

City of Hays  
City Commission  
Work Session Notes

Thursday, May 18, 2023 – 4:00 p.m.

Present: Shaun Musil, Sandy Jacobs, Reese Barrick, Alaina Cunningham, Mason Ruder, Collin Bielser, Kim Rupp, and Don F. Hoffman

**May 4, 2023 Work Session Notes**

There were no corrections or additions to the minutes of the work session held on May 4, 2023; the minutes stand approved as presented.

**10<sup>th</sup> and Walnut Moderate Income Housing – American Rescue Plan Act Grant – Resolution of Support**

Collin Bielser, Deputy City Manager, reported that the Kansas Housing Resources Corporation (KHRC) administers a variety of housing programs, including the Moderate Income Housing (MIH) grant program, which serves the needs of households that don't qualify for federal housing assistance. Due to the increased need for housing across the State, approximately \$60 million has been provided to KHRC to administer and support MIH programs, including \$20 million in federal funds provided to the State of Kansas as part of the American Rescue Plan Act (ARPA). Due to this increased level of funding, KHRC is offering two grant programs, one for traditional MIH funding, as requested in the past by Dave VanDoren for the Hadley Center and Justin Pregont for Frontier Apartments, and the other MIH-ARPA funding. MIH-ARPA funds will only be targeted to larger scale projects that can utilize more than the MIH-only award maximum of \$650,000.

Mr. Bielser stated that Michael Graham, of Michael D. Graham Rentals, LLC, has requested a Resolution of Support to apply for a MIH-ARPA grant application for a 48-unit multi-family housing project. The project consists of 36 1-bedroom units, and 12 2-bedroom units, on property owned by the City, located

at 10<sup>th</sup> and Walnut, more commonly known as the site of the old train depot. Redeveloping the former train depot site has been a desire of the City and discussions with Michael Graham to complete an infill project on this site have occurred in the past. Because the City currently owns the site, it is intended that if Mr. Graham's application is awarded funding, the property would transfer to his entity. The property is already zoned appropriately; however, the developer will need to plat the property accordingly.

Mr. Bielser noted that Mr. Graham has successfully completed infill apartment projects at 7<sup>th</sup> and Oak Street and is currently building on land at 4<sup>th</sup> and Fort Street.

Only local governments with populations less than 60,000 may apply for MIH-ARPA funds. If the grant is awarded, the grant will be officially between the City of Hays and the Kansas Housing Resources Corporation. However, City staff does not have the capacity to administer the grant, which includes monitoring the income levels of all tenants for five years in addition to maintaining compliance with ARPA federal reporting requirements. To address this, the City Attorney has prepared a draft assumption agreement, which unconditionally assigns all grant agreement rights and obligations to the developer. A draft personal guaranty was also prepared which states that the developer personally guarantees to the City prompt payment of all amounts due under the Agreement, prompt performance of all Grantee/Assignee obligations as well as the City's fees and expenses of collection. The personal guaranty is equal to the requested \$1.4 million grant. This is the same arrangement that was agreed to with the developer of Frontier Apartments, who received a MIH grant in 2021 to renovate the former St. Joseph School.

Grant applications must include a resolution from the governing body indicating support for the project. Adopting the Resolution would allow the developer to continue with the preparation and submission of an application for \$1.4 million in MIH-ARPA funding.

In addition to the \$1.4 million grant application, the developer intends to establish a Rural Housing Incentive District (RHID) for the project. Establishment

of a RHID requires a separate process, dictated by State Statute, which will be instigated at a later date.

Vice-Mayor Jacobs thanked Mr. Graham for his investment in our community.

At the May 25, 2023 Commission meeting, Commissioners will be asked to adopt a resolution in support for a MIH-ARPA grant application.

**Resolution Authorizing the Offering for Sale of General Obligation Bonds, Series 2023-A**

Kim Rupp, Director of Finance, stated that in 2021, the Governing Body approved resolution 2021-003 creating the King's Gate 2<sup>nd</sup> Addition Special Assessment District. King's Gate 2<sup>nd</sup> Addition is more commonly referred to as Royal Court and is located in the very northwest corner of the City, directly across the street from the new fire station. The project was structured for the City to construct the improvements, and then levy special assessments against the property in the benefit district. The special assessment revenue received by the City would then be used to repay general obligation bonds issued by the City to fund the cost of the projects.

The projects are now complete, and on March 23, 2023, the City approved an Ordinance levying assessments against each of the properties in the benefit district. On March 29, 2023, final assessment statements were mailed to property owners in the district giving a 30-day prepayment period. No prepayments were made.

City Staff, City Financial Advisor, Stifel, Nicolaus & Company, Inc, and City Bond Counsel, Gilmore and Bell, P.C., have been working on documentation in preparation for the sale of General Obligation (GO) Bonds Series 2023-A. The Bonds will provide permanent financing for the King's Gate 2<sup>nd</sup> Addition Special Assessment Benefit District. The resolution allows staff to pursue a bond issuance to reimburse the City for the improvements made to King's Gate 2<sup>nd</sup> Addition. The bonds to fund the special assessment projects will be issued in the

approximate principal amount of \$470,000 and will mature in 20 years, to match the expected special assessment revenues received from property owners.

Mr. Rupp stated that given the size and term, it is expected that this issue will be a private placement with several local banks interested. Therefore, it will not be publicly held. The City Clerk will publish a notice of intent to seek private placement in the Hays Daily News as well as on the City's website.

At the May 25, 2023 Commission meeting, Commissioners will be asked to approve the Resolution authorizing the offering for sale of General Obligation Bonds, Series 2023-A.

### **Other Items for Discussion**

Commissioner Ruder stated that the Youth Leadership Advisory Board met for the first time, and he is excited to see what projects they take on.

Commissioner Cunningham stated it was good to see so many out-of-town visitors in Hays recently.

Commissioner Barrick stated that he was disappointed that the Ellis County Election Officer/Clerk decided not to put a polling location at Fort Hays State University.

Vice-Mayor Jacobs stated it is a really good group of young people on the Youth Leadership Advisory Board and they have some great ideas. She also congratulated all of the high school and college graduates and was happy to see a large number of first-generation college graduates.

Mayor Musil thanked Commissioner Ruder for establishing the Youth Leadership Advisory Board, and he feels the group will provide new perspective on many topics.

The work session was adjourned at 4:14 p.m.

Submitted by: \_\_\_\_\_

Brenda Kitchen – City Clerk