

## Minutes

The City Council of the City of Leawood, Kansas, met for a Special Call Meeting at City Hall, 4800 Town Center Drive, at 6:00 P.M., on Monday, May 21, 2012. Mayor Peggy Dunn presided.

**Councilmembers present:** Debra Filla, Andrew Osman, Jim Rawlings, Julie Cain, Carrie Rezac, James Azeltine and Gary Bussing

**Councilmembers absent:** Lou Rasmussen

**Staff present:** Scott Lambers, City Administrator  
Joe Johnson, Public Works Director  
Richard Coleman, Comm. Dev. Director  
Deb Harper, City Clerk  
Patty Bennett, City Attorney  
Dawn Long, Finance Director  
Pam Gregory, Assistant City Clerk

**Others Present:** Roger Edgar, George K. Baum & Company, City Financial Advisor  
Bill Hess, Esq., Bryan Cave, LLP, City Bond Counsel  
John Klaus, Stifel Nicolaus  
Orval Papon, MD Management  
John Petersen, Esq., Polsinelli Shughart  
Bart Lowen, RED Development  
Charles Miller, Lewis Rice & Fingersh, RED Development Counsel  
Otto Westerfield, Johnson County Management  
Bruce Berry, Leawood Resident  
Diane Botwin, Leawood Resident

- 1. Discuss expansion of Transportation Development District [TDD] Issuance of Bonds for One Nineteen Development [Project # 80456]**
- 2. Continued Discussion of Establishment of a Community Improvement District [CID] for redevelopment**

Mayor Dunn called the meeting to order at 6:10 P.M. Introductions were made by those present.

**1. Opening Remarks – City Administrator Scott Lambers**

This discussion is in regard to the final processing of the second phase of Transportation Development District [TDD] Financing for the One Nineteen Development. They are within the financial parameters and have met the appropriate revenue stream for the size of the bond.

**Presentation**

Roger Edgar, George K. Baum & Company, City Financial Advisor, stated the bond issue will be approximately \$500,000 more than the estimated project cost to date. The City has been asked to fund an additional \$309,000 for road construction. The debt service coverage would not be a problem; the revenues are sufficient.

Mr. Lambers noted the developer had submitted some construction interest costs as part of their reimbursement. Those costs have not been certified because to date, the City has only financed those directly associated with the issuance of bonds. The developer has other eligible costs to be submitted that will be certified.

Mr. Edgar anticipated a closing date of July 15, 2012. The project is doing very well with the opening of new stores and an increase in sales. They have been paying additional principal above and beyond the mandatory payments.

Bill Hess, Esq., Bryan Cave, LLP, City Bond Counsel, reminded the Council that .25% of the debt service would be covered by special assessments.

Mr. Lambers confirmed the 22-year clock began with the first bond issuance.

Mayor Dunn received consensus to move forward with final documentation to bring this to closure.

**2. Opening Remarks – City Administrator Scott Lambers**

Due to Councilmember Bussing's absence, Mayor Dunn expressed his strong disapproval of a Community Improvement District [CID] Policy for the City.

Mr. Lambers stated this draft CID Policy should include everything the Council had indicated they were in support of, with exception to specific exterior improvements not eligible for financing. Roofs and HVAC units were two of the items they had discussed as routine maintenance that would not be eligible. He suggested they tie the 20-year age requirement of the development to the first building permit. If the first building permit is 20 years old, then any building within that development, regardless of age, would be eligible for CID financing.

Councilmember Azeltine agreed roofs and HVAC should be considered routine maintenance.

Councilmember Cain suggested siding replacement be considered routine maintenance as well.

Councilmember Rezac was opposed to doing any improvements to buildings and structures, whether they are siding, roofing, etc.

Ms. Bennett confirmed the developer contribution will be required to meet at least one of the following: A private financing threshold of at least 25% percent of the total cost of the exterior of the project; or provide private financing of at least 50% of all work being done on a redevelopment project, including interior renovation.

Mr. Lambers confirmed when considering establishment of a CID, the list of criteria for a project will be determined by the Governing Body on a case-by-case basis.

Ms. Bennett stated the term “Cost” does not include: Costs incurred prior to CID establishment, a developer’s attorney’s fees, financial advisor fees, real estate commissions, developer fees and fees paid to consultants representing developers. This does include costs such as architectural and engineering fees, environmental and geotechnical consultant fees, and other similar due diligence expenses associated with a project. These would be considered “soft” costs.

Councilmember Rezac was not in favor of allowing soft costs in the CID Policy, similar to that in the TDD Policy.

Councilmember Bussing joined the meeting at 6:55 P.M.

Mr. Lambers suggested they include language that general maintenance items will not be included; this will be defined on a case-by-case basis.

Ms. Bennett suggested the language under “Petition Sufficiency” be changed to read: “The CID petition “should” be signed by the owners of 100% of the property within the proposed district.” The minimum requirement would be 55% participation with a goal of 100%.

Mr. Lambers stated if they are in agreement to proceed, this will be placed on the June 4<sup>th</sup> Council agenda for approval.

Councilmember Filla suggested they include notice of the public hearing on the City’s website.

Mr. Lambers suggested the language under “Cost Definition” be changed to read: “This “may” include costs such as architectural and engineering fees, environmental and geotechnical consultant fees, and other similar due diligence expenses associated with a project” and would be determined on a case-by-case basis.

Mayor Dunn received consensus that the following projects would not be eligible for CID financing:

- Roofs
- HVAC
- General Maintenance
- Soft Costs – Determined Upon Project Approval

Public Works Director Joe Johnson confirmed in the past, the TDD Policy has focused on construction costs, not design costs. It does not include or exclude this and only indicates a dollar amount not to exceed.

Councilmember Bussing suggested they consider this carefully and reiterated he was opposed to using taxpayer funds to help a property owner improve a retail district.

There being no further business, the work session was adjourned at 7:25 P.M.

Pam Gregory, Recording Assistant City Clerk