

MINUTES OF THE MISSION FINANCE & ADMINISTRATION COMMITTEE

September 5, 2018

The Mission Finance & Administration Committee met at Mission City Hall, Wednesday, September 5, 2018 at 7:25 p.m. The following committee members were present: Pat Quinn, Arcie Rothrock, Kristin Inman, Debbie Kring, Ken Davis and Sollie Flora. Absent: Hillary Thomas and Nick Schlossmacher. Mayor Appletoft was also present. Councilmember Davis called the meeting to order at 7:25 p.m.

Also present were Assistant City Administrator Brian Scott, City Clerk Martha Sumrall, Public Works Director John Belger, Chief Ben Hadley, and Public Information Officer Emily Randel.

Ordinance Authorizing Issuance of IRBs - Mission Apartments LLC

Mr. Scott stated that Mission Apartments, LLC requested the City issue Industrial revenue Bonds (IRBs) for the Mission Trails Project. The IRBs provide a sales tax exemption only on the purchase of materials, furnishings, fixtures, and labor associated with the construction of the project. The redevelopment agreement for this project that was approved last year anticipated the issuance of IRBs. Mr. Scott introduced Gary Anderson and Kevin Wempe, Gilmore & Bell, to provide an overview of how IRBs work.

Gary Anderson, Gilmore & Bell, Mission's bond counsel, provided an overview of the IRBs for this project and their general use and issuance procedures. He stated that it is customary for developers to ask for the issuance of IRBs and that this can make a significant difference in their project. He stated that most IRB issuances are done in the same way and that Mission Apartments LLC will purchase the bonds with their equity and/or loans and that the required steps throughout the process are similar for all IRB issues. He noted that it is important to remember that these bonds are not a city obligation and that they are only in place during the construction and leasing of the apartments. They will then terminate.

Councilmember Quinn stated that it appears the only real loss to Mission is if they are purchasing equipment, etc. for the project in Mission. Mr. Anderson stated that the City will see a small loss but there are limited purchases made in Mission for the project.

Councilmember Davis referenced the "white paper" regarding IRBs that included a diagram of the lease vs. indenture and requested additional information on this as it relates to Mission Apartments LLC. Mr. Anderson stated that Mission Apartments will lease the land to the City and we will lease it back to them for payment on the bonds. There is a trust indenture with the bank and he stressed that this is a very customary process. He also noted that there are several special requirements, including the developer being required to indemnify the City and list them as an additional insured, and if they "foul up" their State exemption then they must make the repayment.

Councilmember Flora asked for additional information on the City's involvement in the process. Mr. Anderson stated that we are involved due to our tax exemption. An ordinance to authorize the issuance of the IRBs will be required for Council approval and closing on the bonds takes place within 30 days following approval.

Councilmember Quinn recommended that an ordinance authorizing the City of Mission to issue Taxable Industrial Revenue Bonds (Mission Apartments, LLC Project), Series 2018, in a principal amount not to exceed \$20,000,000 for the purpose of providing funds to pay the cost of acquiring, purchasing, constructing, installing and equipping commercial facilities, including land, buildings, structures, improvements, fixtures, machinery and equipment; authorizing the City to enter into certain documents and actions in connection with the issuance of said bonds (sales tax exemption only) be forwarded to Council for approval. All on the Committee agreed. This will be considered on the City Council Agenda under "Issuance of Notes and Bonds."

Request to Revise Gateway CID #3 Implementation Date

Mr. Scott stated that the City Council approved the establishment of the Mission Gateway Community Improvement District (CID) #3 last fall which imposes a .01% sales tax on all retail transactions within the district. The ordinance establishing the district included a January 1, 2019 effective date. The Gateway developers have requested that the effective date be moved back to July 1, 2020 to align with the completion of the development and to begin when retail activity begins.

Councilmember Quinn asked if this will require us to give-up sales tax at the end of the term. Mayor Appletoft stated that we have extended the Gateway CIDs before. Mr. Scott stated that the clawback provisions for the project are tied to an October 31st date for starting construction. It will take approximately two years to build and this is why the developer is requesting that the target date for the start of the CID is be moved out several years. The effective date of the CID is not included in the development agreement. Councilmember Inman asked what would happen if they fail to lease their retail space. Mr. Scott stated that they can always ask for an additional extension, but they will be anxious to get all spaces leased. Mr. Scott also noted that the timeline for the CID remains 22 years and clarified that the additional 1% sales tax through the CID is only in that specific district and goes to the developer and not the City. Councilmember Flora asked if denying the extension of the CID would help with keeping the developers timeline intact for completion of the project. Mayor Appletoft stated that when setting the effective date for the CID it is not always easy to pinpoint when that should be, and it is often anticipated that the effective date will be adjusted to match the project completion.

Councilmember Flora recommended that the ordinance amending Ordinance No. 1469 of the City of Mission regarding the Mission Gateway Community Improvement District #3 be forwarded to Council for approval. All on the committee agreed, but this will not be a consent agenda item.

Ordinances Adopting STO & UPOC

Capt. Madden stated that annually the League of Kansas Municipalities publishes a comprehensive public offense code and uniform traffic code for all Kansas cities. Mission adopts these publications by ordinance each year, which allows us to maintain uniformity with agencies throughout the area and the State, and keeps us up-to-date with the actions of the State Legislature. He noted that in the past, a drug ordinance was not included in these publications so Mission adopted our own. This year they are included in the UPOC.

Councilmember Quinn asked how our ordinance differs from the UPOC. Capt. Madden stated that our ordinance is very broad and the State's is more complex. He stated that by adopting the UPOC there would be better uniformity and we would always be current with State statutes. Councilmember Davis asked if the current ordinance would need to be repealed. Mr. Scott stated that it would and the proposed ordinance can be updated prior to the City Council Meeting. Councilmember Flora asked if one has a stricter punishment than the other. Capt. Madden stated that the judge still sets the fine schedule and there are no mandated sentences. He noted that there were changes this year regarding marijuana and CBD so adopting the UPOC helps to keep us up-to-date. Councilmember Kring asked that City Attorney Dave Martin be consulted and that his recommendation be considered.

Councilmember Quinn recommended that the ordinances adopting the 2018 editions of the Standard Traffic Ordinance (STO) and Uniform Public Offense Code (UPOC) as published by LKM and including any recommended changes from City Attorney Dave Martin be forwarded to Council for approval. All on the committee agreed. This will not be a consent agenda item as a revised ordinance will be presented at the City Council Meeting.

Surplus Property Resolution

Mr. Scott reported that staff prepares a surplus property resolution several times each year. These usually include vehicles, equipment, etc. that needs to be disposed of. Recently, the Parks and Recreation Department has been taking advantage of the closure of the Community Center to do some house cleaning, and they have identified old computers and audio equipment that needs to be disposed of. He noted that these have fully depreciated and are of no value. The computers will be wiped clean prior to disposal.

Councilmember Inman recommended that the resolution declaring surplus property for sale or disposal be forwarded to Council for approval. All on the committee agreed. This will be a consent agenda item.

Other - Department Updates

Councilmember Quinn asked if the agreement with neighboring cities for Mission to provide animal control services has been completed. Capt. Madden stated that Ms. Smith is working on this and a draft is being shared with the group of cities involved.

Meeting Close

There being no further business to come before the Committee, the meeting of the Finance and Administration Committee adjourned at 7:50 p.m.

Respectfully submitted,

Martha Sumrall
City Clerk