



**MINUTES OF THE
JUNE 5, 2018
LENEXA CITY COUNCIL MEETING
COMMUNITY FORUM, 17101 W 87th STREET PARKWAY
LENEXA, KS 66219**

CALL TO ORDER

The meeting was called to order at 7:00 PM.

ROLL CALL

The following Councilmembers were present with Mayor Mike Boehm presiding: Joe Karlin, Steve Lemons, Bill Nicks, Tom Nolte, Corey Hunt, Andy Huckaba, and Mandy Stuke. Councilmember Roh was absent.

Staff present included Eric Wade, City Administrator; Todd Pelham, Deputy City Administrator; Mike Nolan, Assistant to the City Administrator; Tim Green, Deputy Community Development Director; Cindy Harmison, City Attorney; Danielle Dulin, Assistant to the City Administrator/Interim City Clerk; and other City Staff.

APPROVE MINUTES

A motion to approve the minutes of the City Council meeting was made by Councilmember Stuke and seconded by Councilmember Karlin. Motion passed unanimously.

MODIFICATION OF AGENDA

CONSENT AGENDA

1. Resolution calling for a public hearing to consider approving Tax Increment Financing (TIF) Redevelopment Project Plan 11 in the City Center TIF District (Area E Building - City Center Lenexa, LLC).

On June 4, 2018, the Lenexa Planning Commission will be considering TIF Project Plan 11 to determine if it is consistent with the City's Comprehensive Plan. If the Planning Commission makes this finding, then pursuant to State law, the City Council must pass a resolution calling for a public hearing. This action is strictly procedural and merely sets a public hearing for July 17, 2018 at which time the Governing Body will consider

adoption of a TIF project plan covering approximately 2.6 acres at the southwest corner of Renner Boulevard and future Scarborough Street to help finance construction of a two-story, approximately 20,000 s.f. mixed-use retail/office development with associated infrastructure including the financing associated with construction of the balance of Hampton Street and the construction of Scarborough Street from Renner Boulevard west and north to connect with 87th Street Parkway.

2. Resolution consenting to the enlargement of the Consolidated Main Sewer District of Johnson County to include property located south of Prairie Star Parkway between Britton Street and future Ridgeview Road.

This resolution consents to the enlargement of the Johnson County Wastewater's service area boundaries within the City. The enlargement of the district is necessary to accommodate future surface and subsurface development south of Prairie Star Parkway between Britton Street and future Ridgeview Road.

3. Resolution authorizing the Mayor to execute an agreement with Larkin Lamp Rynearson to provide design services for The Cedars Storm Drainage Improvements Project.

Consultant services contract with Larkin Lamp Rynearson for final design and preparation of construction plans for The Cedars Storm Drainage Improvements. The project area includes the neighborhoods from 87th Street to 84th Street between Lackman Road and Little Mill Creek.

END OF CONSENT AGENDA

A motion to approve items 1 through 3 on the consent agenda was made by Councilmember Nolte, seconded by Councilmember Hunt. Motion passed unanimously.

NEW BUSINESS

4. Resolution amending the 2018-2022 Capital Improvement Program to adjust the budget for the addition of a Wayside Horn System in Old Town Lenexa and to adjust the budget for the Police Department Mobile Command Post.

The proposed amendment reflects the addition of a Wayside Horn System in Old Town Lenexa at the Pflumm Road and Noland Road railroad crossings. Additionally, the amendment adjusts the budget for the Mobile Command Post for the Police Department. The total increase is approximately \$500,200.

Tim Green, Deputy Community Development Director, stated the feedback received from the public regarding the wayside horns in Old Town Lenexa was positive and this amendment to the Capital Improvement Program will allocate funding for the installation of the wayside horns.

Major Dawn Layman stated the additional equipment added to the mobile command post is eligible to be paid for with 911 funds. The additional \$150,000 will be paid for using those funds, but Capital Improvement Program needed to be amended.

A motion to approve Item 4 was made by Councilmember Stuke, seconded by Councilmember Huckaba. Motion passed unanimously.

5. Resolution authorizing the purchase of a Mobile Command Post from LDV Custom Specialty Vehicles.

This purchase and pricing was obtained through U.S. Government Service Administration Pricing for a total purchase price not to exceed \$550,711. This purchase was approved in the 2018-2022 Capital Improvement Program. The Mobile Command Post will be purchased from LDV Custom Specialty Vehicles.

Major Dawn Layman stated the current mobile command post was purchased in 2002 and has outlived its useful life. The new command post will be used for critical incidents and special events throughout the year.

A motion to approve Item 5 was made by Councilmember Huckaba, seconded by Councilmember Karlin. Motion passed unanimously.

PUBLIC HEARINGS

6. Consideration of City Center TIF District - Project Plan 1H--The Kiewit Project.
 - a. Public hearing to consider adoption of Redevelopment (TIF) Project Plan 1H within the City Center TIF District.
 - b. Ordinance adoption Redevelopment (TIF) Project Plan 1H.
 - c. Resolution approving a Disposition & Development Agreement with Kiewit Properties (Kansas), LLC regarding Redevelopment (TIF) Project Plan 1H.

TIF Project Plan 1H contemplates construction of a six-story office building, adjacent structured parking, and associated infrastructure and improvements on approximately 4 acres located south of 89th Street/Penrose Lane and west of Renner Boulevard. After the public hearing, the Governing Body will consider adoption of TIF Project Plan 1H. If passed by a 2/3 vote, the Governing Body will consider adoption of a Disposition & Development Agreement with Kiewit Properties (Kansas), LLC setting forth the terms and conditions for reimbursement of TIF eligible costs with TIF Revenues generated from the Project Plan 1H area.

Eric Wade, City Administrator, stated that the site plan for this Project Plan 1H was previously approved by the City Council on April 3, 2018. It is approximately four

acres with a six-story office building totaling 168,000 square feet and an accompanying parking structure with approximately 400 parking stalls and landscaping and site amenities. The increment will be used to reimburse Kiewit for TIF eligible expense. The increment will be used to reimburse the city for the cost of building Winchester from 88th Terrace to Mill Creek Road and 88th Terrace from Winchester Street to Penrose Road. Mr. Wade indicated that the DDA includes performance standards for the developer regarding the commencement and completion of construction. The reimbursement is prioritized with the city receiving the annual TIF administrative fee, the balance of the TIF fee and its public TIF reimbursable costs of \$291,000 after which the developer will receive 100% of the increment for the remaining 20 years of the project. The DDA also states that because the parking structure on the property is partially financed with TIF revenues, the city is allowed to use the parking garage up to 18 times a year at no charge for public events. The developer must be a member of the Lenexa Chamber of Commerce and sponsor one city event each year. The developer will also be paying a 1% administrative fee throughout the term of the TIF.

Mr. Wade stated the total eligible reimbursable costs are approximately \$18 million and the estimated increment generated is \$16 million. However, this is a pay-as-you-go TIF. Reimbursements are only made as the increment is generated; therefore, there is no risk to the city with this project.

There were no comments during the public hearing.

A motion to close the public hearing was made by Councilmember Nolte, seconded by Councilmember Lemons. Motion passed unanimously.

A motion to approve Item 6b was made by Councilmember Karlin, seconded by Councilmember Huckaba. Motion passed unanimously.

A motion to approve Item 6c was made by Councilmember Huckaba, seconded by Councilmember Hunt. Motion passed unanimously.

7. Consideration of City Center TIF District - Redevelopment Project Plan 5A--Sonoma Pointe Multi-Family Project.
 - a. Public hearing to consider adoption of Redevelopment (TIF) Project Plan 5A within the City Center TIF District.
 - b. Ordinance adoption Redevelopment (TIF) Project Plan 5A.
 - c. Resolution approving a Disposition & Development Agreement with Sonoma Pointe, LLC regarding Redevelopment (TIF) Project Plan 5A.

TIF Project Plan 5A contemplates a multi-family residential development consisting of 322 units in multiple buildings and associated infrastructure and improvements. After the public hearing, the Governing Body will consider adoption of TIF Project Plan 5A. If passed, the

Governing Body will consider adoption of a DDA with Sonoma Pointe, LLC setting forth the terms and conditions for reimbursement of TIF eligible costs with TIF revenues.

Mr. Wade indicated the project is located east of 435, south of 87th Street Parkway on the Maurer Road extension that is under construction. It is approximately 29 acres and includes 322 multifamily housing units in multiple buildings, site work, utilities, and parking facilities. The developer will receive 50% of the TIF increment up to \$3 million commencing once 150 multi-family units are completed. The private TIF reimbursable expenses include land acquisition, site development, surface parking, landscaping, lighting and other site amenities and interest during construction. Prior to substantial construction and until the end of the developer term for the remaining the 20 year TIF term, the city will receive 100% of the increment to be used for projects in the City Center TIF District such as street improvements, I-435 and 87th Street Parkway interchange improvements, public parking structures, land acquisition, landscape improvements and other public park improvements. Mr. Wade indicated the performance standards for the developer include completing construction by December 31, 2019, payment of required fees, upkeep of the property, civic involvement, sponsorship of one city festival, and an annual contribution to the Lenexa Foundation earmarked for Public Art.

Mr. Wade stated the eligible TIF expenses total \$14 million of which \$3 million are private and \$11 million are public. Mr. Wade explained that the quality and type of development east of I-435 is different than the development west of I-435, but there were extraordinary circumstances in developing this property and the private reimbursement will provide for high quality development with this project. The estimated TIF generated is \$13.6 million.

Trevor Keegan, 10016 Century Lane, questioned the need for public incentive for this development project as it is already underway. Mr. Wade responded the land had disparate ownership creating a challenge in acquiring the property for the developer. Additionally, there are site challenges and the quality of development desired on this site would not happen without public incentive.

A motion to close the public hearing was made by Councilmember Lemons, seconded by Councilmember Stuke. Motion passed unanimously.

Councilmembers Huckaba and Nicks agreed with the assessment Mr. Wade provided for the need for public incentive to get the quality of development the Governing Body desired in the City Center area.

Mayor Boehm noted this property likely would not be developed without public investment. He noted that the development provides amenities needed for Lenexa residents such as housing, restaurants, and retail opportunities. Additionally, while \$3 million is being diverted to the developer, \$11 million is being reimbursed to the city for street improvements and other public infrastructure. Cindy Harmison, City Attorney, added that the property taxes already being collected by the taxing jurisdictions will remain the same as only the increased increment is diverted.

A motion to approve Item 7b was made by Councilmember Huckaba, seconded by Councilmember Hunt. Motion passed unanimously.

A motion to approve Item 7c was made by Councilmember Huckaba, seconded by Councilmember Lemons. Motion passed unanimously.

8. Consideration of City Center TIF District - Redevelopment Project Plan 5B--Sonoma Plaza Retail Center Project.
 - a. Public hearing to consider adoption of Redevelopment (TIF) Project Plan 5B within the City Center TIF District.
 - b. Ordinance adoption Redevelopment (TIF) Project Plan 5B.
 - c. Resolution approving a Disposition & Development Agreement with Sonoma Plaza, Inc. regarding Redevelopment (TIF) Project Plan 5B.
 - d. Resolution determining the intent of the City to issue up to \$20,000,000 in industrial revenue bonds to help acquire, construct and equip a multi-phase retail development.

TIF Project Plan 5B contemplates a construction of approximately 143,700 square feet of retail in multiple buildings and associated infrastructure and improvements. After the public hearing, the Governing Body will consider adoption of TIF Project Plan 5B. If passed, the Governing Body will consider adoption of a DDA with Sonoma Plaza, Inc. setting forth the terms and conditions for reimbursement of TIF eligible costs with TIF revenues. Finally, the Governing Body will consider adoption of a resolution determining the City's intent to issue up to \$20,000,000 in industrial revenue bonds for construction of the project.

Mr. Wade stated this is in the same area as the previous projected east of I-435 and south of 87th Street Parkway. It is on approximately 25 acres and is 143,700 square feet of retail in multiple buildings including associated site work, utilities, and parking facilities. The DDA provides that the developer will be reimbursed up to 40% or \$4 million or up to 12 years upon substantial completion of the first stand alone building, whichever comes first. Prior to substantial construction and until the end of the developer term for the remaining the 20 year TIF term, the city will receive 100% of the increment to be used for projects in the City Center TIF District such as street improvements, I-435 and 87th Street Parkway interchange improvements, public parking structures, land acquisition, landscape improvements and other public park improvements. The DDA also has the same performance standards as Project Plan 5A. The city also received an application from the developer to issue \$20 million in Industrial Revenue Bonds (IRBs) for the construction of the project. Notice to issue IRBs was published.

Mr. Wade indicated that as part of Project Plan 5B, the developer intends to

construct a first-to-market, McKeever's grocery store. Staff has discussed a \$1.3 million economic development grant in response to a request for sales tax TIF revenue. Staff does feel that giving up sales tax is appropriate. The economic development will be brought before the Governing Body for discussion at a later date.

Mr. Wade stated the eligible TIF expenses total \$18 million of which \$4 million are private and \$14 million are public. The estimated revenues from the property tax increment are approximately \$17.6 million. The IRBs are not backed by the full faith and credit of the city; the developer is responsible for repayment of the bonds and all fees related to the bond issue.

There were no comments from the public.

A motion to approve close the public hearing was made by Councilmember Karlin, seconded by Councilmember Stuke. Motion passed unanimously.

A motion to approve Item 8b was made by Councilmember Lemons, seconded by Councilmember Huckaba. Motion passed unanimously.

A motion to approve Item 8c was made by Councilmember Karlin, seconded by Councilmember Hunt. Motion passed unanimously.

A motion to approve Item 8d was made by Councilmember Karlin, seconded by Councilmember Huckaba. Motion passed unanimously.

9. Consideration of I-35 & 95th Street TIF District - Redevelopment Project Plan 5-- Home2 Suites by Hilton and Office Project.
 - a. Public hearing to consider adoption of Redevelopment (TIF) Project Plan 5 within the I-35 & 95th Street TIF District.
 - b. Ordinance adopting Redevelopment (TIF) Project Plan 5.
 - c. Resolution approving a Disposition & Development Agreement with Stag's Pass, LLC and KWB, LLC regarding Redevelopment (TIF) Project Plan 5.

TIF Project Plan 5 contemplates a two-phase commercial development consisting of a Phase 1 redevelopment of a 19,000 square foot office building with surface parking and associated infrastructure and a Phase 2 construction of a four-story 99 guestroom hotel and associated improvements. After the public hearing, the Governing Body will consider adoption of TIF Project Plan 5. If passed, the Governing Body will consider adoption of a DDA with Stag's Pass, LLC and KWB, LLC setting forth the terms and conditions for reimbursement of TIF eligible costs with TIF revenues.

Mr. Wade stated the project is located on 5.6 acres along Rosehill Road and 96th

Terrace. Phase 1 is the redevelopment and renovation of a 2-story, 19,000 square foot office building including site work, utilities, parking and related improvements. Phase 2 is the construction of a 4-story, 99-room hotel, Hilton Home2 Suites. The TIF increment will be used to reimburse the developer for TIF eligible expense. The prioritization of reimbursement is laid out in the DDA. Generally, the developer will receive 100% of the increment generated up to 10 years commencing in 2020. Prior to 2020 and until the end of the developer term for the remaining the 20 year TIF term, the city will receive 100% of the increment to be used to reimburse the city for public improvements in the I-35 and 95th Street TIF District such as the I-35 and 95th Street interchange improvements and other arterial road improvements within the TIF district. Mr. Wade indicated the performance standards are similar to others discussed earlier.

The total TIF eligible expense are \$7.9million with \$3.9 million to the private developer and \$4 million to the city for street projects in the TIF district. The estimated increment is \$6.9 million over the term.

There were no comments from the public.

A motion to close the public hearing was made by Councilmember Nolte, seconded by Councilmember Huckaba. Motion passed unanimously.

Councilmember Huckaba stated that he is excited to see reinvestment in this area of the city.

A motion to approve Item 9b was made by Councilmember Nicks, seconded by Councilmember Hunt. Motion passed unanimously.

A motion to approve Item 9c was made by Councilmember Huckaba, seconded by Councilmember Stuke. Motion passed unanimously.

10. Consideration of a request to vacate a drainage easement located at the southwest corner of Prairie Star Parkway and Monticello Road.
 - a. Conduct a public hearing.
 - b. Approval of an ordinance vacating a drainage easement located at the southwest corner of Prairie Star Parkway and Monticello Road.

This is a request to vacate a drainage easement south of Prairie Star Parkway and west of Monticello Road.

Mr. Green stated that the drainage easement is being vacated to allow for additional town homes to be built in this location. There are no conflicts with other utilities.

There were no comments from the public.

A motion to close the public hearing was made by Councilmember Stuke, seconded by Councilmember Lemons. Motion passed unanimously.

A motion to approve Item 10b was made by Councilmember Nolte, seconded by Councilmember Nicks. Motion passed unanimously.

BUSINESS FROM FLOOR

COUNCILMEMBER REPORTS

Councilmember Nicks complimented the excellent outdoor concert over the weekend.

Councilmember Hunt thanked staff for their work in preparing the 300+ page packet explaining in detail each item that was approved during the city council meeting that evening.

STAFF REPORTS

11. Update on Series 2018 general obligation bond and temporary note sales

Doug Robinson, Chief Financial Officer, presented an update on the Series 2018A general obligation (GO) bond issues and 2018B general obligation temporary notes that will be issued in July. He indicated that the GO bonds are backed by the full faith and credit of the city. The city issues debt for permanent city projects--streets, buildings and stormwater infrastructure; they are not typically used for equipment purchases. Series 2018A will be \$24.5 million to refinance existing bonds at lower interest rates, and Series 2018B will be \$3.7 million to pay for the improvements in Maurer Road and Lone Elm Special Benefit Districts.

12. 3/31/2018 Quarterly Financial Report Presentation

Mr. Robinson presented the first quarter financial report.

ADJOURN

A motion to adjourn was made by Councilmember Nolte, seconded by Councilmember Hunt. Motion passed unanimously. Meeting adjourned at 8:30 PM.

/s/ Danielle Dulin
Assistant to the City Administrator/
Interim City Clerk