've heard. **Commissioner Walker** said I think my motion will be just to forward it as the Mayor sees fit to agenda it. The Mayor is not obligated to put this on the agenda next Thursday. **Commissioner Townsend** said you've kind of lost me, the action we're going to take tonight. **Commissioner Walker** said the action we're going to take is to forward it to the full Commission and if they can get it done, it will be on next Thursday, if not, they should ask the Administrator and then have the Mayor decide when it should be on the agenda, which could be the following regular meeting. **Commissioner Townsend** said okay because to me that's the most important consideration, giving these gentlemen adequate time to take this all into account. **Commissioner Walker** said certainly, I agree with that. We're not setting you up to have it ready by next Thursday. My motion is to forward it to the Commission when you inform the Mayor it's ready to be on the agenda.

**Action:** **Commissioner Walker made a motion, seconded Commissioner Townsend, to forward to the Commission when it's ready to be on the agenda and taking into consideration all of the discussion we've had tonight.**

**Commissioner Walters** said we had a little bit of discussion regarding the geographic location, if any, is this a county-wide program? **Mr. Brajkovic** said citywide is the way we've described it. **Commissioner Walters** said city of Kansas City only. **Mr. Brajkovic** said yes. **Commissioner Walters** said without any restriction to location. **Mr. Brajkovic** said no restrictions.

Roll call was taken and there were six "Ayes," Alvey, Walters, Murguia, Townsend, Walker, McKiernan.

**Commissioner Walker** said I will make one comment directed toward Commissioner Walters comment. I will be extremely unhappy if these monies are directed to areas that are already

prospering and vital for a small business. It is not my intention to fund Village West or—there are other vital areas that are doing quite well by themselves right now and do not need a supplement for a small business. If this program is going to survive, I think administration needs to demonstrate this is benefited areas that are in need of small businesses. I'm willing to go with an open definition. I will be very unhappy if we put money in businesses out at Village West which I doubt we realistically could because of the cost but you get my drift. **Mr. Brajkovic** said understood. **Commissioner Walker** said if I'm the only one, I'm the only one, that's kind of the way I feel.

**Commissioner Townsend** said well it's certainly not a distressed area which is what we're saying. **Commissioner Walker** said distress areas would be my preference.

### **Adjourn**

**Chairman McKiernan** adjourned the meeting at 7:25 p.m.

tk