

## **MINUTES OF THE MISSION FINANCE & ADMINISTRATION COMMITTEE**

May 6, 2020

The Mission Finance & Administration Committee met virtually via ZOOM on Wednesday, May 6, 2020 at 6:30 p.m. The following committee members were present: Hillary Thomas, Trent Boultinghouse, Arcie Rothrock, Nick Schlossmacher, Debbie Kring, Kristin Inman, Sollie Flora and Ken Davis. Mayor Appletoft was also in attendance. Councilmember Flora called the meeting to order at 6:30 p.m.

Also present were City Administrator Laura Smith, Assistant City Administrator Brian Scott, City Clerk Audrey McClanahan, Assistant to the City Administrator Emily Randel, Public Works Director Celia Duran, Public Works Superintendent Brent Morton, Parks & Recreation Director Penn Almoney, Neighborhood Services Officer Rebecca Brown and Municipal Court Clerk Amberley Bard.

### **Public Comments**

There were no public comments.

### **Public Presentations**

There were no public presentations.

### **Presentation and Approval of 2019 Audit**

Mr. Scott presented the financial audit for the year ending on December 31st, 2019 for approval from the Committee. This audit was performed by Berberich Trahan & Company, P.A., Certified Accountants (BT&Co.). Mr. Scott thanked Accounting Manager Debbie Long for her assistance with the audit as well as her hard work on the City's yearly financial transactions. Stacey Hammond, Audit Director, and Emily Sheldon, Audit Manager, for BT&Co joined to present the report.

Ms. Hammond began by sharing their responsibilities as auditors to follow the generally accepted auditing standards accepted in the United States of America, the Kansas Municipal Audit and Accounting Guide. Those standards require the auditors to perform procedures in order to obtain reasonable assurance about whether the financial statements of the City are free from material misstatement. Hammond informed that their procedures included examining evidence supporting the amounts and disclosures in the financial statements. They also reviewed the City's accounting principles and significant estimates made by management as well as evaluated the overall financial presentation. She was pleased to announce that the financial statements of the City are presented fairly and in accordance with generally accepted accounting principles.

BT&Co issued a “clean” or unqualified audit opinion for the period ending December 31, 2019, which is the best opinion the City can receive. The audit team also highlighted two new accounting standards which were implemented in connection with the 2019 audit:

1. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 84: Fiduciary Activities. This resulted in new guidance for identifying fiduciary activities for accounting and financial reporting purposes that resulted in the name change of certain funds from agency funds to custodial funds.
2. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 88: Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. This resulted in a clear labeling of direct borrowings disclosed in the notes to the financial statements.

The audit concluded that the City’s significant accounting estimates, for the year, were reasonable. There were no disagreements with management and BT&Co did not encounter any difficulties during the auditing process. Hammond noted the City was very cooperative and transparent. Hammond thanked Brian Scott and staff for the hard work and preparation for the audit.

Councilmember Davis recommended the audited financial statements for the year ending December 31, 2019 be forwarded to Council for approval. Ms. Smith recommended it be presented as a regular agenda item to highlight the strong financial position of the City. All on the Committee agreed this will be a non-consent agenda item.

**Acceptance of the April 8, 2020  
Finance and Administration Committee Minutes**

Minutes of the April 8, 2020 Finance and Committee Meetings were provided to the committee. There being no objections or corrections, the minutes were accepted as presented.

**GO Refunding Bonds, Series 2020A**

Mr. Scott presented on the General Obligation (GO) Refunding Bonds - Series 2020A recommending that staff be authorized to proceed with preparing an offering for sale of general obligation refunding bonds in the amount of \$6,395,000.

The City of Mission issued \$6,945,000 in general obligation (GO) refunding bonds in 2010 for the purpose of restructuring GO bonds that were previously issued in 2005 and 2009 to fund flood mitigation efforts and stormwater infrastructure improvements. In coordination with debt service on the City’s Series 2010A Bonds, the Series 2010B Bonds are structured in such a manner that the City pays interest only for the first nine years, then pays interest and principal in years 2020 through 2029. The interest rate on the bonds varies between 4% and 4.25%. The Series 2010B Bonds have a prepayment option that can be exercised by the City in September of 2020 whereby the City can refinance \$6,250,000 of the principal. This amount reflects the balance after the first principal payment of \$695,000 is made on September 1st.

The municipal bond market has been in a very favorable environment for the past year with the market for high quality municipal bonds becoming even more favorable in light of the current economic situation resulting from the coronavirus pandemic. Given this situation, it would be advantageous for the City to exercise the prepayment option on its Series 2010B Bonds by issuing Series 2020A GO Refunding Bonds in the amount of \$6,395,000 with the same maturity date of 2029. Ehlers, Inc. estimates that the new issue would have a true interest cost of approximately 1.52%, which would reduce the City's net interest cost over the remaining nine year life of the bonds (2020-2029) by approximately \$603,000.

The City will also engage in a review of its AA+ credit rating with Standard & Poors, and the City will solicit bids from the market for the sale of the bonds. Because the actual date for the recall of the 2010B GO Refunding Bonds is September 1st, the placement of the proceeds for payment of the recall must occur within 90 days of September 1. The actual sale of the bonds would be approved by the Council at the June 17, 2020 regular meeting with closing of the sale occurring on July 9.

Bruce Kimmel with Ehlers, Inc. and Kevin Wempe with Gilmore Bell, P.C. participated virtually to present further on this matter.

Bruce Kimmel addressed the bond report with the following information:

- Most of the 2010 B bonds' principal has been deferred while paying on other stormwater debt
- Can refinance at a lower rate because the coupons on the bonds are at 4-4.25%, which is higher than the current market rates
- There might be a possibility to have this deemed bank qualified, this might prove beneficial because if you have multiple banks bidding then they more than likely will provide a better interest rate
- The City's credit rating is excellent at a AA+ with no anticipated changes
- June 17th, City Council meeting, would award the bid to the winner

Councilmember Kring thanked Kimmel for bringing continuity to the project and is glad to have him on board.

Councilmember Boultinghouse thanked Kimmel as well and asked whether it was common for bonds to not have the principal being paid on in the first ten years and if there was a particular reason behind this practice. Ms. Smith responded generally the City seeks to structure debt over no more than a 10-year term with level debt service. However, there was a period of time from 2007-2010 that the City was creative in structuring stormwater debt, primarily because of the amount being financed. The debt was extended for a longer period of time, which is not uncommon for stormwater infrastructure which has a longer life, and level debt service was achieved over a number of separate issues rather than in each individual issue, to have a consistent, predictable debt payment while avoiding peaks and valleys.

Councilmember Davis recommended the proposed resolution authorizing staff to proceed with preparing an offering for sale of general obligation refunding bonds in the amount of \$6,395,000

(Series 2020A) be forward to Council for approval. All on the Committee agreed, this will be a non-consent agenda item.

### **Purchase of Municipal Court Software**

Mr. Scott presented on the purchase of new software for the City's Municipal Court. For nearly 20 years, the City has used a Microsoft Access database to manage court cases. This program was created by a computer science professor at Johnson County Community College for several municipal courts in the late 1990s and early 2000s. This individual has helped in maintaining the program over the years, but recently retired and moved out of the area. No one is readily available to step in and maintain the program going forward. In addition, the program has become plagued with functional issues over the years. The amount of data in the system causes the software to crash frequently. While the City has been able to do some updates, it has not been a solution to the problems. The database software and all desktop computers were upgraded a few years ago. The upgrade helped to alleviate some of the functional problems, but others still persist. This system is not a reliable long-term option for the Municipal Court.

Staff began researching new court case management software programs over a year ago and participated in site observations to garner an initial understanding of the features of various software programs that are available. Following the request for proposals, an internal selection committee including the Municipal Court Clerk, the City Clerk, the Accounting Manager and the Assistant City Administrator evaluated the three firms selected. They assessed the programs by looking at the visual layout and ease of moving through the software, ability to access data, functionality, ability to set-up and customize specific operations, etc.

The selection committee recommends Tyler Technologies for the City's Municipal Court case management software system for a one-time set-up and implementation fee of \$69,753. Although Tyler is more expensive than the other vendors, the selection committee believes there is more added value within Tyler Technologies' program. Some of these benefits include on-line capabilities for defendants, paperless environment through the court process, ability for a defendant to check court cases/status updates online and send payments. They also have the opportunity of a possible virtual court platform and phone in to meet the Judge. Tyler is being utilized in many other cities in Kansas which provides easy access to training and support.

Tyler's initial set-up cost for their software is quoted at \$69,753 or \$34,753 over the current project budget of \$35,000. Staff is proposing to utilize \$20,000 from the court's Alcohol and Drug Safety Fund (ADSAP Fund) to cover the majority of the additional expense. This program is no longer active and the fund is dormant, but the funds may only be spent on court-related expenses. The balance of \$14,753 is recommended to come from the General Fund through anticipated savings in the Municipal Court budget. In addition, to the initial set-up fee, there will be a reoccurring maintenance fee of approximately \$8,500. This fee covers updates to the software, technical support, and general maintenance. There is \$10,000 currently budgeted for computer maintenance in the Municipal Court budget that will cover this ongoing cost.

Councilmember Schlossmacher asked why the City is not going with a cloud based solution and was concerned about not having an IT department to maintain the servers. Mr. Scott explained

that the cloud based option upfront looked cheaper, however, the ongoing maintenance fees over the course of 4-5 years would exceed the on-server solution. He added that the servers are part of the contract we have for maintenance and upgrade with Johnson County Department of Technology and Innovation (DTI).

Councilmember Flora had concerns about the City's court population and the online platform. Mr. Scott affirmed that the online platform will be something the City evolves into overtime and didn't anticipate it being completely an electronic environment.

Councilmember Flora also questioned about the fees associated with the online platform. Mr. Scott confirmed that if a defendant uses the online system to pay a fine then there would be a convenience fee with that transaction. Also, Tyler has the option, through an automated application, to contact a defendant regarding upcoming court dates with the applicable service charge.

Councilmember Davis thanked the staff for all their work researching and determining the right Municipal Court software and recommended the purchase of a municipal court case management software program from Tyler Technologies for a one-time set-up fee of \$69,753 be forward to Council for approval. All on the Committee agreed, this will be on the consent item agenda.

### **Gateway Redevelopment Agreement Amendment #3**

Ms. Smith presented on the Third Amendment to the Third Amended and Restated Redevelopment Agreement for the Mission Gateway Project. In October 2017, the City approved the Third Amended and Restated Redevelopment Agreement for the Mission Gateway Project. In October 2019, as a result of the project's evolution, the City Council approved a First Amendment to the 2017 Redevelopment Agreement.

The First Amendment served a crucial role in reconciling the current project to the 2017 Agreement, and was required before the City could consider proceeding with any other actions concerning the issuance of Special Obligation Bonds for the project. The Amendment also required the Developer to commit a substantial portion of construction costs from private funding before the release of any bond proceeds.

Following adoption of the First Amendment, progress toward a special obligation bond issue continued. It was originally anticipated that the bonds could be marketed prior to the end of 2019, but ultimately the holidays and year-end forced a decision to delay issuance and marketing until after the first of the year.

The First Amendment (2019) specifically named two lenders for the project's financing, Bank OZK and The Carlyle Group. In January 2020, the Developer made a decision to move away from The Carlyle Group and finalized a term sheet with Cottonwood Capital. This decision necessitated a Second Amendment to the Redevelopment Agreement to reflect the change in lender, and that amendment was approved at the March 18, 2020 City Council meeting.

In reviewing the Second Amendment upon execution, the Developer's attorney discovered an

error in the amount/order of contributions between the two private lenders, and a Third Amendment is now required to correct the documents. Similar to the Second Amendment, this Third Amendment does not impact any of the project components or timelines and once the loans are finalized and the Bonds issued, the Developer will have all funds necessary to complete the entire project. The Third Amendment will be complete with the approval of the Resolution.

Councilmember Davis recommended the Third Amendment to Third Amended and Restated Redevelopment Agreement for the Mission Gateway Project be forward to Council for approval. He stated that this should be a consent item since this mainly entails editing and correcting the document. All on the Committee agreed, this will be on the consent item agenda.

### **Discussion Items**

#### **Voter Engagement Strategies**

Ms. Smith stated that Councilmember Boultinghouse reached out, after attending the National League of Cities' Conference, regarding possible voter engagement strategies including increasing voter registration and turnout in elections.

Councilmember Boultinghouse thanked Ms. Smith and the Committee for allowing him to present on this subject. He stated that he assessed the last two elections and found that Ward 1, which has two precincts, had the lowest voter turnout. In the 2018 midterm, their percentage was at a 45% turnout in relation to the 63% turnout for the rest of the City. He attended a workshop at NLC earlier this year entitled "Cities Vote: Building Voter Engagement to Permanently Strengthen Democracy" that talked about effective strategies to increase civic engagement and voter participation. He felt the workshop was extremely beneficial and gave him some ideas that he felt were worth discussing at a Council Committee meeting.

Several of the ideas discussed were:

- Provide voter registration information (a link to Johnson County Election Office's registration page and voter registration deadlines) in all city mailers and communication materials. The example given at the workshop was a municipality that included voter registration information on a monthly sewer bill that was mailed to residents. The Mission Magazine is currently the only thing mailed to all households in the City, and this information could easily be included as an "evergreen" feature in the City newsletter portion. If this is something that we want to pursue, Crux could keep an eye on opportunities as they complete their audits and research.
- Pass a resolution setting a goal for the City to increase voter turnout, potentially in conjunction with the #1 item above. The NLC has a page listing several cities that have identified this as a priority. There are more examples and tangible items (such as Ward contests, etc) that can be explored further.
- Conduct a city-wide campaign (perhaps with Crux) to encourage residents to take advantage of the county's vote-by-mail option

This issue is very personal for Councilmember Boultinghouse as he believes that it is his responsibility as a newer councilmember to meet residents where they are and make it as easy as possible to participate in the electoral process, especially for the large renter population residing in Ward I.

Councilmember Davis commented that this was a good idea but wondered how this would be operationalized and how it would be moved forward to Council action. Ms. Smith stated that as far as an “evergreen” approach this could be included in the Newsletter or Mission Magazine. She added that as plans are developed with Crux, the City can look at how this information can be easily made available through social media platforms. A Resolution could be drafted to proceed as an action item. She clarified that any friendly competitions would be left up to the discretion of the Council.

Councilmember Inman thanked Councilmember Boultinghouse for bringing this item up and thought this could also be used to address encouraging people to complete the Census.

Councilmember Thomas thanked Councilmember Boultinghouse and appreciated the idea of tying this in with advanced ballots in regards to the COVID-19 situation. This might help encourage those that are nervous about heading to the polls to still participate in upcoming elections.

Councilmember Schlossmacher stated that it was a good idea to put this information out through the Magazine as well as social media channels. He commented that the Johnson County Election Office does a great job at making resources available. He thought it was important to balance resources and time with the margin of return.

Councilmember Flora commented she would like to move forward with a Resolution.

Ms. Smith confirmed with the Committee that this would be addressed as a Resolution in an action item for the June agenda.

### **Selection of Committee Chair and Vice Chair**

Ms. Smith announced that the election of the Council Community Development Committee Chair and Vice Chair would take place in accordance with Section 130.010 (B) of the City’s Municipal Code, “On an annual basis, on or before the first June Council meeting, the City Council shall vote to elect the chairperson and vice chairperson of the Finance and Administration Committee and the Community Development Committee,” which will be appointed for one year. She stated that this was put on as a discussion item, to address any questions or interest in the roles. This item will be considered under “New Business” on the May 20, 2020 City Council agenda.

Councilmember Davis commented that with his past experience as a new member of Council that he found it helpful to be a part of a Committee in a leadership role. He commented that both of the Chairs currently serving have done an excellent job and thought there might be an opportunity for Councilmember Boultinghouse to step into a position. Councilmember Davis

stated he would take his name out of consideration as a possible candidate, and added that he thought it was a good idea to have a balance among the Wards.

Councilmember Thomas agreed with Councilmember Davis and stated she would be happy to step down as Chair of the Community Development Committee. She commented that Councilmember Boultinghouse would do a great job and that she would be interested in being involved with the Finance and Administration Committee.

Councilmember Flora stated she was happy to continue on in a Committee leadership role, but would encourage other members seeking the opportunity as well.

Councilmember Boultinghouse stated he would like to be considered for a leadership position in the Community Development Committee.

### **OTHER**

#### **Department Updates**

There were no departmental updates.

#### **Meeting Close**

There being no further business to come before the Committee, the meeting of the Finance and Administration Committee adjourned at 7:36 p.m.

Respectfully submitted,

Audrey M. McClanahan  
City Clerk