

MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF HAYS, KANSAS
HELD ON NOVEMBER 22, 2016

1. CALL TO ORDER BY CHAIRMAN: The Governing Body of the City of Hays, Kansas met in regular session on Tuesday, November 22, 2016 at 6:30 p.m.

Roll Call: Present: Shaun Musil
James Meier
Lance Jones
Eber Phelps

Absent: Henry Schwaller IV

Chairperson Musil declared a quorum was present and called the meeting to order.

2. MINUTES: There were no corrections or additions to the minutes of the regular session held on November 10, 2016; the minutes stand approved as presented.

3. FINANCIAL STATEMENT: Finance Director, Kim Rupp, reviewed the financial summaries of the revenue and expenditure activities of the City of Hays for the month ended October 31, 2016.

Month-to-date general fund sales tax collections were at \$648,591 which is an increase of \$53,435 as compared to last year. That is the first increase in four consecutive months. Year-to-date general fund collections are at \$6,009,194 down -\$209,849 or -3.37% as compared to this same time last year.

The Finance/City Clerk's Office invested \$4,600,000 of maturing or renewing certificates with a weighted average interest rate of .90%. The portfolio of certificates of deposit on October 31, 2016 totaled \$54,000,000 with a weighted average interest rate of .66% up .36% from a year ago. The total balance of the Money Market account on October 31, 2016 was \$1,000,000 with a current yield of .20%. Total investments are down \$600,000 when compared to this time last year.

James Meier moved, Lance Jones seconded, to approve the Financial Statement for the month of October 2016 as presented.

Vote: Ayes: Shaun Musil
James Meier
Lance Jones
Eber Phelps

4. CITIZEN COMMENTS: There were no comments.

5. CONSENT AGENDA: The following appointments were recommended at the November 10, 2016 City Commission meeting and are now being presented for approval.

Building Trades Board

Chris Teeter (Electrical Rep) – unexpired term to expire August 27, 2019 (1st term)

Hays Convention and Visitors Bureau Advisory Committee

Thomas Ostrander (Pasta Jay's) – unexpired term to expire December 1, 2018 (1st term)

James Meier moved, Lance Jones seconded, to approve the Consent Agenda as presented.

Vote: Ayes: Shaun Musil
James Meier
Lance Jones
Eber Phelps

NEW BUSINESS

6. ORDINANCE TO AUTHORIZE THE ISSUANCE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2016-A:

Kim Rupp, Finance Director, reported that the City requested bids for the purchase of approximately \$5,850,000 of General Obligation Refunding Bonds,

Series 2016A (the "Bonds") in order to achieve interest cost savings through early redemption.

David Arteberry with George K. Baum and Associates, the City's Financial Advisor, reviewed the process involved in preparing for the bond sale and presented the bond sale results. He stated five bids were received and the best bid with the lowest interest rate was from United Missouri Bank with a true interest cost of 1.8%. As a result, the final savings will be \$534,760. Mr. Arteberry stated there was good local participation in the sale of these bonds and he was very pleased with the results.

Mr. Rupp stated it is now necessary to approve an ordinance which would authorize the bonds to be issued, allow the levy of specials, and direct city officials and staff to execute the necessary documents to complete the sale.

Lance Jones moved, James Meier seconded, to approve Ordinance No. 3923 authorizing and providing for the issuance, payment, and security of General Obligation Refunding Bonds, Series 2016A in the principal amount of \$5,850,000.

Vote: Ayes: Shaun Musil
James Meier
Lance Jones
Eber Phelps

7. RESOLUTION FOR THE SALE AND DELIVERY OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2016-A:

Mr. Rupp stated as part of the process to sell bonds to refund Series 2005A, 2006A, 2007A, 2008A and 2009A, a resolution must be approved authorizing the sale of bonds as previously ordered by Ordinance. The resolution is quite lengthy and includes a detail of the bonds including redemption, security, establishment of funds and accounts, application of bond proceeds, defaults and remedies, continuing disclosure and other miscellaneous provisions.

Eber Phelps moved, Lance Jones seconded, to approve Resolution No. 2016-011 authorizing and directing the sale and delivery of General Obligation Refunding Bonds Series 2016A in the principal amount of \$5,850,000.

Vote: Ayes: Shaun Musil
James Meier
Lance Jones
Eber Phelps

**8. HAYS EXTENDED STAY HOTEL PARTNERS COMMUNITY
IMPROVEMENT DISTRICT (CID) – PUBLIC HEARING:** Kim Rupp, Finance

Director, reported that Hays Extended Stay Hotel Partners LP seeks incentives related to construction of an approximately 41,000 square foot Town Place Suites hotel featuring 80 rooms (+/-), to be located at the northeast corner of the intersection of I-70 and Vine Street, immediately east of the Best Western, north of the Hampton Inn, and south of the JT Travel Plaza.

Two separate CID petitions have been submitted; one petition seeks to impose a 1% CID sales tax on only the hotel property (CID I), and a second petition seeks to impose an additional 1% CID sales tax on the hotel property and the JT Travel Plaza property (CID II).

The total hotel project cost is estimated to be \$9,640,925. The total CID eligible expenses requested for reimbursement over the 22 year life of the CID is \$1,556,042

If approved, the total sales tax at the Travel Plaza would be 10.5%, and the total sales tax at the Hotel would be 16.5%.

The first step is for the City Commission to hold the public hearing. Should the Commission choose to move forward with the process, the next step would be to approve the development agreement, and ultimately, adopt the ordinance creating the CID.

Chairperson Musil opened the Public Hearing on the advisability of creating the Hays Extended Stay Hotel Partners CID I and Hays Extended Stay Hotel Partners CID II, and the imposition of a CID Sales Tax in those Districts.

There were no public comments.

James Meier moved, Eber Phelps seconded, to close the Public Hearing.

Vote: Ayes: Shaun Musil
James Meier
Lance Jones
Eber Phelps

9. HAYS EXTENDED STAY HOTEL PARTNERS COMMUNITY IMPROVEMENT DISTRICT (CID) – DEVELOPMENT AGREEMENT AND

ORDINANCE: James Meier moved, Lance Jones seconded, to approve Ordinance 3924 authorizing the creation of the Hays Extended Stay Hotel Partners I Community Improvement District in the City of Hays, Kansas; authorizing the making of certain economic development project improvements relating thereto; approving the estimated costs of such economic development project improvements; providing for the method of financing the same; and approving a development agreement.

Vote: Ayes: Shaun Musil
James Meier
Lance Jones
Eber Phelps

10. HAYS EXTENDED STAY HOTEL PARTNERS II COMMUNITY IMPROVEMENT DISTRICT (CID) – PUBLIC HEARING:

The Public Hearing for Hays Extended Stay Hotel Partners CID II was held at the same time as Hays Extended Stay Hotel Partners CID I. There were no public comments.

11. HAYS EXTENDED STAY HOTEL PARTNERS II COMMUNITY IMPROVEMENT DISTRICT (CID) – DEVELOPMENT AGREEMENT AND

ORDINANCE: James Meier moved, Lance Jones seconded, to approve Ordinance 3925 authorizing the creation of the Hays Extended Stay Hotel Partners II Community Improvement District in the City of Hays, Kansas; authorizing the making of certain economic development project improvements relating thereto; approving the estimated costs of such economic development project improvements; providing for the method of financing the same; and approving a development agreement.

Vote: Ayes: Shaun Musil
James Meier
Lance Jones
Eber Phelps

12. HAYS INVESTORS COMMUNITY IMPROVEMENT DISTRICT (CID) -

PUBLIC HEARING: Finance Director, Kim Rupp, also reported that Hays Investors LLC has submitted a petition for the creation of a CID to construct approximately 73,000 square feet of retail space, to be located on approximately 9.1 acres at the northeast corner of I-70 and Vine Street, and directly north of Home Depot. This development is expected to consist of an approximately 50,000 square foot building to be used by a national retailer and another 23,000 square feet of retail space. The CID would impose a 1% CID sales tax on the property. The total retail project cost is estimated to be \$13,671,702. The total CID eligible expenses requested for reimbursement over the 22 year life of the CID is \$3,613,702. If approved, the total sales tax on the retail development proposed would be 10.5%.

The first step in the statutorily-outlined process is for the City Commission to hold a public hearing on the matter. Should the Commission choose to move forward with the process, the next step would be to approve the development agreement, and ultimately, adopt an ordinance creating the CID.

The draft Development Agreement has been reviewed by the City's bond counsel and City Attorney. In addition to the standard language, City staff has included that even if the CID sales tax revenues exceed expectations, the developer will not be reimbursed for CID-eligible expenses for more than \$3,613,702.17 plus actual costs of interest on any financing by the developer at a rate not to exceed 7%.

In the event certificates of occupancy for 73,000 square feet of retail space are not issued within 36 months of approval of the CID, then the CID will be dissolved.

So long as the CID on the retail project property is in existence, the developer will not request, and the City will not approve, any additional economic development incentives on the retail project property.

Also, last week, the developer added Section 20 to the Development Agreement, allowing them to come back to the Commission to consider amendments should the project schedule be adversely impacted by changing economic and market factors. They indicated this was needed to satisfy the lender on the project.

Chairperson Musil opened the Public Hearing on the advisability of creating the Hays Investors Community Improvement District, and the imposition of a CID Sales Tax in that District.

There were no public comments.

Lance Jones moved, Eber Phelps seconded, to close the Public Hearing.

Vote: Ayes: Shaun Musil

James Meier

Lance Jones

Eber Phelps

13. HAYS INVESTORS COMMUNITY IMPROVEMENT DISTRICT (CID) – DEVELOPMENT AGREEMENT AND ORDINANCE:

Lance Jones moved, James Meier seconded, to approve Ordinance 3926 authorizing the creation of the Hays Investors Community Improvement District in the City of Hays, Kansas; authorizing the making of certain economic development project improvements relating thereto; approving the estimated costs of such economic development project improvements; providing for the method of financing the same; and approving a development agreement.

Commissioner Jones commented that he did not appreciate the last minute change to the development agreement, but stated he is in favor of the project, and thinks it is good for the City.

Ferdinand Niemann, an attorney representing the developer, stated the change does not bind the City to anything, but it gives the banker some level of comfort. There is no financial risk to the City other than the lost opportunity.

Chairperson Musil stated potentially once some incentives are paid off in possibly six to eight years, there's going to be a minimum of \$250,000 in property tax going to the city, county, and schools.

Commissioner Meier stated the City has had multiple months of declining sales tax revenue and if we don't get our sales tax revenues increasing on a consistent basis we are not going to be able to sustain our General Fund for years to come. At some point we are going to have to see some type of property tax be in the mix to fund the General Fund. He stated he is personally not in favor of CID's, but feels this is good for Hays and will help to keep the mill levy stable long term and should continue to bring in additional sales tax money and if it doesn't happen the City is out nothing.

Vote: Ayes: Shaun Musil
James Meier
Lance Jones
Eber Phelps

14. PROGRESS REPORT: Assistant City Manager, Jacob Wood, presented a monthly report of city-related activities, services and programs.

15. REPORT OF THE CITY MANAGER: The City Manager had no additional items to report on.

16. COMMISSION INQUIRIES AND COMMENTS: Commissioners Meier requested that the Public Works Department look into signage by the newly constructed JT Travel Plaza to assist traffic flow.

Chairperson Musil commented that he attended the Governor's Conference on Water and was proud to hear them talk about what the City of Hays has done in regards to water conservation education.

The meeting was adjourned at 7:30 p.m.

Submitted by: _____

Brenda Kitchen – City Clerk