AGENDA
CITY COUNCIL
Tuesday, October 06, 2020
9:00 AM

The regular meeting of the City Council will be held on October 06, 2020 at 9:00 AM in the City Council Chambers
455 N. Main Street, Wichita, KS 67202.

OPENING OF REGULAR MEETING

Call to Order

Invocation and Pledge of Allegiance

Approve the minutes of regular meeting on September 22, 2020.

Proclamations:

Financial Literacy Month
Walktober

Award:

ICMA

I. PUBLIC AGENDA

NOTICE: No action will be taken relative to items on this agenda other than referral for information. Requests to appear will be placed on a “first-come, first-served” basis. This portion of the meeting is limited to thirty minutes and shall be subject to a limitation of five minutes for each presentation with no extension of time permitted. No speaker shall be allowed to appear more frequently than once every fourth meeting. Members of the public desiring to present matters to the Council on the public agenda must submit a request in writing to the office of the city clerk prior to twelve noon on the Tuesday preceding the council meeting. Matter pertaining to personnel, litigation and violations of laws and ordinances are excluded from the agenda.
Rules of decorum as provided in this code will be observed.

1. Andrew Crane - Issues in the Blind Community.

II. CONSENT AGENDA ITEMS 1 THROUGH 13

NOTICE: Items listed under the "Consent Agendas" will be enacted by one motion with no separate discussion. If discussion on an item is desired, the item will be removed from the "Consent Agendas" and considered separately (The Council will be considering the City Council Consent Agenda as well as the Planning, Housing, and Airport Consent Agendas. Please see "ATTACHMENT 1 – CONSENT AGENDA ITEMS" for a listing of all Consent Agenda Items.

COUNCIL BUSINESS

III. BOARD OF BIDS AND CONTRACTS

1. Report of Board of Bids and Contracts dated October 5, 2020.

   RECOMMENDED ACTION: Receive and file report, approve the contracts and authorize the necessary signatures.
   10-05-2020 Board of Bids.pdf

IV. UNFINISHED COUNCIL BUSINESS - NONE

V. NEW COUNCIL BUSINESS

1. Public Hearing and Request for Letter of Intent for Industrial Revenue Bonds, Crestview Residences, LLC. (District II)

   RECOMMENDED ACTION: Close the public hearing, adopt the Resolution of Intent and authorize the necessary signatures.
   Agenda Report No. V-1.doc
   Verandas at Crestview - Amended Documents 9.28.20.pdf
   Resolution of Intent.docx

2. Public Hearing and Request for Letter of Intent for Healthcare Facilities Revenue Bonds, Larksfield Place. (District II)

   RECOMMENDED ACTION: Close the public hearing, adopt the Resolution of Intent and authorize the necessary signatures.
   Agenda Report No. V-2.doc
   Larksfield IRB Application 2020.PDF
   Resolution of Intent (2).docx

3. Resolution Setting a Public Hearing for Consideration of a Project Plan, Tax Increment Financing for Riverside Infrastructure Project Plan. (District VI)

   RECOMMENDED ACTION: Adopt the resolution setting a public hearing on November 10, 2020, for consideration of the Riverside Infrastructure Project Plan and

authorize the necessary signatures.
Agenda_Report_No._V-3.docx
Resolution 20-306.docx
Project Plan Riverside TIF 8-21-20 (1).pdf

4. Assignment of Development Agreement and Guaranty Agreement, River Vista, LLC. (District VI)

RECOMMENDED ACTION: Adopt the resolution, which approves the assignment of the Development Agreement and terminates the Existing Guaranty upon execution and delivery of the Guaranty Agreement by Maxus and authorize the necessary signatures.
Agenda_Report_No._V-4.docx
Guaranty Agreement 2020.docx
Resolution 20-307.docx
Piper Sandler Memorandum

5. Parking Agreement and Parking Addendum for City-owned Parking Spaces in the Surface Parking Lot at 200 South Broadway. (District I)

RECOMMENDED ACTION: Approve the parking lease agreement and parking addendum and authorize all necessary signatures.
Agenda_Report_No._V-5 (1).doc
Parking Agreement.pdf
Parking Addendum Signed.pdf

6. Economic Development Guidelines Update.

RECOMMENDED ACTION: Approve the 2020 Economic Development Guidelines.
Agenda Report No. V-6.docx
Sedgwick County - City of Wichita Economic Development Guidelines 9-29-2.._.docx

7. Agreement and Funding for Traffic Signal and Overhead Sign Structures Inspection. (PULLED PER CITY MANAGER)

RECOMMENDED ACTION: Approve the revised budgets and agreement, waive City Council Policy No. 2 regarding the use of project savings, adopt the resolutions and authorize the necessary signatures.

8. CARES Act Funding Allocations.

RECOMMENDED ACTION: Approve the funding allocations and recommendations, and authorize the funding agreements and necessary signatures.
Agenda Report No. V-8.doc

9. An Ordinance Amending Sections 3.49.010, 3.49.030, 3.49.060, 3.49.070, 3.49.080, and 3.49.270 of Chapter 3.49 of the Code of the City of Wichita, Kansas Pertaining to Emergency Wreckers and Repealing the Original of Said Sections and Repealing Sections 3.49.090 and 3.49.245.

   RECOMMENDED ACTION: Place the ordinance on first reading and authorize the necessary signatures.
   Agenda Report No. V-9.doc
   Delineated Ordinance
   Ordinance 51-352

COUNCIL BUSINESS SUBMITTED BY CITY AUTHORITIES

PLANNING AGENDA

NOTICE: Public hearing on planning items is conducted by the MAPC under provisions of State law. Adopted policy is that additional hearing on zoning applications will not be conducted by the City Council unless a statement alleging (1) unfair hearing before the MAPC, or (2) alleging new facts or evidence has been filed with the City Clerk by 5p.m. on the Wednesday preceding this meeting. The Council will determine from the written statement whether to return the matter to the MAPC for rehearing.

VI. NON-CONSENT PLANNING AGENDA

1. ZON2020-00007 - City Zone Change from SF-5 Single-Family Residential to TF-3 Two Family Residential; Located Approximately 1,800 Feet South of West 47th Street South and East of South Seneca Street. (District IV)

   RECOMMENDED ACTION: Defer consideration of this case until December 8, 2020.
   Agenda Report No. VI-1

HOUSING AGENDA

NOTICE: The City Council is meeting as the governing body of the Housing Authority for consideration and action on the items on this Agenda, pursuant to State law, HUD, and City ordinance. The meeting of the Authority is deemed called to order at the start of this Agenda and adjourned at the conclusion. A Housing Member is also seated with the City Council.

VII. NON-CONSENT HOUSING AGENDA

1. Public Hearing – 2021 Annual Agency Plan.

   RECOMMENDED ACTION: Conduct the public hearing on the Wichita Housing Authority 2021 Annual Agency Plan, approve the Plan and authorize the necessary signatures to certify the Annual Agency Plan for submission to the U.S. Department of Housing and Urban Development.
   Agenda Report No. VII-1.docx
   WHA 2021 Annual Plan Elements.pdf

Certifications of Compliance 50077-ST-HCV-HP.pdf
Civil Rights Certification HUD-50077-CR.pdf
KS004 WHA 2021 Annual Plan 50077-ST-HCV-HP.pdf
RAB Comments.pdf

AIRPORT AGENDA

NOTICE: The City Council is meeting as the governing body of the Airport Authority for consideration and action on items on this Agenda, pursuant to State law and City ordinance. The meeting of the Authority is deemed called to order at the start of this Agenda and adjourned at the conclusion.

VIII. NON-CONSENT AIRPORT AGENDA - NONE

COUNCIL AGENDA

IX. COUNCIL MEMBER AGENDA - NONE

X. COUNCIL MEMBER APPOINTMENTS AND COMMENTS

1. Board Appointments.

RECOMMENDED ACTION: Approve the appointments.

Adjournment

ATTACHMENT 1 - CONSENT AGENDA ITEMS 1 THROUGH 13

II. CITY COUNCIL CONSENT AGENDA ITEMS

1. Applications for Licenses for Cereal Malt Beverages:

a. Applications for Licenses to Retail Cereal Malt Beverages.

RECOMMENDED ACTION: Approve licenses subject to staff review and approval.
CMBs for October 6, 2020.docx

2. Preliminary Estimates:

a. List of Preliminary Estimates.

RECOMMENDED ACTION: Receive and file.
PEs for CC October 6, 2020.pdf

3. Petitions for Public Improvements:

a. Revised Petitions for Improvements to Serve Brookfield Addition. (District II)

RECOMMENDED ACTION: Approve the revised petitions and revised budget, adopt the amending resolution, and authorize the necessary signatures.
Agenda Report No. II-3a.doc
Supporting Documents.pdf
Resolution 20-310 018386
Resolution 20-311 018392
Resolution 20-312 085623
Resolution 20-313 085624

4. Agreements/Contracts:

a. Supplemental Design Agreement No. 1 for Improvements to Chalet Ridge Addition. (District II)

RECOMMENDED ACTION: Approve Supplemental Design Agreement No. 1 and authorize the necessary signatures.
Agenda Report No. II-4a.docx
Agreement.pdf

b. Supplemental Design Agreement No. 1 for Improvements to Emerald Bay 3rd and 4th Addition. (District VI)

RECOMMENDED ACTION: Approve Supplemental Design Agreement No. 1 and authorize the necessary signatures.
Agenda Report No. II-4b.docx
Agreement.pdf

c. Supplemental Design Agreement No. 2 for Improvements to Casa Bella 2nd Addition. (District II)

RECOMMENDED ACTION: Approve Supplemental Design Agreement No. 2 and authorize the necessary signatures.
Agenda Report No. II-4c.docx
Agreement.pdf

5. Minutes of Advisory Boards/Commissions:

Board of Park Commissioners, August 10, 2020

RECOMMENDED ACTION: Receive and file.

Uncategorized Items:

6. Visit Wichita 2nd Quarter Performance Report and Monthly Financial Report for August 2020.

   RECOMMENDED ACTION: Receive and file.
   Visit Wichita Reporting 8.2020.pdf
   Visit Wichita Quarterly Report Q2 2020.pdf

7. Donation for Sherwood Glen Park Improvement. (District VI)

   RECOMMENDED ACTION: Accept the donation, authorize the increased project budget, approve the amending bonding resolution and authorize the necessary signatures.
   Agenda Report No. II-7.doc
   SGNA MOU.docx
   Resolution 20-314.docx

8. Wichita Retirement Systems' Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2019.

   RECOMMENDED ACTION: Receive and file the Wichita Retirement Systems' Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019.
   Agenda Report No. II-8.doc
   2019 WRS Pension CAFR.pdf

9. United States Postal Inspection Service (USPIS) Asset Seizure and Forfeiture Fund.

   RECOMMENDED ACTION: Adopt the USPIS Asset Seizure and Forfeiture Fund Budget.
   Agenda Report No. II-9.doc

10. Annual Report for Stryker Multi-Sport Youth Complex. (District II)

    RECOMMENDED ACTION: Accept and file the Annual Report.
    Agenda Report No. II-10.doc
    Stryker Update July 2020.pdf

II. CONSENT PLANNING AGENDA ITEMS

NOTICE: Public hearing on planning items is conducted by the MAPC under provisions of State law. Adopted policy is that additional hearing on zoning applications will not be conducted by the City Council unless a statement alleging (1) unfair hearing before the MAPC, or (2) alleging new facts or evidence has been filed with the City Clerk by 5p.m. on

the Wednesday preceding this meeting. The Council will determine from the written statement whether to return the matter to the MAPC for rehearing.

11. SUB2020-00027 -- Plat of NewSpring Commercial Addition Located on the Northeast Corner of East 21st Street North and East K-96 Highway. (District II)

RECOMMENDED ACTION: Approve the documents and plat and authorize the necessary signatures.
Agenda Report No. II-11.docx
Supporting Documents.pdf

II. CONSENT HOUSING AGENDA ITEMS - NONE

NOTICE: The City Council is meeting as the governing body of the Housing Authority for consideration and action on the items on this Agenda, pursuant to State law, HUD, and City ordinance. The meeting of the Authority is deemed called to order at the start of this Agenda and adjourned at the conclusion. A Housing Member is also seated with the City Council.

II. CONSENT AIRPORT AGENDA ITEMS

NOTICE: The City Council is meeting as the governing body of the Airport Authority for consideration and action on items on this Agenda, pursuant to State law and City ordinance. The meeting of the Authority is deemed called to order at the start of this Agenda and adjourned at the conclusion.

12. Ashby Street Outdoor CC, LLC, Supplemental Agreement No. 1, Wichita Dwight D. Eisenhower National Airport.

RECOMMENDED ACTION: Approve the supplemental agreement, authorize the payment of the commission, and authorize the necessary signatures.
Agenda Report No. II-12.doc
Ashby SA#1.pdf

13. TENAX Aerospace, LLC – Supplemental Agreement No. 1, Wichita Dwight D. Eisenhower National Airport.

RECOMMENDED ACTION: Approve the supplemental agreement and authorize the necessary signatures.
Agenda Report No. II-13.doc
Tenax SA#1.pdf

Wichita, Kansas
October 5, 2020
10:00 a.m., Monday
Conference Room, 12th Floor

MINUTES - BOARD OF BIDS AND CONTRACTS*

The Board of Bids and Contracts met with Marty Strayer, Administrative Assistant, Public Works and Utilities, Cheryl Busada, Debt Manager, Finance, representing the Director of Finance, Trinh Bui, Principal Budget Analyst, Budget Office, Hannah Lang, Senior Buyer, representing Purchasing, Zach Kramka, Fellow, representing City Manager's Office, and Jamie Buster, Deputy City Clerk present.

Minutes of the regular meeting dated September 21, 2020 were read and on motion approved.

Bids were opened September 25, 2020 pursuant to advertisements published on:

Winston, Lots 49 through 57, Block a and Lots 1 through 9, Block 3 to serve Courtyards at Brookfield Addition Phase 2A (south of 37th Street North, east of Greenwich Road) (472-2020-085630/E0076(810106)/47457820) Does not affect existing traffic. (District II)
Winston, Lots 7 through 9, Block 1 and Lots 1 through 3, Block 2, and on Ritchfield, Lots 10 through 23, Block 1, and Lots 4 through 11, Block 2 to serve Courtyards at Brookfield Addition Phase 2A (south of 37th Street North, east of Greenwich Road) (472-2020-085631/E0077(810107)/ 47457820) Does not affect existing traffic. (District II)

Pearson Construction - $79,469.50 Group 1 Phase 2A
$117,644.00 Group 2 Phase 2B
$197,113.50 Aggregate Total

Water Line Improvements to serve Cheryl's Hollow 2nd Addition - Phase 3 (north of 13th Street North, east of 135th Street West) (448-2020-017096/E0048(810077)/47113020) Does not affect existing traffic. (District V)
Water Line Improvements to serve Cheryl's Hollow 2nd Addition - Phase 4 (north of 13th Street North, east of 135th Street West) (448-2020-017099/E0049(810078)/47113020) Does not affect existing traffic. (District V)
Sanitary Sewer Improvements to serve Cheryl's Hollow 2nd Addition (north of 13th Street North, east of 135th Street West) (468-2020-017095/E0053(810082)/47262420) Does not affect existing traffic. (District V)
Storm Water Drain #466 to serve Cheryl's Hollow 2nd Addition (north of 13th Street North, east of 135th Street West) (468-2020-085442/E0052(810081)/47307220) Does not affect existing traffic. (District V)

Mies Construction - $49,362.00 Group 1 Water Line Improvements Phase 3
$38,887.00 Group 2 Water Line Improvements Phase 4
$102,185.00 Group 3 Sanitary Sewer Improvements
$173,104.00 Group 4 Storm Water Drain #466
$363,538.00 Aggregate Total

Purchasing Manager recommended that the contracts be approved as outlined above, subject to check, same being the lowest and best bids within the Engineer's construction estimate.

On motion the Board recommended that the contracts be approved as outlined above, subject to check, same being the lowest and best bids within the Engineer's construction estimate.

PUBLIC WORKS & UTILITIES DEPARTMENT/SEWAGE TREATMENT DIVISION: Replace LS #16, Complete Station with Hinged Fiberglass Housing.

Smith & Loveless, Inc. * - $68,478.00
*Purchases Utilizing Sole Source of Supply Ordinance No. 35-856 Section 2 (b)

PUBLIC WORKS & UTILITIES DEPARTMENT/SEWAGE TREATMENT DIVISION: Replace LS #23, Complete Station with Hinged Housing.

Smith & Loveless, Inc. * - $69,895.00
*Purchases Utilizing Sole Source of Supply Ordinance No. 35-856 Section 2 (b)

Purchasing Division recommended that the contracts be awarded as outlined above, same being the lowest and best bid.

On motion the Board recommended that the contracts be awarded as outlined above, same being the lowest and best bid.

On motion the Board of Bids adjourned.

Marty Strayer, Administrative Assistant
Department of Public Works & Utilities

Jamie Buster, MPA, CMC
Deputy City Clerk

FORMAL BID REPORT **EXHIBIT A**

TO: Robert Layton, City Manager
DATE: October 5, 2020

ENGINEERING BIDS – GARY JANZEN, CITY ENGINEER
September 25, 2020

Paving-Winston; Courtyards at Brookfield Addition - Public Works & Utilities Dept/Engineering Division

Pearson Construction, LLC	**Group 1 – Phase 2A**	**$79,469.50**
	Group 2 – Phase 2B	**117,644.00**
	Aggregate Total	**$197,113.50**

WDS to serve Cheryl's Hollow 2nd Addition - Public Works & Utilities Department/Engineering Division

Mies Construction, Inc.	**Group 1- WL Improvements Ph 3**	**$49,362.00**
	Group 2 -WL Improvements Ph 4	**38,887.00**
	Group 3 - SSI	**102,185.00**
	Group 4 – SWD #466	**173,104.00**
	Aggregate Total	**$363,538.00**

PURCHASING BIDS – MELINDA WALKER, PURCHASING MANAGER
October 5, 2020

Replace LS #16, Complete Station with Hinged – Public Works & Utilities Department/Sewage Treatment Div

Smith & Loveless Inc. **$68,478.00**
Purchases Utilizing Sole Source of Supply Ordinance No. 35-856 Section 2. (b)

Replace LS #23, Complete Station with Hinged – Public Works & Utilities Department/Sewage Treatment Div

Smith & Loveless Inc. **$69,895.00**
Purchases Utilizing Sole Source of Supply Ordinance No. 35-856 Section 2. (b)

Hannah Lang for
Melinda A. Walker
Purchasing Manager

PAVING BID TABULATION SUMMARY

BOARD OF BIDS - September 25, 2020

203264		Engineer's Construction Estimate	APAC - Kansas Inc	Barkley Construction	Cornejo & Sons, LLC
Winston Phase 2A 472-2020-085630 E0076	Group 1	$90,234.00	$102,294.34		$96,204.59
Winston & Ritchfield Phase 2B 472-2020-085631 E0077	Group 2	$139,406.57	$141,243.86		$129,485.61
Courtyards at Brookfield Addition	BID BOND				
	ADDENDA	0			
BID TOTAL		$229,640.57	$243,538.20		$225,690.20
		Engineer's Construction Estimate	Dondlinger & Sons	Conspec Inc.	Pearson Construction
Winston Phase 2A 472-2020-085630 E0076	Group 1	$90,234.00		$85,275.10	$79,469.50
Winston & Ritchfield Phase 2B 472-2020-085631 E0077	Group 2	$139,406.57		$121,320.90	$117,644.00
Courtyards at Brookfield Addition	BID BOND				
	ADDENDA	0			
BID TOTAL		$229,640.57		$206,596.00	$197,113.50
		Engineer's Construction Estimate			
Winston Phase 2A 472-2020-085630 E0076	Group 1	$90,234.00			
Winston & Ritchfield Phase 2B 472-2020-085631 E0077	Group 2	$139,406.57			
Courtyards at Brookfield Addition	BID BOND				
	ADDENDA	0			
BID TOTAL		$229,640.57			
		Engineer's Construction Estimate			
Winston Phase 2A 472-2020-085630 E0076	Group 1	$90,234.00			
Winston & Ritchfield Phase 2B 472-2020-085631 E0077	Group 2	$139,406.57			
Courtyards at Brookfield Addition	BID BOND				
	ADDENDA	0			
BID TOTAL		$229,640.57			

CHECKED BY: KP

REVIEWED BY: _____

WDS/WDS/SS/SWD BID TABULATION SUMMARY

BOARD OF BIDS - September 25, 2020

203265		Engineer's Construction Estimate	Dondlinger & Sons	APEX Excavating LLC	Dutton Construction and Plumbing LLC
Water Line Improv. - Ph 3 448-2020-017096 E0048	Group 1	$76,785.00	$66,671.00	$50,744.00	
Water Line Improv. - Ph 4 448-2020-017099 E0049	Group 2	$54,489.00	$53,796.00	$42,325.50	
Sanitary Sewer Improvements 468-2020-017095 E0053	Group 3	$125,698.00	$124,630.20	$100,644.38	
Storm Water Drain #466 468-2020-085442 E0052	Group 4	$294,121.00	$174,678.00	$200,887.80	
Cheryl's Hollow 2nd Addition	BID BOND				
	ADDENDA	0			
BID TOTAL		$551,093.00	$419,775.20	$394,601.68	
		Engineer's Construction Estimate	McCullough Excavation	Mies Construction	Nowak Construction
Water Line Improv. - Ph 3 448-2020-017096 E0048	Group 1	$76,785.00	$75,250.00	$49,362.00	$49,982.10
Water Line Improv. - Ph 4 448-2020-017099 E0049	Group 2	$54,489.00	$54,045.00	$38,887.00	$39,375.25
Sanitary Sewer Improvements 468-2020-017095 E0053	Group 3	$125,698.00	$153,020.00	$102,185.00	$108,490.10
Storm Water Drain #466 468-2020-085442 E0052	Group 4	$294,121.00	$206,270.00	$173,104.00	$175,069.55
Cheryl's Hollow 2nd Addition	BID BOND				
	ADDENDA	0			
BID TOTAL		$551,093.00	$488,585.00	$363,538.00	$372,917.00
		Engineer's Construction Estimate	Stannard Construction d/b/a WB Carter	Utilities Plus	Wildcat Construction
Water Line Improv. - Ph 3 448-2020-017096 E0048	Group 1	$76,785.00			
Water Line Improv. - Ph 4 448-2020-017099 E0049	Group 2	$54,489.00			
Sanitary Sewer Improvements 468-2020-017095 E0053	Group 3	$125,698.00			
Storm Water Drain #466 468-2020-085442 E0052	Group 4	$294,121.00			
Cheryl's Hollow 2nd Addition	BID BOND				
	ADDENDA	0			
BID TOTAL		$551,093.00			

CHECKED BY: KP

REVIEWED BY: _____

October 5, 2020

Purchases Utilizing Sole Source of Supply

Ordinance No. 35-856 Section 2. (b)

SUBJECT: Replace LS #16, Complete Station with Hinged Fiberglass Housing

FOR A TOTAL OF $68,478.00

Department: Public Works & Utilities Department/Sewage Treatment

Vendor	Reference Authority	Cost
Smith & Loveless Inc.	Ordinance No. 35-856 Section 2 (b)	$68,478.00

October 5, 2020

Purchases Utilizing Sole Source of Supply

Ordinance No. 35-856 Section 2. (b)

SUBJECT: Replace LS #23, Complete Station with Hinged Housing

FOR A TOTAL OF $69,895.00

Department: Public Works & Utilities Department/Sewage Treatment

Vendor	Reference Authority	Cost
Smith & Loveless Inc.	Ordinance No. 35-856 Section 2 (b)	$69,895.00

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Public Hearing and Request for Letter of Intent for Industrial Revenue Bonds (Crestview Residences, LLC) (District II)

INITIATED BY: Office of Economic Development

AGENDA: New Business

Recommendation: Close the public hearing, adopt the Resolution of Intent and authorize the necessary signatures.

Background: Crestview Residences, LLC, was recently formed with the intent to acquire land and develop the new Verandas at Crestview apartments located at 300 N. 127th Street East. The facility will have three three-story buildings with 88 affordable housing units with a total capital investment of approximately $16,800,000. The developers are requesting a letter of intent to issue Industrial Revenue Bonds in an amount not-to-exceed $6,250,000 to finance part of the costs to acquire and construct the facility.

Crestview Residences has applied for 4% Low Income Housing Tax Credits, through the Kansas Housing Resource Corporation, which requires the use of IRBs for tax exempt financing.

Analysis: Crestview Residences is acquiring a 2.52 acre site at the southeast corner of the K-96 exit at 127th Street East. It intends to develop an 88 unit affordable housing apartment complex. The complex will include 72 one bedroom units and 16 two bedroom units. The units will include granite countertops in the kitchen and bathroom, walk-in closets, nine-foot ceilings, Energy Star rated appliances and in-unit washers and dryers.

The complex includes 143 parking spaces, 12 of which will be carports. Pedestrian paths will be incorporated on the site which lead to the pool and pool house, units will have wifi, recycling will be included and access will be control by a gate with each tenant having its own access code. The design of the buildings and site will be in the Craftsman/Prairie style.

Financial Considerations:

Source of Funds:

HUD 221(d)4 Mortgage	$7,000,000
LIHTC Credits 4%	$3,494,179
Tax Exempt Bonds	$5,700,000
Deferred Developer Fee	$620,146
TOTAL SOURCES	**$16,814,325**

Crestview Residences agrees to pay all costs of issuing the bonds and agrees to pay the City's $2,500 annual IRB administrative fee for the term of the bonds. Crestview Residences is not requesting a property tax abatement in conjunction with the IRBs. The project will qualify for a sales tax exemption on bond-financed purchases.

Legal Considerations: The law firm of Gilmore & Bell, P.C. will serve as bond counsel in the transaction. The form of bond documents shall be subject to review and approval by the Law Department prior to the issuance of any bonds.

Recommendations/Actions: It is recommended that the City Council close the public hearing, adopt the Resolution of Intent and authorize the necessary signatures.

Attachments: Letter of Intent Application, Resolution of Intent

Crestview Residences, LLC
1617 N. Waterfront Parkway
Suite 110
Wichita, KS 67206
johng@penfedrealty.com
316.393.4905

August 31, 2020

Mayor Brandon Whipple and Members of City Council
City of Wichita, City Hall
455 N. Main
Wichita, KS 67202

RE: Verandas at Crestview Proposed $6,250,000 Housing Bond Financing

The Honorable Mayor Whipple and City Council Members:

You may consider this letter a formal request for a letter of inducement for the issuance of housing bonds on the above captioned project. Per the requirements for submitting a proposal, the following are the responses to the inquiries under Section C.

Crestview Residences, LLC has applied for and has been allocated 4% Affordable Housing Tax Credits by Kansas Housing Resources Corporation (KHRC).

1. **Name and Address of Proposed Owner**

Owner: Crestview Residences, LLC
1617 N. Waterfront Parkway
Suite 110
Wichita, KS 67206
Telephone: 316.393.4905
Web: johng@penfedrealty.com

2. **Names and Addresses of Principal Owner, Guarantor and Property Manager**

Managing Member: Tallgrass Residences, LLC
JDG3, LLC, Co-Managing Member,
John D. Greenstreet, Managing Member
Bob Armstrong, Co-Managing Member
1617 N. Waterfront Parkway
Suite 110
Wichita, KS 67206

Guarantor	Crestview Residences, LLC 1617 N. Waterfront Parkway Suite 110 Wichita, KS 67206
Property Manager:	Yarco Property Management 7920 Ward Parkway Kansas City, MO 64114 816.561.4240

3. **Specific Location of the Project**

The Verandas at Crestview will be located at 300 N. 127th Street E., at the SEC of 127th Street E. and the entrance to K-96.

4. **General Description of the Project**

The Verandas at Crestview will consist of 88 apartment units. Unit mix will be 72 one-bedroom units and 16 two-bedroom units. Amenities will include swimming pool, outdoor kitchen and pool house, Clubhouse with gourmet kitchen and gathering room, fitness center and administrative offices. Interior finishes for the individual units will be of the highest quality and include granite countertops in the kitchen and bath, luxury vinyl flooring, 9' ceilings and in-unit washers and dryers. Per Section 42 guidelines, the units will be rent and income restricted. The target residents will be those individuals who earn 60% or less than the Wichita MSA area medium income, or effectively, "Workforce Housing".

5. **General Description of the Proposed Project Improvements**

The Verandas at Crestview will consist of 88 apartment units contained in three three-story buildings situated on a 2.52-acre development site. Total building square footage is 53,900 square feet. The project will have 143 parking spaces of which eight (8) are ADA specific and twelve (12) are carports. The architectural motif is mid-20th Century Craftsman which will convey a sense of permanence.

6. **Projected Benefits to the City of Wichita**

The General Contractor will purchase materials for the project locally resulting in investment into the local economy. Likewise, the General Contractor will be engaging numerous subcontractors for the job which will further result in additional investment into the Wichita economy. When completed, the Property Manager will have three full-time employees on-site for ongoing operations. And, since the owner is not requesting any form of real estate tax abatement, the City of Wichita and Sedgwick County will benefit from the receipt annually of the ad valorem real estate taxes.

7. **Dollar Amount of Bonds Being Requested**

The total original principal amount of the Bonds requested is in an amount not to exceed $6,250,000.

8. **Breakdown of Proposed Costs**

Please see attached Sources and Uses of Funds

9. **Underwriter and Bond Counsel**

The short-term cash-collateralized Tax-exempt Bonds will have Moody's Investor Service highest short-term rating (MIG-1). The Bonds will be publicly offered to Institutional Investors by The Sturges Company, Naples, Florida, and all of the costs associated with the offering are included in the Source & Use of Funds.

The bond counsel will be:

Gilmore Bell
100 N. Main
Suite 800
Wichita, KS 67202
Office: 316.267.2091
Attn: Joe Norton / Sarah Steele

Applicant agrees to pay for the services rendered by Bond Counsel

10. **Administrative Service Fee Agreement**

Applicant agrees to make a payment to the City of Wichita for administrative fees of $2,500 per year for the life of the bond.

11. **Effects of the Proposed Project on the Ambient Air Quality of the City of Wichita and Sedgwick County**

The proposed project will have no effect on the ambient air quality of the City of Wichita or Sedgwick County, nor will there be any other anticipated adverse environmental effects. The Applicant will comply with all applicable policies and requirements of the City of Wichita relative to environmental matters.

12. **Equal Employment Opportunities**

The Applicant will comply with all policies of the City of Wichita as it relates to equal employment opportunities.

13. Arrangement for the Sale of the Bonds

The short-term cash-collateralized Tax-exempt Bonds will have Moody's Investors Service highest short-term rating (MIG-1). The Bonds will be publicly offered to Institutional Investors by The Sturges Company, Naples, Florida, and all of the costs associated with the offering are included in the Source & Use of Funds.

The FHA long-term lender for the project will be:

Gershman Investment Corp.
16253 Swingley Ridge Rd.
Suite 400
Chesterfield, MO 63017
Attn: Mr. Paul Olson

Since the applicant has no operating history no audit is required.

Should you have any questions or wish to schedule a meeting, please call me at your convenience. Thank you in advance for your consideration.

Sincerely,

Crestview Residences, LLC
By Tallgrass Residences, LLC, Managing Member
By JDG3, LLC, Co-Managing Member
By John D. Greenstreet, Managing Member

c: Mr. Bob Armstrong, Co-Managing Member, Tallgrass Residences, LLC
Mr. Paul Olson, Gershman Mortgage
Mr. Peter Talbot, The Richman Group
Ms. Alissa Ice, Kansas Housing Resources Corporation
Ms. Sarah Steele, Gilmore Bell
Mr. Mike Sturges, The Sturges Company

VERANDAS AT CRESTVIEW
Project Description and Overview

8/31/20

Overview/Location

The Verandas at Crestview (Crestview), 300 N. 127th Street E., Wichita, Kansas 67206, is a planned upscale apartment community located at the Southeast corner of 127th Street E. and the entrance to K-96, proximate to the Crestview Country Club neighborhood on Wichita's affluent east side. Crestview is within minutes, via K-96, of numerous employment centers and the best retail shopping and entertainment / dining venues in the Wichita Metropolitan Statistical Area (MSA).

Inspiration

Crestview was inspired by demonstrated pent up demand for new high quality, yet comparatively affordable rental housing in the east Wichita market and the desire to develop a community possessing traditional neighborhood character with an efficient, unique design that delivers high quality one- and two-bedroom units making optimum use of available space while offering an extensive and technologically advanced amenity package.

Neighborhood Planning / Site Plan

The site layout was carefully conceived to provide optimum enjoyment, efficiency and flexibility. The Crestview will be the ultimate pedestrian friendly community with

extensive landscaping, courtyards and walking paths throughout, all of which lead to the Clubhouse and recreation areas.

Architectural Character / Building Materials

Architectural design will offer human scaled spaces and optimum use of detail, color and textures. The individual three-story buildings will have a timeless quality and impart a sense of permanence, thereby making an architectural contribution to the greater community. Construction materials will be Smart Siding products with "dry mortar" stone trim as well as heavy composition roofing.

The project will consist of 88 units total including 72 one-bedroom units and 16 two-bedroom units situated on approximately 2.52 acres, which will allow for pedestrian friendly open spaces, courtyards and conveniently positioned amenities. Including the "Clubhouse" space and all residential apartment buildings there will be approximately 53,387 square feet of heated/cooled space. Additionally, the preliminary plans call for 12 carport stalls as well as a 512 square foot pool house / outdoor kitchen. Unit mix with corresponding square footages and proposed rents are listed below.

Unit Mix

Unit/Type	***#Units***	***Bed/Bath***	***Living Area Square Feet***	***Rent/Month***
1 BR Flat	72	1/1	521-565	$675-$695
2 BR Flat	16	2/1.5	776-819	$795
Total	88		51,872	

As shown above, the one- and two-bedroom units will be priced at $675 and $795, respectively. These rental rates are substantially below all of the newly constructed properties of similar or, in some cases, lesser quality. Most of the "new-builds" are asking and achieving rents in the $850 to $1,050 range for one-bedroom units and $1,200 to $1,600 for two-bedroom units. The Novogradac & Company market study will confirm the above.

Because Crestview will be utilizing, as part of its capital structure, Affordable Housing Tax Credits, the project will be "income restricted". Under the guidelines set by Kansas Housing Resources Corporation (KHRC), one-person occupants cannot earn more than approximately $28,000 annually and a two-person occupant cannot earn more than approximately $35,000. The Developer has taken the position that this is, effectively, a non-event inasmuch as that is an annual earnings figure which represents a typical apartment resident in the Wichita MSA market.

Unit Design Features

The units feature Luxury Vinyl Plank (LVP) flooring throughout with the exception of carpet in the bedrooms, 9' ceilings, custom 2" shutters, baths with granite vanity tops with porcelain sinks, kitchens with granite counter tops and an Energy Star rated, upscale appliance package by Whirlpool, "in unit" washers and dryers and walk-in closets.

Resident Security / Safety

The project will be entirely surrounded by a decorative fence with gated entry that will include keypad control panel for residents and intercom control for guests. **Each resident will have their own individual security system as well as the ability, at their option, to remotely monitor and control unit lighting and unit temperature with an app provided by Cox Communications. All of these options combined make Crestview Residences Wichita's first truly "smart unit".**

Social Connectivity

Clubhouse

The Clubhouse encompasses the management / administrative offices / leasing center, fitness center, living room, "Espresso Café" with gourmet catering kitchen and dining / gathering area, The Clubhouse is contained in the residential building adjacent to the outdoor swimming pool, spa and outdoor kitchen / deck area.

Climate Response

Energy Efficient Construction

Use of energy efficient construction materials and components will enable residents to consistently realize substantial monthly energy cost savings and benefit accordingly. Appliances will be "Energy Star" rated, HVAC systems will carry a minimum 14.0 Seasonal Energy Efficiency Ratio (SEER) and a minimum 8.6 Heating Seasonal Performance Factor (HSPF), windows will be "low e" glass and insulation will be R 39 in the ceilings and R 19 in the walls.

Amenities

The Crestview Residences will have an extensive amenity package available to its residents. The amenities are as follows:

- Clubhouse and each individual apartment unit pre-wired for wifi.
- Irregular shaped community pool adjacent to the Clubhouse and outdoor kitchen.

- Recycling bins
- Picnic areas
- Laundry drop off / pick up at Clubhouse
- Fitness Center in Clubhouse
- Espresso Bar in Clubhouse
- Extensive landscaping
- Concierge Services

Unique Features

- High efficiency "Energy Star" rated HVAC systems (14.0 SEER; 8.6 HSPF) and appliances.
- R 39 ceiling insulation; R 19 wall insulation
- LED low wattage lighting community wide
- In unit technology provided by Cox Communications (see above)

Proximity to K-96, I-35, US 400

- Crestview will be conveniently located immediately adjacent to the 127th Street entrance to K-96, I-35 (Kansas Turnpike) and US 400 (Kellogg St.). Due to the immediate proximity to these three major thoroughfares, the project will be easily accessible to most parts of the City of Wichita and surrounding areas within 20 minutes or less. This will be another meaningful attraction or competitive advantage during lease up and ongoing stabilized occupancy. Additionally, due to the relatively short driving times to all parts of the city, this will effectively broaden the project's Primary Market Area (PMA) and, therefore, allow the project to enjoy a very low capture rate and commensurate brisk absorption rate.

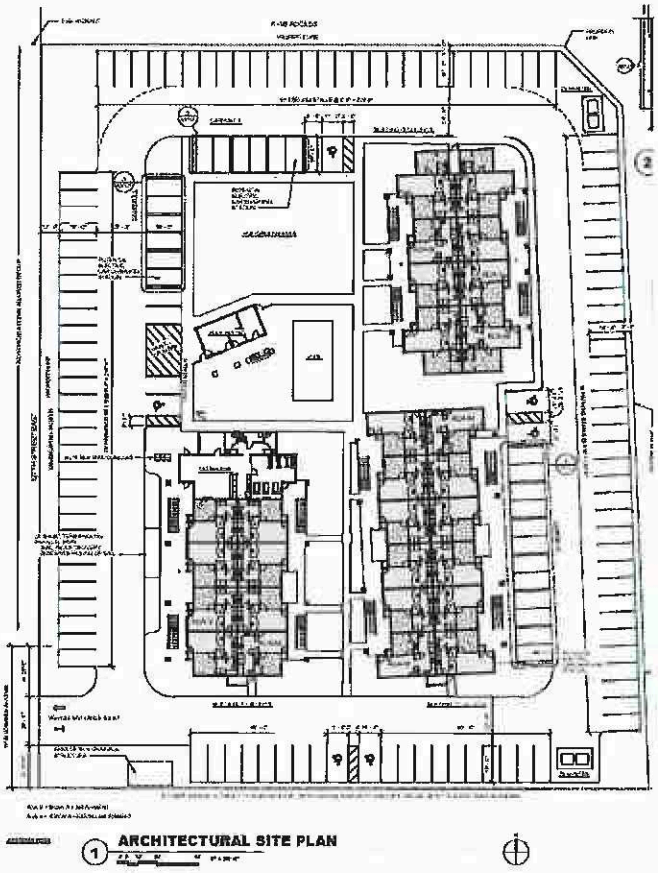
Primary Competition

The Developer has engaged Novogradac & Company to generate a comprehensive market study which, among other data, will provide a detailed examination of all relevant competitors of Crestview including comparable rental rates, vacancy levels, current concessions offered, if any, amenities offered and other relevant data to determine the feasibility of the subject, Verandas at Crestview. Novogradac is considered to be the proverbial "Gold Standard" for multi-family market analysis and is highly regarded by the U. S. Department of Housing and Urban Development (HUD) and Kansas Housing Resources Corporation (KHRC) which will be supplying the debt and equity financing for the project, respectively. Please refer to the Financial Model for a detailed explanation of both financing components.

Property Management

The Developer intends to utilize the services of Yarco, Inc. of Kansas City, Missouri as property manager. Yarco, Inc. is deeply experienced in the management of Affordable Housing Tax Credit properties as well as properties financed using HUD products such as the HUD 221 (d)(4) financing as proposed for Verandas at Crestview. Yarco is very highly regarded by both HUD and KHRC.

Preliminary Site Plan



Verandas at Crestview
Affordable Housing Construction Project
Proposed Project Development Sources & Uses of Funds

Description	Total	QRE Capitalized	Non-QRE Capitalized	Funded Expenses	Non-Amortized
Sources:					
HUD 221(d)4 First Mortgage	7,000,000	-	-	-	-
LIHTC Credits - 4% Acquisition	0	-	-	-	-
LIHTC Credits - 4% New Constr.	3,494,179	-	-	-	-
Short Term Tax Exempt Bonds	5,700,000				
Deferred Consulting Fee	-	-	-	-	-
Deferred Development Fee	620,146	-	-	-	-
Total Sources	16,814,325	-	-	-	-
Uses:					
Land Acquisition	$ 485,000	$ -	$ -	$ -	$ 485,000
Existing Structure	-	-	-	-	-
Construction Costs	6,685,178	6,685,178	-	-	-
Contractor Profit	351,852	351,852	-	-	-
Relocation Costs	-	-	-	-	-
Architect Fees	281,481	281,481	-	-	-
Market Study	9,500	9,500	-	-	-
Processing Agent	12,000	12,000	-	-	-
Engineering / Survey Fees	46,000	46,000	-	-	-
Environmental	6,500	6,500	-	-	-
Other Fees - Legal	25,000	25,000	-	-	-
Construction Insurance	26,800	26,800	-	-	-
Construction Interest	264,708	264,708	-	-	-
Construction Loan Origination Fee	105,000	105,000	-	-	-
Real Estate Taxes	36,644	36,644	-	-	-
HUD Fees	94,315	-	-	94,315	-
Title and Recording	31,737	31,737	-	-	-
Tax Exempt Bond Issuance Cost	120,500	-	-	120,500	-
Appraisal	6,000	6,000	-	-	-
Tax Credit Fees	36,660	-	-	36,660	-
Initial Operating Deficit Reserve	350,000	-	-	-	350,000
Cost Certification Fee	16,000	16,000	-	-	-
FF & E	45,500	45,500	-	-	-
Working Capital Reserves	290,200	-	-	-	290,200
Other - Consultant	175,000	175,000	-	-	-
Organizational (Partnership)	5,000	-	-	5,000	-
Negative Arbitrage on ST Bonds	23,750				
Repay Short term Tax Exempt Bonds	5,700,000				
Developer's Fees	1,584,000	1,584,000	-	-	-
	$ 16,814,325	$ 9,708,900	$ -	$ 256,475	$ 1,125,200

Additional Debt (Excess) $ 0

FOR MANAGEMENT USE ONLY

Per U.S. Treas. Dept. Circular 230 (31 CFR Part 10, Section 10.35), any tax advice contained in this communication, including any attachments, was not intended or written to be used, and cannot be used, by the recipient or any other party (1) for the purpose of avoiding penalties imposed under the Internal Revenue Code or applicable state or local tax law provisions or (2) for promoting, marketing, or recommending to another party any transaction or matter discussed herein.

Verandas at Crestview
Affordable Housing Construction Project
Proposed Project Development Sources & Uses of Funds

Description	Total	QRE Capitalized	Non-QRE Capitalized	Funded Expenses	Non-Amortized
Sources:					
HUD 221(d)4 First Mortgage	7,000,000	-	-	-	-
LIHTC Credits - 4% Acquisition	0	-	-	-	-
LIHTC Credits - 4% New Constr.	3,494,179	-	-	-	-
Short Term Tax Exempt Bonds	5,700,000				
Deferred Consulting Fee	-	-	-	-	-
Deferred Development Fee	620,146	-	-	-	-
Total Sources	16,814,325	-	-	-	-
Uses:					
Land Acquisition	$ 485,000	$ -	$ -	$ -	$ 485,000
Existing Structure	-	-	-	-	-
Construction Costs	6,685,178	6,685,178	-	-	-
Contractor Profit	351,852	351,852	-	-	-
Relocation Costs	-	-	-	-	-
Architect Fees	281,481	281,481	-	-	-
Market Study	9,500	9,500	-	-	-
Processing Agent	12,000	12,000	-	-	-
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Construction Insurance	26,800	26,800	-	-	-
Construction Interest	264,708	264,708	-	-	-
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Real Estate Taxes	36,644	36,644	-	-	-
HUD Fees	94,315	-	-	94,315	-
Title and Recording	31,737	31,737	-	-	-
Tax Exempt Bond Issuance Cost	120,500	-	-	120,500	-
Appraisal	6,000	6,000	-	-	-
Tax Credit Fees	36,660	-	-	36,660	-
Initial Operating Deficit Reserve	350,000	-	-	-	350,000
Cost Certification Fee	16,000	16,000	-	-	-
FF & E	45,500	45,500	-	-	-
Working Capital Reserves	290,200	-	-	-	290,200
Other - Consultant	175,000	175,000	-	-	-
Organizational (Partnership)	5,000	-	-	5,000	-
Negative Arbitrage on ST Bonds	23,750				
Repay Short term Tax Exempt Bonds	5,700,000				
Developer's Fees	1,584,000	1,584,000	-	-	-
	$ 16,814,325	$ 9,708,900	$ -	$ 256,475	$ 1,125,200

Additional Debt (Excess) $ 0

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RESOLUTION NO. 20-[___]

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS DETERMINING THE ADVISABILITY OF ISSUING INDUSTRIAL REVENUE BONDS FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A MULTIFAMILY HOUSING FACILITY TO BE LOCATED IN SAID CITY; AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS.

WHEREAS, the City of Wichita, Kansas (the "City") is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State of Kansas (the "State"); and

WHEREAS, the City Council (the "Governing Body") of the City desires to promote, stimulate and develop the general economic welfare and prosperity of the City, and thereby to further promote, stimulate and develop the general economic welfare and prosperity of the State; and

WHEREAS, pursuant to the provisions of the Kansas Economic Development Revenue Bond Act, as amended and codified in K.S.A. 12-1740 *et seq.* (the "Act"), the City is authorized to issue revenue bonds for such purposes; and

WHEREAS, the Governing Body determines it to be advisable and in the interest and for the welfare of the City and its inhabitants that revenue bonds of the City be authorized and issued, in one or more series, to provide funds to pay the costs of the acquisition, construction and equipping of a multi-family housing facility (the "Project") to be located in the City and to be leased by the City to Crestview Residences, LLC, a Kansas limited liability company (the "Tenant").

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

Section 1. Public Purpose. The Governing Body hereby finds and determines that the Project will promote, stimulate and develop the general economic welfare and prosperity of the City, and thereby further promote, stimulate and develop the general economic welfare and prosperity of the State.

Section 2. Authorization to Acquire Project; Intent to Issue Bonds. The City is hereby authorized to proceed with the acquisition, construction and equipping of the Project and to issue its revenue bonds, in one or more series, in an aggregate principal amount not to exceed $6,250,000 (collectively, the "Bonds") to pay the costs thereof, subject to satisfaction of the conditions of issuance set forth herein.

Section 3. Conditions to Issuance of Bonds. The issuance of the Bonds is subject to: (a) the Tenant's written acceptance of a Letter of Intent containing the City's conditions to the issuance of the Bonds in accordance with the City's Economic Development Incentive Policy (the "Letter of Intent"); (b) the successful negotiation and sale of the Bonds to a purchaser or purchasers to be determined by the Tenant and acceptable to the City (the "Purchaser"), which sale shall be the responsibility of the Tenant and not the City; (c) the receipt of the approving legal opinion of Gilmore & Bell, P.C. ("Bond Counsel") in form acceptable to the City, the Tenant and the Purchaser; (d) the obtaining of all necessary governmental approvals to the issuance of the Bonds; and (e) the commitment to and payment by the Tenant or Purchaser of all expenses relating to the issuance of the Bonds, including, but not limited to: (i) expenses of the City and the City

Attorney; (ii) any underwriting or placement fees and expenses; (iii) all legal fees and expenses of Bond Counsel; and (iv) all recording and filing fees, including fees of the Kansas Board of Tax Appeals and Kansas Department of Commerce.

Section 4. Sales Tax Exemption. The Governing Body hereby determines that pursuant to the provisions of K.S.A. 79-3601 *et seq.* (the "Sales Tax Act"), particularly 79-3606(b) and (d) and other applicable laws, sales of tangible personal property or services purchased in connection with construction of the Project and financed with proceeds of the Bonds are entitled to exemption from the tax imposed by the Sales Tax Act; provided proper application is made therefore. In the event that the Bonds are not issued for any reason, the Tenant will not be entitled to a sales tax exemption under the terms of the Sales Tax Act and will remit to the State Department of Revenue all sales taxes that were not paid due to reliance on the sales tax exemption certificate granted hereunder.

Section 5. Reliance by Tenant; Limited Liability of City. It is contemplated that in order to expedite acquisition of the Project and realization of the benefits to be derived thereby, the Tenant may incur temporary indebtedness or expend its own funds to pay costs of the Project prior to the issuance of the Bonds; provided that such expenditures incurred prior to the issuance of the Bonds are at the risk of the Tenant that the Bonds will actually be issued. Proceeds of Bonds may be used to reimburse the Tenant for such expenditures made not more than 60 days prior to the date this Resolution is adopted, and as provided by §1.150-2 of the U.S. Treasury Regulations. The Bonds herein authorized and all interest thereon shall be paid solely from the revenues to be received by the City from the Project and not from any other fund or source. The City shall not be obligated on such Bonds in any way, except as herein set out. In the event that the Bonds are not issued, the City shall have no liability to the Tenant.

Section 6. Execution and Delivery of Documents. The Mayor is hereby authorized to execute the Letter of Intent, and the City Clerk is authorized to deliver executed copies of this Resolution and the Letter of Intent to the Tenant. After the Tenant has demonstrated compliance with the provisions of the Letter of Intent, the Mayor and City Clerk are authorized to execute a bond purchase agreement with the Purchaser and the Tenant for the sale of the Bonds in a form satisfactory to the City Attorney and Bond Counsel.

Section 7. Further Action. The Mayor, City Clerk and other officials, employees and agents of the City, including the City Attorney and Bond Counsel, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this Resolution, including, but not limited to: (a) cooperate with the Tenant in filing an application for a sales tax exemption certificate with the Kansas Department of Revenue with respect to Bond-financed property; and (b) execution on behalf of the City of the information statement regarding the proposed issuance of the Bonds to be filed with the State Board of Tax Appeals pursuant to the Act.

Section 8. Effective Date. This resolution shall become effective upon adoption by the Governing Body and shall remain in effect until December 31, 2021, unless extended by affirmative vote of a majority of the Governing Body.

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ADOPTED by the City Council of the City of Wichita, Kansas, on October 6, 2020.

(SEAL)

_____
Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____
Jennifer Magaña, Director of Law and
City Attorney

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Resolution adopted by the City Council of the City of Wichita, Kansas on October 6, 2020, as the same appears of record in my office.

DATED: October 6, 2020.

_____
Karen Sublett, City Clerk

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EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF WICHITA, KANSAS
HELD ON OCTOBER 6, 2020

The City Council (the "Governing Body") of the City of Wichita, Kansas (the "City") met in regular session at the usual meeting place in the City, at 9:00 a.m., the following members being present and participating, to-wit:

Absent: .

The Mayor declared that a quorum was present and called the meeting to order.

* * * * * * * * * * * * * *

(Other Proceedings)

Among other business, in accordance with notice published on September 25, 2020, in the ***Wichita Eagle***, a public hearing was held by the Governing Body relating to the proposed issuance of not to exceed $6,250,000 principal amount of Multifamily Housing Revenue Bonds (Crestview Residences, LLC) (the "Bonds"). All interested persons were afforded an opportunity to present their views on the issuance of the Bonds and the location and nature of the Project to be financed with the proceeds of the Bonds. Thereupon, the public hearing was closed.

Thereupon, there was presented a Resolution entitled:

> **A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS DETERMINING THE ADVISABILITY OF ISSUING INDUSTRIAL REVENUE BONDS FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A MULTIFAMILY HOUSING FACILITY TO BE LOCATED IN SAID CITY; AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS.**

Thereupon, [_____] moved that said Resolution be adopted. The motion was seconded by [_____]. Said Resolution was duly read and considered, and upon being put, the motion for the adoption of said Resolution was carried by the vote of the Governing Body, the vote being as follows:

Aye:

Nay:

Thereupon, the Resolution was then duly numbered Resolution No. 20-[___], and was signed by the Mayor and attested by the Clerk.

(Other Proceedings)

* * * * * * * * * * * * * *

CERTIFICATE

I certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the City Council of the City of Wichita, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

[SEAL]

_____

Karen Sublett, City Clerk

600809.20535\RESOLUTION OF INTENT

(Signature Page to Excerpt of Minutes)

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Public Hearing and Request for Letter of Intent for Healthcare Facilities Revenue Bonds (Larksfield Place) (District II)

INITIATED BY: Office of Economic Development

AGENDA: New Business

Recommendation: Close the public hearing, adopt the Resolution of Intent and authorize the necessary signatures.

Background: The Wichita City Council has approved the issuance of Health Care Facility Revenue Bonds in 2010 and 2013 to Larksfield Place Retirement Communities, Inc. (Larksfield) for the purpose of constructing and renovating a continuing care retirement community at its campus located at 2828 N. Governeour, in northeast Wichita. The 2010 bonds financed construction of a substantial addition to the Larksfield Place facility at 2727 N. Rock Road and the 2013 bonds were used to finance construction and renovation of approximately 10,000 square feet of its facilities located at 2828 N. Governeour.

Larksfield Place is requesting a letter of intent to issue Healthcare Facilities Revenue Bonds in an amount not-to-exceed $50,000,000 to refinance the 2010 and 2013 bonds as well as to complete new renovations to its campus.

Analysis: Larksfield Place is a not-for-profit comprehensive retirement and nursing facility that has operated in Wichita for over 30 years. Larksfield provides continuum of care retirement services including independent living, assisted living, home health care, dementia care and other ancillary services for the elderly.

Larksfield Place is requesting three series of bonds. The first series will refund the 2010 and 2013 bonds, in an approximate amount of $39,000,000, to achieve interest cost savings.

The second series of approximately $5,000,000 will be used to finance the renovation of the existing facility. Improvements would include the Healthcare Center resident room renovations and kitchen expansion, parking lot expansion, updated entry gates and card readers, common space furnishings in all of the facilities, fitness/wellness center updates and expansion, campus-wide video surveillance, IT and communications infrastructure and exterior building updates.

The third series would potentially fund a bond reserve and contingency fund of up to $6,000,000.

As a not-for-profit 501 (c)(3) corporation, Larksfield Place is allowed to use tax-exempt revenue bonds under the federal tax code. If approved, the bonds will be placed by Piper Sandler & Co.

Financial Considerations: Larksfield agrees to pay all costs of issuing the bonds and agrees to pay the City's $2,500 annual bond administrative fee for the term of the bonds. Larksfield Place is generally exempt from ad valorem property taxes pursuant to Kansas law. Therefore, no tax exemption is requested in connection with the issuance of Health Care Facilities Revenue Bonds. The project will qualify for a sales tax exemption on bond-financed purchases.

Legal Considerations: The public hearing held in conjunction with this item is in compliance with the Tax Equity and Fiscal Responsibility Act ("TEFRA") hearing requirement in the federal tax code for tax-exempt bonds.

The law firm of Gilmore & Bell, P.C. will serve as bond counsel in the transaction. The form of bond documents shall be subject to review and approval by the Law Department prior to the issuance of any bonds.

Recommendations/Actions: It is recommended that the City Council close the public hearing, adopt the Resolution of Intent and authorize the necessary signatures.

Attachments: Letter of Intent Application, Resolution of Intent

ECONOMIC DEVELOPMENT
COMPANY INFORMATION SHEET

Company Name	Larksfield Place Retirement Communities, Inc.
Address	7373 E. 29th Street North
Mailing Address	7373 E. 29th Street North
City, State, Zip	Wichita, Kansas 67226
Phone	316-633-1000
Contact Person	Tim Nikkel
Title	Chief Financial Officer
Email	tnikkel@larksfieldplace.org

Principal Owners and Officers

Name	Title
Wade Bruendl	Chairman of the Board
Rachael Pirner	Vice-Chair of the Board
Stephen Benson	Director/Member
Steve Dillard	Director/Member
Pat O'Sullivan	Director/Member
Steven Regier	Director/Member
Joaquin Santos, MD	Director/Member
Erick Hatten	Director/Member
Chad Clark	Director/Member
Jill Casado	Director/Member
Connie Dietz	Director/Member
Michael Hambley	Chief Executive Officer
Tim Nikkel	Chief Financial Officer
Vanessa Underwood	Heathcare Center Administrator
Chelsea Powell	VP of Human Resources
Lisa Smading	VP AL/IL Resident Living
Tammy Flaming	Director of Marketing
Ed Cornejo	Exec. Director Larksfield Place at Home Services

PROJECT OVERVIEW

1. **Provide a history of your company, including the type of product(s) and service(s) provided. Provide five (5) copies of brochures of literature regarding your products/services.**

Larksfield Place Retirement Communities, Inc., a Kansas not-for-profit corporation and 501(c)(3) organization, (the "Corporation") was incorporated in 1984 for the purpose of providing for the special needs of the aged, including the provisions of housing, health care and financial security, and to construct, operate and maintain suitable resident facilities and services for middle-aged and elderly persons, without regard to race, color, religion, sex or national origin, including non-acute health care.

Larksfield Place Foundation, Inc., a Kansas not-for-profit corporation incorporated in 2008, operates exclusively for the benefit of the Corporation.

The Corporation operates Larksfield Place, a continuing care retirement community in Wichita, Kansas, which consists of 163 congregate independent living units (the "Apartments"), 22 detached independent living units known as the Villas (the "Villas"), a 72-unit assisted living facility located on an adjacent site (the "Assisted Living Center"), and a licensed 90-bed skilled nursing facility (the "Healthcare Center"). Larksfield Place also operates a Medicare certified Home Health agency and a Medicare certified Hospice agency providing services to elderly persons both on and off the campus. Larksfield Place is located on an approximately 6O-acre campus, which has room for additional expansion. The common spaces include amenities such as dining, enclosed courtyard, fitness center with indoor heated pool and spa, auditorium and theatre, and a library. The Healthcare Center, the Apartments, the Villas and the Assisted Living Center and certain common spaces are collectively referred to herein as the "Facilities."

In 2010, the City issued qualified 501(c)(3) tax-exempt bonds (the "2010 Bonds") for the benefit of the Corporation to finance the acquisition, construction, and equipping of the Assisted Living Center.

In 2013, the City issued qualified 501(c)(3) tax-exempt bonds (the "2013 Bonds") for the benefit of the Corporation to refinance certain 1999 bonds and 2007 bonds and finance certain improvements to the Healthcare Center.

The Corporation is requesting the City issue three series of new bonds consisting of taxable bonds (convertible to qualified 501(c)(3) tax-exempt on or after December 15, 2023) and qualified 501(c)(3) bonds all in the aggregate principal amount of approximately $50,000,000 to (i) refund and redeem all of the outstanding 2010 Bonds and 2013 Bonds for the purpose of interest cost savings to the Corporation (constituting approximately $39,000,000), (ii) provide funds to construct, furnish and equip improvements to the Facilities (constituting approximately $5,000,000), and (iii) potentially fund a bond reserve and contingency fund of up to $6,000,000.

2. **Please provide names of customers and/or industries that your company serves.**

The Corporation services senior residents from the Wichita/Sedgwick County area desiring independent senior living facilities, assisted living services, or nursing home services.

3. **Provide a complete written description of your proposed expansion project and explain how this project will affect your business.**

Improvements to the Facilities to be financed with the new money proceeds of the bonds include Healthcare Center resident room renovations and kitchen expansion, parking lot expansion, updated entry gates and HID card readers, common space furnishings in all the Facilities, fitness/wellness center updates and expansion, campus-wide video surveillance, IT and communications infrastructure, and exterior building updates. The improvements will allow Larksfield Place to provide the updated, high-quality amenities its residents expect and continue to ensure the safety and security of its residents.

4. **Give an approximate start and completion date for the project.**

All improvements are expected to be completed within 3 years

5. **How much of your product do you export out of Kansas? Calculate and document percentage of total sales volume exported. Indicate where your products go (i.e. state, country).**

N/A

EMPLOYMENT AND JOB CREATION

6. **Do you have a current, approved, EEO/AA Plan on file with the City's Purchasing Department?**
   Yes_X__ No____

   (Applicants must provide an acceptable EEO/AA plan on a yearly basis. Failure to do so will result in the elimination of benefits. The City's Purchasing Department will provide the necessary documents to file an EEO/AA.)

7. **Provide name of administrative contact in your company who has oversight of Personnel or Human Services. Include name, address, email address, telephone number and fax number.**

   Chelsea Powell, VP of Human Resources
   7373 E. 29th St. North
   Wichita, Kansas 67226
   316-636-1000
   cpowell@larksfieldplace.org

8. **Provide a breakdown of current employees by race, sex, and salary summarizing total employment for both full-time and part-time employees. Indicate in the summary their full or part-time status.**

The Corporation currently employs 325 employees. 225 work in a full-time capacity and 100 in a part-time capacity. Bi-weekly payrolls average 265 full-time equivalent employees. Below is a summary of current employment demographics:

	Percent of Total Employees
Male	20.33%
Female	79.67%
Asian	4.67%
African American	18.41%
Hispanic	20.88%
White	52.47%
N/A or Other	3.57%

9. Provide a total number of projected NEW positions over 5 years and description of each new position that will created by the expansion, including the following information: job title/description; full-time or part-time status; entry level and hourly or annual compensation.

The new projects will not result in the direct creation of new positions but will allow the Corporation to continue its mission.

ENVIRONMENTAL INFORMATION

10. Is your company involved in any polluted areas? If so, provide the location of the polluted area, including the type of pollution and your company's involvement.

No

11. Has your company been responsible for any local pollution? In the manufacturing process, are hazardous chemicals or processes used?

No

12. Does your product pose or create an environmental hazard when it is destroyed or discarded?

No

13. Where and how is your waste collected, and disposed of?

The Facilities result in ordinary resident, consumer waste, and other waste commensurate with assisted living facilities. Waste is collected and disposed of safely through contracts with commercial waste removal companies.

FACILITY AND CAPITAL INVESTMENT

14. How large is your current facility? Include square footage of office space; manufacturing space; and warehouse space.

The Facilities are located on a 60-acre campus. The Apartments and common spaces consist of 293,000 square feet, the Villas occupy 40,000 square feet, the Assisted Living Center is 97,000 square feet, and the Healthcare Center is 59,000 square feet. The Home Health and Hospice agencies utilize 1,000 square feet of office space in the Healthcare Center.

15. Please provide the square footage and costs associated with the application project. (Please include floorplans, elevation drawings, etc.)

The proposed improvements will be constructed and installed throughout the Facilities.

16. List the location(s) of any other facilities your company owns.

None

17. Provide the address and legal description for the proposed expansion. (The City will not exempt existing facilities unless vacant for at least two years)

7373 E. 29th St. North
Wichita, Kansas 67226

Lots 1 and 2 and Reserve A and B, in Block 1, Larksfield Place, an Addition to Wichita, Sedgwick County Kansas.

Lots 4 and 5, Jeff and Jay Third Addition to Wichita, Sedgwick County, Kansas

Reserve A, Comotara Retirement Center Addition, an Addition to Wichita, Sedgwick County, Kansas

The Corporation is not requesting property tax abatement in connection with the proposed improvements or Facilities.

18. If the proposed facility or property is leased, provide a description of the lease arrangement and information sufficient to show that the Lessor has a 51% (or more) ownership interest in the Lessor, or that the Lessor is a qualified community based not-for-profit economic development corporation. Please provide a copy of the lease.

N/A. The Facilities are leased to residents in the ordinary course of business.

19. Identify all costs for new construction, additions, expansions, remodeling including a written description. You may include machinery and equipment costs in capital investment estimates.

Improvements to the Facilities to be financed with the new money proceeds of the bonds include Healthcare Center resident room renovations and kitchen expansion, parking lot

expansion, updated entry gates and HID card readers, common space furnishings in all the Facilities, fitness/wellness center updates and expansion, campus-wide video surveillance, IT and communications infrastructure, and exterior building updates.

Below is a current estimate of the associated costs:

Exterior Land Improvements	320,000
Exterior Building Improvements	1,150,000
Interior Building Improvements	2,200,000
Furnishings & Equipment	650,000
Technology Improvements	600,000
Total	**4,920,000**

20. What are the estimated property taxes remaining to be paid annually (if the exemption is granted)?

N/A. The Corporation is not requesting property tax abatement in connection with the proposed improvements or Facilities.

FISCAL INFORMATION

21. Provide the following information on all past tax exemptions/abatements your company has been granted: term of exemption; on what; from whom; and the number of exemptions granted.

N/A

22. What are your company's present real estate property taxes and personal property taxes for the last three (3) years. Provide copies of tax statements for the last three (3) years. Provide the amount of real and personal taxes for each year and calculate the amount of taxes paid to each of the taxing entities; county, city, each school district, etc. for each of the last three (3) years.

N/A

23. Are all real and personal property taxes current to date?

N/A

24. Please provide a copy of financial statements for the past three years.

Attached

Larksfield Place Retirement Communities, Inc.

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2019 and 2018

Larksfield Place Retirement Communities, Inc.

June 30, 2019 and 2018

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BKD
CPAs & Advisors

1551 N. Waterfront Parkway, Suite 300 | Wichita, KS 67206-6601
316.265.2811 | Fax 316.265.9405 | bkd.com

Independent Auditor's Report

Board of Directors
Larksfield Place Retirement Communities, Inc.
Wichita, Kansas

We have audited the accompanying consolidated financial statements of Larksfield Place Retirement Communities, Inc. (Larksfield Place), which comprise the consolidated balance sheets as of June 30, 2019 and 2018, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Larksfield Place as of June 30, 2019 and 2018, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in *Note 17* to the financial statements, in 2019, Larksfield Place adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

BKD, LLP

Wichita, Kansas
September 18, 2019

Larksfield Place Retirement Communities, Inc.

Consolidated Balance Sheets

June 30, 2019 and 2018

Assets

	2019	2018
Current Assets		
Cash and cash equivalents	$ 1,116,990	$ 1,099,837
Assets limited as to use	332,182	290,147
Resident accounts receivable	1,191,167	849,177
Prepaid expenses and other	707,098	425,761
Total current assets	3,347,437	2,664,922
Investments	8,316,739	8,249,832
Assets Whose Use is Limited - Held by Trustee	2,550,137	2,519,785
Property and Equipment, at Cost		
Land and land improvements	4,327,288	4,282,729
Buildings	66,031,064	65,620,956
Furniture and equipment	3,551,060	3,347,053
Construction in progress	46,237	104,433
	73,955,649	73,355,171
Less accumulated depreciation	30,679,197	28,598,033
	43,276,452	44,757,138
Total assets	$ 57,490,765	$ 58,191,677

See Notes to Consolidated Financial Statements

Liabilities and Net Assets (Deficit)

	2019	2018
Current Liabilities		
Current maturities of long-term debt	$ 1,038,421	$ 965,635
Accounts payable	551,514	600,196
Accrued compensation and other expenses	537,647	511,407
Total current liabilities	2,127,582	2,077,238
Long-term Debt, Net	34,221,778	35,218,152
Resident Deposits and Other Liabilities		
Refundable deposits	38,429,918	37,258,731
Deferred revenue	2,311,495	2,313,924
Total resident deposits and other liabilities	40,741,413	39,572,655
Total liabilities	77,090,773	76,868,045
Net Assets (Deficit)		
Without donor restrictions	(21,131,025)	(20,287,394)
With donor restrictions		
Purpose restriction	1,465,644	1,545,653
Perpetual in nature	65,373	65,373
Total net deficit	(19,600,008)	(18,676,368)
Total liabilities and net assets (deficit)	$ 57,490,765	$ 58,191,677

Larksfield Place Retirement Communities, Inc.

Consolidated Statements of Operations and Changes in Net Assets

Years Ended June 30, 2019 and 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Resident services	$ 22,679,395	$ -	$ 22,679,395
Amortization of deferred revenue	668,809	-	668,809
Contributions and memorials	39,900	-	39,900
Net investment return	485,646	-	485,646
Net assets released from restrictions used for operations	22,685	(22,685)	-
Total revenues, gains and other support	23,896,435	(22,685)	23,873,750
Expenses			
Salaries and wages	11,067,332	-	11,067,332
Supplies and other	8,870,073	-	8,870,073
Depreciation	2,678,754	-	2,678,754
Interest	2,181,231	-	2,181,231
Total expenses	24,797,390	-	24,797,390
Deficiency of Revenues Over Expenses	(900,955)	(22,685)	(923,640)
Other Changes			
Net assets released from restrictions used to purchase property and equipment	57,324	(57,324)	-
Change in Net Assets	(843,631)	(80,009)	(923,640)
Net Assets (Deficit), Beginning of Year	(20,287,394)	1,611,026	(18,676,368)
Net Assets (Deficit), End of Year	$ (21,131,025)	$ 1,531,017	$ (19,600,008)

See Notes to Consolidated Financial Statements

2018		
Without Donor Restrictions	With Donor Restrictions	Total
$ 21,922,039	$ -	$ 21,922,039
554,710	-	554,710
1,713	-	1,713
722,568	-	722,568
15,868	(15,868)	-
23,216,898	(15,868)	23,201,030
10,538,615	-	10,538,615
8,586,158	-	8,586,158
2,615,163	-	2,615,163
2,288,474	-	2,288,474
24,028,410	-	24,028,410
(811,512)	(15,868)	(827,380)
22,160	(22,160)	-
(789,352)	(38,028)	(827,380)
(19,498,042)	1,649,054	(17,848,988)
$ (20,287,394)	$ 1,611,026	$ (18,676,368)

Larksfield Place Retirement Communities, Inc.

Consolidated Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Operating Activities		
Change in net assets	$ (923,640)	$ (827,380)
Items not requiring (providing) operating cash flow		
Depreciation	2,678,754	2,615,163
Amortization of debt issuance costs	42,048	42,048
Amortization of deferred revenue	(668,809)	(554,710)
Net realized and unrealized gains on investments	(238,754)	(372,454)
Changes in		
Resident accounts receivable	(341,990)	18,510
Other current assets	(281,337)	(25,212)
Accounts payable and accrued expenses	141	135,925
Net cash provided by operating activities	266,413	1,031,890
Investing Activities		
Purchases of investments	(926,574)	(3,952,211)
Proceeds from disposition of investments	1,098,421	4,808,421
Change in assets limited as to use	(72,387)	37,496
Purchases of property and equipment	(1,220,651)	(999,064)
Net cash used in investing activities	(1,121,191)	(105,358)
Financing Activities		
Payments received from deposits	5,831,564	5,314,695
Refund of resident deposits	(3,993,997)	(2,563,188)
Proceeds from line of credit	12,025	1,323,759
Payments on line of credit	(12,025)	(3,630,142)
Principal payments on long-term debt	(965,636)	(948,392)
Net cash provided by (used in) financing activities	871,931	(503,268)
Increase in Cash and Cash Equivalents	17,153	423,264
Cash and Cash Equivalents, Beginning of Year	1,099,837	676,573
Cash and Cash Equivalents, End of Year	$ 1,116,990	$ 1,099,837
Supplemental Cash Flows Information		
Interest paid	$ 2,141,205	$ 2,171,698
Property and equipment additions in payables	$ 55,460	$ 78,043

Larksfield Place Retirement Communities, Inc.

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Larksfield Place Retirement Communities, Inc. (Larksfield Place), a continuing care retirement community, is a not-for-profit corporation that operates a health care center, assisted living and independent living facilities which include apartments and single family homes (Villas) in Wichita, Kansas.

Principles of Consolidation

The consolidated financial statements include the accounts and activities of Larksfield Place Foundation, Inc. (the Foundation) due to their relationships, structures, purposes and shared economic interests. The Foundation was established to provide support in the financing of nursing care and retirement facilities of Larksfield Place to help further its purposes and mission. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Larksfield Place considers all liquid investments other than assets whose use is limited with original maturities of three months or less to be cash equivalents. At June 30, 2019 and 2018, cash equivalents consisted of money market accounts.

At June 30, 2019, Larksfield Place's cash accounts exceeded federally insured limits by approximately $1,234,000.

Assets Limited as to Use

Assets limited as to use include assets held by trustees for debt service. Amounts required to meet current liabilities of Larksfield Place are included in current assets.

Investments

Larksfield Place measures equity securities, other than investments that qualify for the equity method of accounting, at fair value with changes recognized in net income. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

For equity securities and equity investments measured under the practicability exception, Larksfield Place performs a qualitative assessment for equity investments without readily determinable fair values considering impairment indicators to evaluate whether an impairment exists. If an impairment exists, Larksfield Place will recognize a loss based on the difference between carrying value and fair value.

Net Investment Return

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Resident Accounts Receivable

Resident accounts receivable reflects the outstanding amount of consideration to which Larksfield Place expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payers (including health insurers and government programs) and others. As a service to the resident, Larksfield Place bills third-party payers directly and bills the resident when the resident's liability is determined. Resident accounts receivable are due in full when billed.

Larksfield Place performs individual credit risk assessments which evaluates the individual circumstances, abilities and intentions of each resident prior to providing the resident care services. If subsequent to providing the services Larksfield Place becomes aware of resident-specific events, facts or circumstances indicating residents no longer have the ability or intention to pay the amount of consideration to which Larksfield Place expected to be entitled for providing the resident care services, then the related resident receivable balances are written off as bad debt expense and reported in the statement of operations as other operating expenses.

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land improvements	10-15 years
Buildings	40 years
Furniture and equipment	3-10 years

Long-lived Asset Impairment

Larksfield Place evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2019 and 2018.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the straight-line method. The amortization of the debt issuance costs are included as a component of interest expense.

Deferred Revenue

Entrance Fees

Apartment and Villa residents pay an advance entrance fee upon occupancy. Entrance fees are refundable when a current resident terminates residency and a new resident signs a Residency Agreement and enters the facility. The amount of the entrance fee that is refundable depends on the Residency Agreement agreed to and ranges from 0% to 100%. The refundable portion of their deposit is recognized as a liability on the balance sheet. The nonrefundable portion of the deposit is recognized as revenue over the life expectancy of the resident using the straight-line method. All residents pay a monthly maintenance fee.

Life Care Fees

For residents with life care, a nonrefundable life care fee is charged to each qualified applicant for residency. The life care fee is amortized over the life expectancy of the resident using the straight-line method. Upon termination of residency, the deferred life care fee balance is recognized as revenue.

Obligation to Provide Future Services

Larksfield Place calculates the present value of the estimated net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the estimated net cost of future services and the use of facilities exceed the deferred revenue and advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. Based upon management computations, deferred revenue exceeds the present value of the estimated net cost of future services and the use of facilities to be provided to current residents and accordingly, no provision for future service obligations is required at June 30, 2019 and 2018.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Endowment

Larksfield Place endowment consists of individual funds established for a variety of purposes. The endowment includes only donor-restricted funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Larksfield Place is subject to the State of *Kansas Uniform Prudent Management of Institutional Funds Act* (KS UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted. Larksfield Place's governing body has interpreted KS UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Larksfield Place considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b)

any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Larksfield Place has interpreted KS UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In addition, in accordance with KS UPMIFA, Larksfield Place considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of Larksfield Place and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Larksfield Place
7. Investment policies of Larksfield Place

Investments are managed to maximize long-term return consistent with prudent levels of risk. The objective for the portfolio, to be measured in three-to five-year periods, is to meet or exceed the average annual rate of inflation over the same time period. The portfolio is diversified globally employing a variety of asset classes that are periodically re-balanced to maintain a consistent risk/reward profile. Larksfield Place utilizes external investment managers with demonstrated experience and expertise, whose investment styles collectively suit Larksfield Place's objectives. Each investment manager has full discretion to make all investment decisions for assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints and philosophies of Larksfield Place.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or KS UPMIFA requires Larksfield Place to retain as a fund of perpetual duration. No such deficiencies existed at June 30, 2019 and 2018.

Resident Service Revenue

Resident service revenue is recognized as Larksfield Place satisfies performance obligations under its contracts with residents. Resident service revenue is reported at the estimated transaction price or amount that reflects the consideration to which Larksfield Place expects to be entitled in exchange for providing care to residents and others for services rendered. Larksfield Place determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured residents in accordance with Larksfield Place's policies and implicit price concessions provided to uninsured residents. Monthly resident fees are recognized as revenue in the related month of occupancy.

Larksfield Place determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies and historical experience by payer groups. Larksfield Place determines its estimate of implicit price concessions based on its historical collection experience by classes of residents. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations by third-party payers.

Contributions

Contributions are provided to Larksfield Place either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on Larksfield Place overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.* the donor imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Professional Liability Claims

Larksfield Place recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 15*.

Self Insurance

Larksfield Place has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. Larksfield Place has purchased insurance that limits its exposure for individual claims and that limits its aggregate exposure to approximately $1,794,000.

Income Taxes

Larksfield Place has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. Larksfield Place recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit.

Larksfield Place files tax returns in the U.S. federal jurisdiction.

Excess (Deficiency) of Revenues Over Expenses

The consolidated statements of operations and changes in net assets include excess (deficiency) of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, and long-term assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets.

Note 2: Resident Service Revenue

Resident service revenue is reported at the amount that reflects the consideration to which Larksfield Place expects to be entitled to in exchange for providing resident care. These amounts are due from residents, third-party payers (including health insurers and governments programs) and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, Larksfield Place bills the residents and third-party payers monthly after the services are performed and patient accounts receivable are due in full when billed. Revenue is recognized as performance obligations are satisfied.

Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Larksfield Place. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. Larksfield Place believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Larksfield Place measures performance obligations for net resident service revenue and resident fees revenue as a series of distinct services that are considered one performance obligation which is satisfied over time.

Transaction Price

Larksfield Place determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions which consist of contractual adjustments provided to third-party payers. Larksfield Place determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. Larksfield Place determines its estimate of implicit price concessions based on its historical collection experience with this class of residents.

Third-Party Payers

Agreements with third-party payers typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payers follows:

Medicare. Skilled nursing services rendered to Medicare program beneficiaries are paid at prospectively determined rates. No additional settlement will be made on the difference between the per diem rates paid and actual cost.

Medicaid. Services rendered to Medicaid program beneficiaries are reimbursed under a cost-based prospective reimbursement methodology.

Other. Services rendered to other program beneficiaries are paid at prospectively determined rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge Larksfield Place's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon Larksfield Place. In addition, the contracts Larksfield Place has with commercial payers also provide for retroactive audit and review of claims.

Revenue Composition

Larksfield Place has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payers, and timing of when revenue is recognized. Tables providing details of these factors are presented below.

The composition of resident service revenue by primary payer for the years ended June 30, 2019 and 2018 is as follows:

	2019	2018
Medicare	$ 5,767,960	$ 5,282,188
Medicaid	376,583	312,906
Private pay	16,534,852	16,326,945
	$ 22,679,395	$ 21,922,039

The composition of resident service revenue by lines of business for the years ended June 30, 2019 and 2018 is as follows:

	2019	2018
Skilled Nursing	$ 8,755,742	$ 9,287,487
Assisted Living	4,380,855	3,792,335
Independent Living	7,799,112	7,487,894
Home Health	1,523,526	1,354,323
Hospice	220,160	-
	$ 22,679,395	$ 21,922,039

The composition of resident service revenue by payer and lines of business for the years ended June 30, 2019 and 2018, is as follows:

	June 30, 2019					
	Skilled Nursing	Assisted Living	Independent Living	Home Health	Hospice	Total
Medicare	$ 4,396,079	$ -	$ -	$ 1,151,721	$ 220,160	$ 5,767,960
Medicaid	376,583	-	-	-	-	376,583
Private pay	3,983,080	4,380,855	7,799,112	371,805	-	16,534,852
	$ 8,755,742	$ 4,380,855	$ 7,799,112	$ 1,523,526	$ 220,160	$ 22,679,395

	June 30, 2018					
	Skilled Nursing	Assisted Living	Independent Living	Home Health	Hospice	Total
Medicare	$ 4,337,844	$ -	$ -	$ 944,344	$ -	$ 5,282,188
Medicaid	312,906	-	-	-	-	312,906
Private pay	4,636,737	3,792,335	7,487,894	409,979	-	16,326,945
	$ 9,287,487	$ 3,792,335	$ 7,487,894	$ 1,354,323	$ -	$ 21,922,039

The composition of resident service revenue and other non-healthcare related services based on timing of revenue recognition for the years ended June 30, 2019 and 2018, are as follows:

	2019	2018
Timing of revenue and recognition		
Resident care services transferred over time	$ 22,679,395	$ 21,922,039
Amortization of deferred revenue transferred over time	668,809	554,710
	$ 23,348,204	$ 22,476,749

Financing Component

Larksfield Place has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third party payers for the effects of a significant financing component due to Larksfield Place's expectation that the period between the time the service is provided to a resident and the time the patient or a third-party payer pays for that service will be one year or less.

However, Larksfield Place does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Note 3: Concentration of Credit Risk

The mix of net receivables from residents and third-party payers at June 30, 2019 and 2018, is:

	2019	2018
Medicare	66%	58%
Medicaid	4%	3%
Private pay	30%	39%
	100%	100%

Note 4: Investments and Investment Return

Assets Limited as to Use

Assets limited as to use, at June 30, include:

	2019	2018
Funds held by trustees		
Principal and interest fund	$ 332,182	$ 290,147
Bond reserve fund	2,550,137	2,519,785
	2,882,319	2,809,932
Less current portion	332,182	290,147
	$ 2,550,137	$ 2,519,785

Assets limited as to use, at June 30, consisted of the following:

	2019	2018
Funds held by trustees		
Money market accounts	$ 1,082,426	$ 1,016,286
Corporate debt securities	1,799,893	1,793,646
	$ 2,882,319	$ 2,809,932

Investments

Investments, at June 30, consisted of the following:

	2019	2018
Trading		
Corporate debt securities	$ 350,744	$ -
Mutual funds		
Equities - domestic	6,878,081	6,891,369
U.S. government and agency securities	1,087,914	1,358,463
	$ 8,316,739	$ 8,249,832

Total investment return is comprised of the following:

	2019	2018
Interest income	$ 233,629	$ 277,055
Realized gains	320,989	283,493
Unrealized gains (losses)	(68,972)	162,020
	$ 485,646	$ 722,568

Note 5: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

		2019 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	$ 29,412	$ 29,412	$ -	$ -
Funds held by trustees				
Money market accounts	1,082,426	1,082,426	-	-
Corporate debt securities	1,799,893	-	1,799,893	-
	2,882,319	1,082,426	1,799,893	-
Investments				
Corporate debt securities	350,744	-	350,744	-
Mutual funds				
Equities - domestic	6,878,081	6,878,081	-	-
U.S. government and agency securities	1,087,914	-	1,087,914	-
	8,316,739	6,878,081	1,438,658	-
	$ 11,228,470	$ 7,989,919	$ 3,238,551	$ -

		2018 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	$ 11,207	$ 11,207	$ -	$ -
Funds held by trustees				
Money market accounts	1,016,286	1,016,286	-	-
Corporate debt securities	1,793,646	-	1,793,646	-
	2,809,932	1,016,286	1,793,646	-
Investments				
Mutual funds				
Equities - domestic	6,891,369	6,891,369	-	-
U.S. government and agency securities	1,358,463	-	1,358,463	-
	8,249,832	6,891,369	1,358,463	-
	$ 11,070,971	$ 7,918,862	$ 3,152,109	$ -

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2019.

Investments, Including Assets Limited as to Use

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

Note 6: Line of Credit

Larksfield Place has a margin line of credit with a financial services firm. At June 30, 2019 and 2018, there were no borrowings against this line. The line is collateralized by Larksfield Place's investment portfolio. If the value of the investment portfolio falls below 35% of the balance on the margin line of credit, the financial services firm has the right to force the sale of investment securities in the investment portfolio and apply sale proceeds to the margin line of credit balance. Interest is calculated at the daily effective prime rate plus an additional set percentage based on the outstanding balance. The interest rate on the margin line of credit at June 30, 2019, is 7.5%.

Note 7: Long-term Debt

Long-term debt consists of the following:

	2019	2018
2.750% - 7.375% Health Care Facilities Refunding and Improvement Revenue Bonds, Series III, 2013, issued by the City of Wichita, Kansas with varying maturities through December 15, 2043 - collateralized by facilities, furnishings and machinery and equipment constituting a part of the facilities.	$ 26,995,000	$ 27,395,000
3.10% (reset every five years) Retirement Community Revenue Bonds, Series III, 2010, issued by the City of Wichita, Kansas with a maturity date of June 1, 2032 - collateralized by facilities, furnishings, and machinery and equipment constituting a part of the facilities.	9,194,125	9,759,761
	36,189,125	37,154,761
Less unamortized debt issuance costs	928,926	970,974
Less current maturities	1,038,421	965,635
	$ 34,221,778	$ 35,218,152

Aggregate annual maturities of long-term debt at June 30 are:

2020	$ 1,038,421
2021	1,075,419
2022	1,114,669
2023	1,154,537
2024	1,200,042
Thereafter	30,606,037
	$ 36,189,125

The terms of the revenue bond indentures require monthly payments to the trustees sufficient to pay interest and the next maturing principal. The agreements require that Larksfield Place meet a rate covenant, sufficient to generate a debt service coverage ratio of greater than 1.20, liquidity covenant of greater than 100 days, and debt to worth ratio of less than 2.00.

For the years ended June 30, 2019 and 2018, Larksfield Place met the debt service coverage ratio covenant, the liquidity covenant and the debt to worth ratio covenant as defined above.

Note 8: Resident Deposits and Other Liabilities

Resident deposits and other liabilities, net of accumulated amortization, is as follows at June 30:

	2019	2018
Refundable nonresident deposits	$ 243,207	$ 330,450
Refundable resident deposits	38,186,711	36,928,281
Nonrefundable deposits, net		
Residency and Villa	2,295,278	2,292,400
Life care	16,217	21,524
	$ 40,741,413	$ 39,572,655

Note 9: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods:

	2019	2018
Subject to expenditure for specified purpose		
Circle of Friends	$ 942,133	$ 959,375
Resident Service Programs	104,455	136,195
Larksfield Scholarship	123,475	139,342
Caring and Sharing	295,581	310,741
	1,465,644	1,545,653
Endowments		
Subject to spending policy and appropriation		
Investments to be held in perpetuity, the income is expendable		
Circle of Friends Endowment	20,085	20,085
Reflection Garden Endowment	45,288	45,288
	65,373	65,373
	$ 1,531,017	$ 1,611,026

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors

	2019	2018
Purpose restrictions accomplished		
Various operational purposes	$ 22,685	$ 15,868
Purchase of property and equipment	57,324	22,160
	$ 80,009	$ 38,028

Note 10: Liquidity and Availability

Larksfield Place's financial assets available within one year of the balance sheet date for general expenditure are:

	2019	2018
Financial assets at year end		
Cash and cash equivalents	$ 1,116,990	$ 1,099,837
Assets limited as to use	2,882,319	2,809,932
Resident accounts receivable	1,191,167	849,177
Investments	8,316,739	8,249,832
Total financial assets	13,507,215	13,008,778
Less amounts not available to be used within one year		
Funds held by trustee	2,882,319	2,809,932
Financial assets not available to be used within one year	2,882,319	2,809,932
Financial assets available to meet general expenditures within one year	$ 10,624,896	$ 10,198,846

Larksfield Place has assets limited as to use for debt service. These assets, which are more fully described in *Notes 1* and *4*, are not available for general expenditure within the next year.

Note 11: Larksfield Place Foundation, Inc.

The Foundation, a tax-exempt entity under 501(c)(3) of the Internal Revenue Code, was established to solicit contributions principally for the benefit of Larksfield Place and assisting in the financing of nursing care and retirement facilities of Larksfield Place. At June 30, 2019 and 2018, Foundation assets consisted of cash and investments in the amount of $2,039,038 and $2,050,055, respectively.

Note 12: Functional Expenses

Larksfield Place provides health care services to its residents. Certain costs attributable to more than one function have been allocated among the health care services and general and administrative functional expense classifications based on the actual department in which the expense was incurred and is consistently applied. The following schedule presents the natural classification of expenses by function for the years ended June 30, 2019 and 2018:

	2019		
	Healthcare Services	General and Administrative	Total
Salaries and wages	$ 9,821,608	$ 1,245,724	$ 11,067,332
Supplies and other	7,419,842	1,450,231	8,870,073
Depreciation	2,316,530	362,224	2,678,754
Interest	1,886,283	294,948	2,181,231
	$ 21,444,263	$ 3,353,127	$ 24,797,390

	2018		
	Healthcare Services	General and Administrative	Total
Salaries and wages	$ 9,417,602	$ 1,121,013	$ 10,538,615
Supplies and other	7,097,315	1,488,843	8,586,158
Depreciation	2,258,286	356,877	2,615,163
Interest	1,976,178	312,296	2,288,474
	$ 20,749,381	$ 3,279,029	$ 24,028,410

Note 13: Pension Plan

Larksfield Place has a defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of Larksfield Place's contributions to the plan in accordance with the employer matching contributions policy statement. Pension expense was $294,530 and $236,061 in 2019 and 2018, respectively.

Note 14: Employee Health Claims

Substantially all of Larksfield Place's employees and their dependents are eligible to participate in Larksfield Place's employee health insurance plan. Larksfield Place is self-insured for health claims of participating employees and dependents up to an annual aggregate amount of approximately $1,794,000 and $1,592,000 for the years ended June 30, 2019 and 2018, respectively. Commercial stop-loss insurance coverage is purchased for all claims in excess of $50,000. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that Larksfield Place's estimate will change by a material amount in the near term.

Activity in Larksfield Place's accrued employee health claims liability is summarized as follows:

	2019	2018
Balance, beginning of year	$ 61,406	$ 72,316
Current year claims incurred and changes in estimates for claims incurred in prior years	965,615	1,112,664
Claims and expenses paid	(1,007,021)	(1,123,574)
Balance, end of year	$ 20,000	$ 61,406

Note 15: Professional Liability Claims

Larksfield Place purchases professional and general liability insurance under a claims-made policy. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. Larksfield Place also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy. In addition, partial coverage is provided by the Kansas Health Care Stabilization Fund.

Based upon Larksfield Place's claims experience, no accrual had been made for Larksfield Place's estimated medical malpractice costs related to its deductible under its malpractice insurance policy. It is reasonably possible that this estimate could change materially in the near term.

Note 16: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments

Larksfield Place invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets.

Litigation

In the normal course of business, Larksfield Place is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by Larksfield Place's commercial insurance; for example, allegations regarding employment practices or performance of contracts. Larksfield Place evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Regulatory Matters

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements and reimbursement for patient services. Government activity has continued with respect to investigations and allegation concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. In addition, changes to the regulatory environment could negatively impact Larksfield Place's financial position.

Note 17: Change in Accounting Principle

On July 1, 2018, Larksfield Place adopted the Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) using a modified-retrospective method of adoption to all contracts with residents at July 1, 2018. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to customers or patients in an amount that reflects the consideration to which Larksfield Place expects to be entitled in exchange for those goods or services. The amount to which Larksfield Place expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing patient care services to its residents. Adoption of ASU 2014-09 resulted in changes in presentation of the financial statements and related disclosures in the notes to the financial statements. Prior to the adoption of ASU 2014-09, the majority of the provision for doubtful accounts related to residents without insurance, as well as resident responsibility balances for co-pays, co-insurance and deductibles for residents with insurance. Under ASU 2014-09, the estimated amounts due from residents for which Larksfield Place does not expect to be entitled or collect from the residents are considered implicit price concessions and excluded from Larksfield Place's estimation of the transaction price or revenue recorded. The adoption had no impact on operating income, overall change in net assets or net cash provided by operating activities.

Note 18: Subsequent Events

Subsequent events have been evaluated through September 18, 2019, which is the date the consolidated financial statements were issued.

Note 19: Future Changes in Accounting Principle

Accounting for Leases

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2019 (2018 for not-for-profits that are conduit debt obligors), and any interim periods within annual reporting periods that

begin after December 15, 2020 (2018 for not-for-profits that are conduit debt obligors). A tentative board decision was reached by the FASB at its July 17, 2019, meeting to delay the effective date by one year (i.e. annual periods beginning after December 15, 2020). Issuance of a final ASU related to this decision is expected later in 2019. Larksfield Place is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have a material impact on the consolidated financial statements due to the recognition of additional assets and liabilities for operating leases.

Larksfield Place Retirement Communities, Inc.

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2018 and 2017

Larksfield Place Retirement Communities, Inc.

June 30, 2018 and 2017

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CPAs & Advisors

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Independent Auditor's Report

Board of Directors
Larksfield Place Retirement Communities, Inc.
Wichita, Kansas

We have audited the accompanying consolidated financial statements of Larksfield Place Retirement Communities, Inc. (Larksfield Place), which comprise the consolidated balance sheets as of June 30, 2018 and 2017, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Larksfield Place as of June 30, 2018 and 2017, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in *Note 17* to the financial statements, in 2018, Larksfield Place adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

BKD, LLP

Wichita, Kansas
August 24, 2018

Larksfield Place Retirement Communities, Inc.

Consolidated Balance Sheets

June 30, 2018 and 2017

Assets

	2018	2017
Current Assets		
Cash and cash equivalents	$ 1,099,837	$ 676,573
Assets limited as to use	290,147	325,680
Resident accounts receivable, net of allowance; 2018 - $10,000, 2017 - $10,000	849,177	867,687
Prepaid expenses and other	425,761	400,549
Total current assets	2,664,922	2,270,489
Investments	8,249,832	8,733,588
Assets Whose Use is Limited - Held by Trustee	2,519,785	2,521,748
Property and Equipment, at Cost		
Land and land improvements	4,282,729	4,275,870
Buildings	65,620,956	65,033,116
Furniture and equipment	3,347,053	3,188,020
Construction in progress	104,433	143,937
	73,355,171	72,640,943
Less accumulated depreciation	28,598,033	26,300,164
	44,757,138	46,340,779
Total assets	$ 58,191,677	$ 59,866,604

See Notes to Consolidated Financial Statements

Liabilities and Net Assets (Deficit)

	2018	2017
Current Liabilities		
Current maturities of long-term debt	$ 965,635	$ 945,701
Line of credit	-	2,306,383
Accounts payable	600,196	463,612
Accrued compensation and other expenses	511,407	479,608
Total current liabilities	2,077,238	4,195,304
Long-term Debt, Net	35,218,152	36,144,430
Resident Deposits and Other Liabilities		
Refundable deposits	37,258,731	35,142,721
Deferred revenue	2,313,924	2,233,137
Total resident deposits and other liabilities	39,572,655	37,375,858
Total liabilities	76,868,045	77,715,592
Net Assets (Deficit)		
Without donor restrictions	(20,287,394)	(19,498,042)
With donor restrictions		
Purpose restriction	1,545,653	1,583,681
Perpetual in nature	65,373	65,373
Total net deficit	(18,676,368)	(17,848,988)
Total liabilities and net assets (deficit)	$ 58,191,677	$ 59,866,604

Larksfield Place Retirement Communities, Inc.

Consolidated Statements of Operations and Changes in Net Assets

Years Ended June 30, 2018 and 2017

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Resident services	$ 21,922,039	$ -	$ 21,922,039
Contributions and memorials	1,713	-	1,713
Amortization of deferred revenue	554,710	-	554,710
Investment return	722,568	-	722,568
Net assets released from restrictions used for operations	15,868	(15,868)	-
Total revenues, gains and other support	23,216,898	(15,868)	23,201,030
Expenses			
Salaries and wages	10,538,615	-	10,538,615
Supplies and other	8,586,158	-	8,586,158
Depreciation	2,615,163	-	2,615,163
Interest	2,288,474	-	2,288,474
Total expenses	24,028,410	-	24,028,410
Excess (Deficiency) of Revenues Over Expenses	(811,512)	(15,868)	(827,380)
Other Changes			
Net assets released from restrictions used to purchase property and equipment	22,160	(22,160)	-
Change in Net Assets	(789,352)	(38,028)	(827,380)
Net Assets (Deficit), Beginning of Year	(19,498,042)	1,649,054	(17,848,988)
Net Assets (Deficit), End of Year	$ (20,287,394)	$ 1,611,026	$ (18,676,368)

See Notes to Consolidated Financial Statements

2017		
Without Donor Restrictions	With Donor Restrictions	Total
$ 19,843,419	$ -	$ 19,843,419
74,490	190,918	265,408
586,162	-	586,162
855,689	-	855,689
-	-	-
21,359,760	190,918	21,550,678
10,789,796	-	10,789,796
9,180,112	-	9,180,112
2,561,100	-	2,561,100
2,300,952	-	2,300,952
24,831,960	-	24,831,960
(3,472,200)	190,918	(3,281,282)
20,629	(20,629)	-
(3,451,571)	170,289	(3,281,282)
(16,046,471)	1,478,765	(14,567,706)
$ (19,498,042)	$ 1,649,054	$ (17,848,988)

Larksfield Place Retirement Communities, Inc.

Consolidated Statements of Cash Flows

Years Ended June 30, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	$ (827,380)	$ (3,281,282)
Items not requiring (providing) operating cash flow		
Depreciation	2,615,163	2,561,100
Amortization of debt issuance costs	42,048	42,048
Amortization of deferred revenue	(554,710)	(586,162)
Restricted contributions	-	(190,918)
Net realized and unrealized gains on investments	(372,454)	(576,783)
Changes in		
Resident accounts receivable	18,510	(186,059)
Other current assets	(25,212)	(90,576)
Accounts payable and accrued expenses	135,925	166,102
Net cash provided by (used in) operating activities	1,031,890	(2,142,530)
Investing Activities		
Purchases of investments	(3,952,211)	(2,717,131)
Proceeds from disposition of investments	4,808,421	3,888,837
Change in assets limited as to use	37,496	(91,090)
Purchases of property and equipment	(999,064)	(754,690)
Net cash provided by (used in) investing activities	(105,358)	325,926
Financing Activities		
Restricted contributions	-	190,918
Payments received from deposits	5,314,695	4,863,478
Refund of resident deposits	(2,563,188)	(5,339,488)
Proceeds from line of credit	1,323,759	4,402,914
Payments on line of credit	(3,630,142)	(2,096,531)
Principal payments on long-term debt	(948,392)	(931,674)
Net cash provided by (used in) financing activities	(503,268)	1,089,617
Increase (Decrease) in Cash and Cash Equivalents	423,264	(726,987)
Cash and Cash Equivalents, Beginning of Year	676,573	1,403,560
Cash and Cash Equivalents, End of Year	$ 1,099,837	$ 676,573
Supplemental Cash Flows Information		
Interest paid	$ 2,171,698	$ 2,200,166
Property and equipment additions in payables	$ 78,043	$ 45,585

Larksfield Place Retirement Communities, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Larksfield Place Retirement Communities, Inc. (Larksfield Place), a continuing care retirement community, is a not-for-profit corporation that operates a health care center, assisted living and independent living facilities which include apartments and single family homes (Villas) in Wichita, Kansas.

Principles of Consolidation

The consolidated financial statements include the accounts and activities of Larksfield Place Foundation, Inc. (the Foundation) due to their relationships, structures, purposes and shared economic interests. The Foundation was established to provide support in the financing of nursing care and retirement facilities of Larksfield Place to help further its purposes and mission. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Larksfield Place considers all liquid investments other than assets whose use is limited with original maturities of three months or less to be cash equivalents. At June 30, 2018 and 2017, cash equivalents consisted of money market accounts.

At June 30, 2018, Larksfield Place's cash accounts exceeded federally insured limits by approximately $871,000.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments are classified as a trading portfolio. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of operations and changes in net assets with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Assets Limited as to Use

Assets limited as to use include assets held by trustees and are classified as other than trading securities. Amounts required to meet current liabilities of Larksfield Place are included in current assets.

Resident Accounts Receivable

Larksfield Place reports resident accounts receivable for services rendered at net realizable amounts from third-party payers, residents and others. Larksfield Place provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the resident, Larksfield Place bills third-party payers directly and bills the resident when the resident's liability is determined. Resident accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land improvements	10-15 years
Buildings	40 years
Furniture and equipment	3-10 years

Donations of property and equipment are reported at fair value as an increase in net assets without donor restrictions unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in net assets without donor restrictions when the donated asset is placed in service.

Long-lived Asset Impairment

Larksfield Place evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2018 and 2017.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the straight-line method. The amortization of the debt issuance costs are included as a component of interest expense.

Deferred Revenue

Entrance Fees

Apartment and Villa residents pay an advance entrance fee upon occupancy. Entrance fees are refundable when a current resident terminates residency and a new resident signs a Residency Agreement and enters the facility. The amount of the entrance fee that is refundable depends on the Residency Agreement agreed to and ranges from 0% to 100%. The refundable portion of their deposit is recognized as a liability on the balance sheet. The nonrefundable portion of the deposit is recognized as revenue over the life expectancy of the resident using the straight-line method. All residents pay a monthly maintenance fee.

Life Care Fees

For residents with life care, a nonrefundable life care fee is charged to each qualified applicant for residency. The life care fee is amortized over the life expectancy of the resident using the straight-line method. Upon termination of residency, the deferred life care fee balance is recognized as revenue.

Obligation to Provide Future Services

Larksfield Place calculates the present value of the estimated net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the estimated net cost of future services and the use of facilities exceed the deferred revenue and advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. Based upon management computations, deferred revenue exceeds the present value of the estimated net cost of future services and the use of facilities to be provided to current residents and accordingly, no provision for future service obligations is required at June 30, 2018 and 2017.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those whose use by Larksfield Place has been limited by donors to a specific time period or purpose or have been restricted by donors to be maintained by Larksfield Place in perpetuity.

Endowment

Larksfield Place endowment consists of individual funds established for a variety of purposes. The endowment includes only donor-restricted funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Larksfield Place is subject to the State of *Kansas Uniform Prudent Management of Institutional Funds Act* (KS UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted. Larksfield Place's governing body has interpreted KS UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Larksfield Place considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Larksfield Place has interpreted KS UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In addition, in accordance with KS UPMIFA, Larksfield Place considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of Larksfield Place and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Larksfield Place
7. Investment policies of Larksfield Place

Investments are managed to maximize long-term return consistent with prudent levels of risk. The objective for the portfolio, to be measured in three- to five-year periods, is to meet or exceed the average annual rate of inflation over the same time period. The portfolio is diversified globally employing a variety of asset classes that are periodically re-balanced to maintain a consistent

risk/reward profile. Larksfield Place utilizes external investment managers with demonstrated experience and expertise, whose investment styles collectively suit Larksfield Place's objectives. Each investment manager has full discretion to make all investment decisions for assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints and philosophies of Larksfield Place.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or KS UPMIFA requires Larksfield Place to retain as a fund of perpetual duration. No such deficiencies existed at June 30, 2018 and 2017.

Resident Services Revenue

Larksfield Place has agreements with third-party payers that provide for payments to Larksfield Place at amounts different from its established rates. Resident services revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. (Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.)

Professional Liability Claims

Larksfield Place recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 15*.

Self Insurance

Larksfield Place has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. Larksfield Place has purchased insurance that limits its exposure for individual claims and that limits its aggregate exposure to approximately $1,592,000.

Income Taxes

Larksfield Place has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. Larksfield Place recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit.

Larksfield Place files tax returns in the U.S. federal jurisdiction.

Excess (Deficiency) of Revenues Over Expenses

The consolidated statements of operations and changes in net assets include excess (deficiency) of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, and long-term assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Net Resident Service Revenue

Larksfield Place has agreements with third-party payers that provide for payments to Larksfield Place at amounts different from its established rates. These payment arrangements include:

Medicare. Skilled nursing services rendered to Medicare program beneficiaries are paid at prospectively determined rates.

Medicaid. Services rendered to Medicaid program beneficiaries are reimbursed under a cost-based prospective reimbursement methodology.

Approximately 14% and 15% of net resident service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended June 30, 2018 and 2017, respectively.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Note 3: Concentration of Credit Risk

The mix of net receivables from residents and third-party payers at June 30, 2018 and 2017, is:

	2018	2017
Medicare	58%	67%
Medicaid	3%	1%
Private pay	39%	32%
	100%	100%

Note 4: Investments and Investment Return

Assets Limited as to Use

Assets limited as to use, at June 30, include:

	2018	2017
Funds held by trustees		
Principal and interest fund	$ 290,147	$ 325,680
Bond reserve fund	2,519,785	2,521,748
	2,809,932	2,847,428
Less current portion	290,147	325,680
	$ 2,519,785	$ 2,521,748

Assets limited as to use, at June 30, consisted of the following:

	2018	2017
Funds held by trustees		
Money market accounts	$ 1,016,286	$ 987,892
Corporate debt securities	1,793,646	1,859,536
	$ 2,809,932	$ 2,847,428

Investments

Investments, at June 30, consisted of the following:

	2018	2017
Trading		
Mutual funds		
Equities - domestic	$ 6,891,369	$ 6,440,971
U.S. government and agency securities	1,358,463	2,292,617
	$ 8,249,832	$ 8,733,588

Total investment return is comprised of the following:

	2018	2017
Interest income	$ 277,055	$ 329,598
Realized gains	283,493	6,866
Unrealized gains	162,020	519,225
	$ 722,568	$ 855,689

Note 5: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

		2018 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	$ 11,207	$ 11,207	$ -	$ -
Funds held by trustees				
Money market accounts	1,016,286	1,016,286	-	-
Corporate debt securities	1,793,646	-	1,793,646	-
	2,809,932	1,016,286	1,793,646	-
Investments				
Mutual funds				
Equities - domestic	6,891,369	6,891,369	-	-
U.S. government and agency securities	1,358,463	-	1,358,463	-
	8,249,832	6,891,369	1,358,463	-
	$ 11,070,971	$ 7,918,862	$ 3,152,109	$ -

		2017 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	$ 7,392	$ 7,392	$ -	$ -
Funds held by trustees				
Money market accounts	987,892	987,892	-	-
Corporate debt securities	1,859,536	-	1,859,536	-
	2,847,428	987,892	1,859,536	-
Investments				
Mutual funds				
Equities - domestic	6,440,971	6,440,971	-	-
U.S. government and agency securities	2,292,617	-	2,292,617	-
	8,733,588	6,440,971	2,292,617	-
	$ 11,588,408	$ 7,436,255	$ 4,152,153	$ -

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2018.

Investments, Including Assets Limited as to Use

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

Note 6: Line of Credit

Larksfield Place has a margin line of credit with a financial services firm. At June 30, 2018 and 2017, there was $0 and $2,306,383, respectively, borrowed against this line. The line is collateralized by Larksfield Place's investment portfolio. If the value of the investment portfolio falls below 35% of the balance on the margin line of credit, the financial services firm has the right to force the sale of investment securities in the investment portfolio and apply sale proceeds to the margin line of credit balance. Interest is calculated at the daily effective prime rate plus an additional set percentage based on the outstanding balance. The interest rate on the margin line of credit at June 30, 2018, is 7.0%.

Note 7: Long-term Debt

Long-term debt consists of the following:

	2018	2017
2.750% - 7.375% Health Care Facilities Refunding and Improvement Revenue Bonds, Series III, 2013, issued by the City of Wichita, Kansas with varying maturities through December 15, 2043 - collateralized by facilities, furnishings and machinery and equipment constituting a part of the facilities.	$ 27,395,000	$ 27,795,000
3.10% (reset every five years) Retirement Community Revenue Bonds, Series III, 2010, issued by the City of Wichita, Kansas with a maturity date of June 1, 2032 - collateralized by facilities, furnishings, and machinery and equipment constituting a part of the facilities.	9,759,761	10,308,153
	37,154,761	38,103,153
Less unamortized debt issuance costs	970,974	1,013,022
Less current maturities	965,635	945,701
	$ 35,218,152	$ 36,144,430

Aggregate annual maturities of long-term debt at June 30 are:

2017	$ 965,635
2018	1,036,767
2019	1,075,419
2020	1,114,669
2021	1,154,537
Thereafter	31,807,734
	$ 37,154,761

The terms of the revenue bond indentures require monthly payments to the trustees sufficient to pay interest and the next maturing principal. The agreements require that Larksfield Place meet a rate covenant, sufficient to generate a debt service coverage ratio of greater than 1.20, liquidity covenant of greater than 100 days, and debt to worth ratio of less than 2.00.

For the year ended June 30, 2018, Larksfield Place met the debt service coverage ratio covenant, the liquidity covenant and the debt to worth ratio covenant as defined above.

For the year ended June 30, 2017, Larksfield Place did not meet the debt service coverage ratio and debt to worth ratio covenants defined above. For any fiscal year in which compliance with the covenants defined above is not maintained, the revenue bond indentures require Larksfield Place to engage a Consultant who shall report recommendations with respect to rates, fees and charges for Larksfield Place's methods of operation and other factors affecting its financial condition in order to satisfy future debt covenants. As a result, Larksfield Place engaged a Consultant and implemented the recommendations in the Consultant's report during 2018. The violations of the debt covenants noted above are not considered an event of default in accordance with the revenue bond indentures.

Note 8: Resident Deposits and Other Liabilities

Resident deposits and other liabilities, net of accumulated amortization, is as follows at June 30:

	2018	2017
Refundable nonresident deposits	$ 330,450	$ 785,278
Refundable resident deposits	36,928,281	34,357,443
Nonrefundable deposits, net		
Residency and Villa	2,292,400	2,199,069
Life care	21,524	34,068
	$ 39,572,655	$ 37,375,858

Note 9: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods:

	2018	2017
Subject to expenditure for specified purpose		
Circle of Friends	$ 959,375	$ 966,231
Resident Service Programs	136,195	142,532
Larksfield Scholarship	139,342	151,200
Caring and Sharing	310,741	323,718
	1,545,653	1,583,681
Endowments		
Subject to spending policy and appropriation		
Investments to be held in perpetuity, the income is expendable		
Circle of Friends Endowment	20,085	20,085
Reflection Garden Endowment	45,288	45,288
	65,373	65,373
	$ 1,611,026	$ 1,649,054

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors

	2018	2017
Purpose restrictions accomplished		
Various operational purposes	$ 15,868	$ -
Purchase of property and equipment	22,160	20,629
	$ 38,028	$ 20,629

Note 10: Liquidity and Availability

Larksfield Place's financial assets available within one year of the balance sheet date for general expenditure are:

	2018	2017
Financial assets at year end		
Cash and cash equivalents	$ 1,099,837	$ 676,573
Assets limited as to use	2,809,932	2,847,428
Resident accounts receivable, net	849,177	867,687
Investments	8,249,832	8,733,588
Total financial assets	13,008,778	13,125,276
Less amounts not available to be used within one year		
Funds held by trustee	2,809,932	2,847,428
Financial assets not available to be used within one year	2,809,932	2,847,428
Financial assets available to meet general expenditures within one year	$ 10,198,846	$ 10,277,848

Note 11: Larksfield Place Foundation, Inc.

The Foundation, a tax-exempt entity under 501(c)(3) of the Internal Revenue Code, was established to solicit contributions principally for the benefit of Larksfield Place and assisting in the financing of nursing care and retirement facilities of Larksfield Place. At June 30, 2018 and 2017, Foundation assets consisted of cash and investments in the amount of $2,050,055 and $1,964,216, respectively.

Note 12: Functional Expenses

Larksfield Place provides health care services to its residents. Certain costs attributable to more than one function have been allocated among the health care services and general and administrative functional expense classifications based on the actual department in which the expense was incurred and is consistently applied. The following schedule presents the natural classification of expenses by function for the years ended June 30, 2018 and 2017:

	2018		
	Healthcare Services	General and Administrative	Total
Salaries and wages	$ 9,417,602	$ 1,121,013	$ 10,538,615
Supplies and other	7,097,315	1,488,843	8,586,158
Depreciation	2,258,286	356,877	2,615,163
Interest	1,976,178	312,296	2,288,474
	$ 20,749,381	$ 3,279,029	$ 24,028,410

	2017		
	Healthcare Services	General and Administrative	Total
Salaries and wages	$ 9,615,760	$ 1,174,036	$ 10,789,796
Supplies and other	7,688,069	1,492,043	9,180,112
Depreciation	2,219,181	341,919	2,561,100
Interest	1,993,764	307,188	2,300,952
	$ 21,516,774	$ 3,315,186	$ 24,831,960

Note 13: Pension Plan

Larksfield Place has a 403(b) tax-sheltered annuity plan covering substantially all employees. Employees age 21 and older are eligible to participate in the plan on a voluntary basis upon employment. The employee must complete two years of continuous service before Larksfield Place will contribute on their behalf. At that time, Larksfield Place will make a contribution equal to 25% of the employee's contribution with a 3% maximum contribution. After five years of

continuous service, Larksfield Place will make a contribution equal to 50% of the employee's contribution with a 6% maximum contribution. Larksfield Place froze this tax-sheltered annuity plan effective August 1, 2011, and formed a new 403(b) retirement plan. Participants had the option to rollover their assets into the new plan. All participants are fully vested in their employer contributions.

Larksfield Place adopted a new 403(b) retirement plan effective August 1, 2011, covering substantially all employees. There is no minimum age or service requirement for salary deferrals, however, employees must be at least 21 years of age and have completed one year of service (1,000 hours in a 12-month period) to be eligible to receive matching employer contributions.

Larksfield Place's contributions to the plans were $236,061 and $272,539 in 2018 and 2017, respectively.

Note 14: Employee Health Claims

Substantially all of Larksfield Place's employees and their dependents are eligible to participate in Larksfield Place's employee health insurance plan. Larksfield Place is self-insured for health claims of participating employees and dependents up to an annual aggregate amount of approximately $1,592,000. Commercial stop-loss insurance coverage is purchased for all claims in excess of $50,000. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that Larksfield Place's estimate will change by a material amount in the near term.

Activity in Larksfield Place's accrued employee health claims liability is summarized as follows:

	2018	2017
Balance, beginning of year	$ 72,316	$ -
Current year claims incurred and changes in estimates for claims incurred in prior years	1,112,664	1,438,200
Claims and expenses paid	(1,123,574)	(1,365,884)
Balance, end of year	$ 61,406	$ 72,316

Note 15: Professional Liability Claims

Larksfield Place purchases professional and general liability insurance under a claims-made policy. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. Larksfield Place also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy. In addition, partial coverage is provided by the Kansas Health Care Stabilization Fund.

Based upon Larksfield Place's claims experience, no accrual had been made for Larksfield Place's estimated medical malpractice costs related to its deductible under its malpractice insurance policy. It is reasonably possible that this estimate could change materially in the near term.

Note 16: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments

Larksfield Place invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets.

Litigation

In the normal course of business, Larksfield Place is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by Larksfield Place's commercial insurance; for example, allegations regarding employment practices or performance of contracts. Larksfield Place evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Regulatory Matters

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements and reimbursement for patient services. Government activity has continued with respect to investigations and allegation concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. In addition, changes to the regulatory environment could negatively impact Larksfield Place's financial position.

Note 17: Change in Accounting Principle

In 2018, Larksfield Place adopted ASU 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. A summary of changes is as follows:

Balance Sheet

The balance sheet distinguishes between two new classes of net assets – those with donor imposed restrictions and those without. This is a change from the previously required three classes of net assets – unrestricted, temporarily restricted and permanently restricted.

Statement of Operations and Changes in Net Assets

Expenses are reported by both nature and function in one location. Investment return is shown net of external and direct internal investment expenses. Disclosure of the expenses netted against investment income is no longer required.

Notes to the Consolidated Financial Statements

Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the balance sheet.

These changes had no impact on previously reported total change in net assets.

Note 18: Subsequent Events

Subsequent events have been evaluated through August 24, 2018, which is the date the financial statements were issued.

Note 19: Future Changes in Accounting Principle

Revenue Recognition

The Financial Accounting Standards Board (FASB) amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for annual periods beginning after December 15, 2018, for nonpublic entities (December 15, 2017, for not-for-profits that are conduit debt obligors), and any interim periods within annual reporting periods that begin after December 15, 2019, for nonpublic entities (December 15, 2018, for not-for-profits that are conduit debt obligors). Larksfield Place is in the process of evaluating the impact the amendment will have on the consolidated financial statements.

Accounting for Leases

The FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2019 (2018 for not-for-profits that are conduit debt obligors), and any interim periods within annual reporting periods that begin after December 15, 2020 (2018 for not-for-profits that are conduit debt obligors). Larksfield Place is evaluating the impact the standard will have on the consolidated financial statements; however, the standard is expected to have a material impact on the consolidated financial statements due to the recognition of additional assets and liabilities for operating leases.

Gilmore & Bell, P.C.
09/17/2020

RESOLUTION NO. 20-[___]

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS DETERMINING THE ADVISABILITY OF ISSUING HEALTH CARE FACILITIES REVENUE BONDS FOR THE PURPOSE OF FINANCING ALL OR A PORTION OF THE COSTS OF THE ACQUISITION, CONSTRUCTION, FURNISHING, AND EQUIPPING OF RETIREMENT COMMUNITY FACILITIES LOCATED IN SAID CITY AND REFUNDING CERTAIN OUTSTANDING BONDS OF THE CITY PREVIOUSLY ISSUED TO FINANCE IMPROVEMENTS TO SUCH FACILITIES; AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS.

WHEREAS, the City of Wichita, Kansas (the "City") is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State of Kansas (the "State"); and

WHEREAS, the City Council (the "Governing Body") of the City desires to promote, stimulate and develop the general economic welfare and prosperity of the City, and thereby to further promote, stimulate and develop the general economic welfare and prosperity of the State; and

WHEREAS, the City has heretofore issued its Health Care Facilities Refunding and Improvement Revenue Bonds, Series III, 2013 (Larksfield Place) currently outstanding in the principal amount of $29,790,000 and its Retirement Community Revenue Bond, Series III, 2010 (Larksfield Place Retirement Communities, Inc. Project) currently outstanding in the principal amount of $8,601,000 (collectively, the "Outstanding Bonds"), the proceeds of which were used to provide funds to pay or refinance the costs of the acquisition, construction and equipping of retirement community facilities (the "Project") located in the City, which is currently leased by the City to Larksfield Place Retirement Communities, Inc., a Kansas not-for-profit corporation (the "Tenant"); and

WHEREAS, the Governing Body determines it to be advisable and in the interest and for the welfare of the City and its inhabitants that revenue bonds of the City be authorized and issued, in one or more series, to provide funds to: (i) pay all or a portion of the costs of the acquisition, construction, furnishing and equipping of improvements to the Project (the "Project Additions") to be continued to be leased by the City to the "Tenant"); and (ii) refund the Outstanding Bonds.

WHEREAS, pursuant to the provisions of the Kansas Economic Development Revenue Bond Act, as amended and codified in K.S.A. 12-1740 *et seq.* and K.S.A. 10-116a (collectively, the "Act"), the City is authorized to issue bonds to refinance the debt represented by the Outstanding Bonds and to provide funds to pay all or a portion the costs of the Project Additions; and

WHEREAS, the Tenant has requested that the City issue refunding and improvement revenue bonds for such purpose; and

WHEREAS, the Governing Body determines it to be advisable and in the interest and for the welfare of the City and its inhabitants that revenue bonds of the City in the principal amount of not to exceed $50,000,000 be authorized and issued pursuant to the Act to provide funds to refund the Outstanding Bonds and to pay the costs of the Project Additions.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

Section 1. Public Purpose. The Governing Body hereby finds and determines that the refinancing of the debt represented by the Outstanding Bonds and the acquisition, construction, furnishing and equipping of the Project Additions will promote, stimulate and develop the general economic welfare and prosperity of the City, and thereby further promote, stimulate and develop the general economic welfare and prosperity of the State.

Section 2. Authorization to Call Outstanding Bonds for Redemption and Acquire Project Additions; Intent to Issue Bonds. The City is hereby authorized to notify the Trustee for the Outstanding Bonds to call such bonds for redemption on such permitted redemption date as the Tenant shall request in writing (the "Redemption Date"); to proceed with the acquisition, construction, furnishing, and equipping of the Project Additions; and to issue its revenue bonds pursuant to the Act, in one or more series, in an aggregate principal amount of not to exceed $50,000,000 (collectively, the "Bonds") to pay the costs thereof, subject to satisfaction of the conditions of issuance set forth herein.

Section 3. Conditions to Issuance of Bonds. The issuance of the Bonds is subject to: (a) the Tenant's written acceptance of a Letter of Intent containing the City's conditions to the issuance of the Bonds in accordance with the City's Economic Development Incentive Policy (the "Letter of Intent"); (b) the successful negotiation and sale of the Bonds to a purchaser or purchasers to be determined by the Tenant and acceptable to the City (the "Purchaser"), which sale shall be the responsibility of the Tenant and not the City; (c) the receipt of the approving legal opinion of Gilmore & Bell, P.C. ("Bond Counsel") in form acceptable to the City, the Tenant and the Purchaser; (d) the obtaining of all necessary governmental approvals to the issuance of the Bonds; and (e) the commitment to and payment by the Tenant or Purchaser of all expenses relating to the issuance of the Bonds, including, but not limited to: (i) expenses of the City and the City Attorney; (ii) any underwriting or placement fees and expenses; (iii) all legal fees and expenses of Bond Counsel; and (iv) all recording and filing fees, including fees of the Kansas Board of Tax Appeals.

Section 4. Sales Tax Exemption. The Governing Body hereby determines that pursuant to the provisions of K.S.A. 79-3601 *et seq.* (the "Sales Tax Act"), particularly 79-3606(b) and (d) and other applicable laws, sales of tangible personal property or services purchased in connection with construction of the Project Additions and financed with proceeds of the Bonds are entitled to exemption from the tax imposed by the Sales Tax Act; provided proper application is made therefore. In the event that the Bonds are not issued for any reason, the Tenant will not be entitled to a sales tax exemption under the terms of the Sales Tax Act and will remit to the State Department of Revenue all sales taxes that were not paid due to reliance on the sales tax exemption certificate granted hereunder.

Section 5. Reliance by Tenant; Limited Liability of City. It is contemplated that in order to expedite acquisition of the Project Additions and realization of the benefits to be derived thereby, the Tenant may incur temporary indebtedness or expend its own funds to pay costs of the Project Additions prior to the issuance of the Bonds; provided that such expenditures incurred prior to the issuance of the Bonds are at the risk of the Tenant that the Bonds will actually be issued. Proceeds of Bonds may be used to reimburse the Tenant for such expenditures made not more than 60 days prior to the date this Resolution is adopted, and as provided by §1.150-2 of the U.S. Treasury Regulations. The Bonds herein authorized and all interest thereon shall be paid solely from the revenues to be received by the City from the Project and not from any other fund or source. The City shall not be obligated on such Bonds in any way, except as herein set out. In the event that the Bonds are not issued, the City shall have no liability to the Tenant.

Section 6. Execution and Delivery of Documents. The Mayor is hereby authorized to execute the Letter of Intent, and the City Clerk is authorized to deliver executed copies of this Resolution and the Letter of Intent to the Tenant. After the Tenant has demonstrated compliance with the provisions of the Letter of Intent, the Mayor and City Clerk are authorized to execute a bond purchase agreement with the Purchaser and the Tenant for the sale of the Bonds in a form satisfactory to the City Attorney and Bond Counsel.

Section 7. Further Action. The Mayor, City Clerk and other officials, employees and agents of the City, including the City Attorney and Bond Counsel, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this Resolution, including, but not limited to: (a) cooperate with the Tenant in filing an application for a sales tax exemption certificate with the Kansas Department of Revenue with respect to Bond-financed property; (b) execution on behalf of the City of the information statement regarding the proposed issuance of the Bonds to be filed with the State Board of Tax Appeals pursuant to the Act; (c) providing for timely notice of redemption of the Outstanding Bonds; and (d) cooperate with the Tenant to maintain any *ad valorem* property tax exemption for the Project and related facilities which is consistent with the Tenant's charitable purposes, and execute such documents in connection therewith as are approved by the City Attorney.

Section 8. Effective Date. This resolution shall become effective upon adoption by the Governing Body and shall remain in effect until December 31, 2021, unless extended by affirmative vote of a majority of the Governing Body.

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ADOPTED by the City Council of the City of Wichita, Kansas, on October 6, 2020.

(SEAL)

_____
Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____
Jennifer Magaña, Director of Law and
City Attorney

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of the Resolution adopted by the City Council of the City of Wichita, Kansas on October 6, 2020, as the same appears of record in my office.

DATED: October 6, 2020.

_____
Karen Sublett, City Clerk

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600809.20554\RESOLUTION OF INTENT1

Gilmore & Bell, P.C.
09/17/2020

EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF WICHITA, KANSAS
HELD ON OCTOBER 6, 2020

The City Council (the "Governing Body") of the City of Wichita, Kansas (the "City") met in regular session at the usual meeting place in the City, at 9:00 a.m., the following members being present and participating, to-wit:

Absent: .

The Mayor declared that a quorum was present and called the meeting to order.

* * * * * * * * * * * * * *

(Other Proceedings)

Among other business, in accordance with notice published on September 25, 2020, in the ***Wichita Eagle***, a public hearing was held by the Governing Body relating to the proposed issuance of not to exceed $50,000,000 principal amount of Health Care Facilities Revenue Bonds (Larksfield Place) (the "Bonds"). All interested persons were afforded an opportunity to present their views on the issuance of the Bonds and the location and nature of the Project to be financed with the proceeds of the Bonds. Thereupon, the public hearing was closed.

Thereupon, there was presented a Resolution entitled:

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS DETERMINING THE ADVISABILITY OF ISSUING HEALTH CARE FACILITIES REVENUE BONDS FOR THE PURPOSE OF FINANCING ALL OR A PORTION OF THE COSTS OF THE ACQUISITION, CONSTRUCTION, FURNISHING, AND EQUIPPING OF RETIREMENT COMMUNITY FACILITIES LOCATED IN SAID CITY AND REFUNDING CERTAIN OUTSTANDING BONDS OF THE CITY PREVIOUSLY ISSUED TO FINANCE IMPROVEMENTS TO SUCH FACILITIES; AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS.

Thereupon, [_____] moved that said Resolution be adopted. The motion was seconded by [_____]. Said Resolution was duly read and considered, and upon being put, the motion for the adoption of said Resolution was carried by the vote of the Governing Body, the vote being as follows:

Aye:

Nay:

Thereupon, the Resolution was then duly numbered Resolution No. 20-[___], and was signed by the Mayor and attested by the Clerk.

(Other Proceedings)

CERTIFICATE

I certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the City Council of the City of Wichita, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

[SEAL]

_____

Karen Sublett, City Clerk

600809.20554\RESOLUTION OF INTENT

(Signature Page to Excerpt of Minutes)

Agenda Item No. V-3

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Resolution Setting a Public Hearing for Consideration of a Project Plan (Tax Increment Financing) for Riverside Infrastructure Project Plan (District VI)

INITIATED BY: Office of Economic Development

AGENDA: New Business

Recommendations: Adopt the resolution setting a public hearing for November 10, 2020 for consideration of a Tax Increment Financing (TIF) project plan for the Riverside Infrastructure Project Plan.

Background: On August 11, 2020, the City Council adopted an ordinance establishing the boundaries of the Riverside Housing Redevelopment District (the "District") and approving a TIF District Plan (the "District Plan"). In order to use TIF, the City Council must adopt a TIF project plan for each project area that provides detailed information on the proposed project and how TIF will be used and demonstrates how the projected increase in property tax revenue will pay for TIF eligible costs.

On September 24, 2020, the MAPC found that the Project Plan was consistent with the City's Comprehensive Plan for development of the City. The resolution presented to the City Council for consideration would initiate the process to call a public hearing on November 10, 2020 for consideration of the Project Plan.

Analysis: The Developer acquired the property from the City in 2019 with the intent to provide infill development in the Riverside area. During the plan design phase, it was determined that the project would need additional infrastructure improvements in order to support a new development. The Developer has already demolished the main buildings due to their unsafe condition and plans to construct 40 homes with a design consistent with the Riverside area. The TIF district would allow the Developer to feasibly construct the project as well as for the City to continue improvements along the river.

The Plan contemplates a $1,700,000 project, with up to $700,000 of infrastructure improvements and $1,000,000 for improvements to the riverbank and path, lighting and trailhead. The plan allows for up to $1,400,000 in TIF bonds for the project. The plan consists of the development of up to 40 homes. It is anticipated that the City will issue $700,000 in TIF bonds for project infrastructure, guaranteed by the Developer. The City would only issue additional bonds up to the $1,400,000 capacity, if the bonds are guaranteed by the Developer. Any improvements not funded by TIF bonds up to the $1,700,000 identified in the project plan, will be funded on a pay-as-you-go basis, if revenues exceed the amount needed or bond payments.

In accordance with state law, a TIF Project Plan has been prepared in consultation with the Wichita-Sedgwick County Metropolitan Area Planning Commission, which has made a finding that the project is consistent with the Comprehensive Plan for development of the area. In order to adopt a TIF Project Plan, the City Council must first set a public hearing no less than 30 and no more than 70 days from adoption of the resolution setting the hearing. The date of November 10, 2020, at the regular City Council meeting is proposed for the public hearing on the Riverside Infrastructure Project Plan.

If adopted by the City Council, the attached resolution setting the November 10, 2020 public hearing will be sent to the owners and occupants of all property located within the proposed Riverside Infrastructure Project Plan by certified mail. The resolution includes a map that shows the boundaries of the redevelopment district and project area. The resolution will also be published in the Wichita Eagle and copies will be provided to the Board of County Commissioners and Board of Education and their appropriate staff.

After closing the public hearing on November 10, the City Council may adopt the TIF Project Plan by ordinance, by two-thirds majority vote. Once the plan is adopted, the City will be authorized to use TIF to finance eligible project costs.

Financial Considerations: The improvements are planned to be financed by City General Obligation bonds, which will be repaid from TIF revenue. Any TIF revenue not needed for TIF bond payments can be used for additional eligible expenses on a pay-as-you-go basis. The feasibility study included in the attached project plan indicates that TIF capacity will be sufficient to pay projected bond payments. All costs of reproducing, mailing and publishing the resolution will be paid from the City's Economic Development Fund and reimbursed by TIF funds.

Legal Considerations: The adoption of a TIF project plan requires a public hearing to be held by the City Council, following the giving of proper notice, prior to adopting an ordinance that approves the project plan. The action needed to set the public hearing is adoption of the attached resolution. The resolution has been prepared by Bond Counsel and reviewed by the Department of Law and approved as to form.

Recommendation/Action: It is recommended that the City Council adopt the resolution setting a public hearing on November 10, 2020, for consideration of the Riverside Infrastructure Project Plan and authorize the necessary signatures.

Attachment(s): Resolution Considering the Adoption of the Riverside Infrastructure Project Plan
Riverside Infrastructure Project Plan

Gilmore & Bell, P.C.
09/15/2020

EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF WICHITA, KANSAS
HELD ON OCTOBER 6, 2020

The City Council (the "Governing Body") of the City of Wichita, Kansas (the "City") met in regular session at the usual meeting place in the City, at 9:00 a.m., the following members being present and participating, to-wit:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

* * * * * * * * * * * * * *

(Other Proceedings)

[_____] presented and moved the adoption of a Resolution entitled:

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS DETERMINING THAT THE CITY IS CONSIDERING ADOPTION OF A REDEVELOPMENT PROJECT PLAN WITHIN THE BOUNDARIES OF THE RIVERSIDE HOUSING REDEVELOPMENT DISTRICT; ESTABLISHING THE DATE AND TIME OF A PUBLIC HEARING ON SUCH MATTER; AND PROVIDING FOR THE GIVING OF NOTICE OF SUCH PUBLIC HEARING.

[_____] seconded the motion to adopt the Resolution. Thereupon, the Resolution was read and considered, and, the question being put to a roll call vote, the vote thereon was as follows:

Aye:

Nay:

The Mayor declared the Resolution duly adopted; the Clerk designating the same Resolution No. 20-306. The City Clerk was directed to cause the Resolution to be: (a) published one time in the official City newspaper; and (b) furnished to the Board of County Commissioners of Sedgwick County, the Board of Education of Unified School District No. 259 and each owner of property and each occupant and/or tenant with the proposed redevelopment project area.

* * * * * * * * * * * * * *

(Other Proceedings)

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CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the City Council of the City of Wichita, Kansas, held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

(SEAL)

_____
Karen Sublett, City Clerk

Gilmore & Bell, P.C.
09/15/2020

(Published in ***The Wichita Eagle*** on October 30, 2020)

RESOLUTION NO. 20-306

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS DETERMINING THAT THE CITY IS CONSIDERING ADOPTION OF A REDEVELOPMENT PROJECT PLAN WITHIN THE BOUNDARIES OF THE RIVERSIDE HOUSING REDEVELOPMENT DISTRICT; ESTABLISHING THE DATE AND TIME OF A PUBLIC HEARING ON SUCH MATTER; AND PROVIDING FOR THE GIVING OF NOTICE OF SUCH PUBLIC HEARING.

WHEREAS, the City Council (the "Governing Body") of the City of Wichita, Kansas (the "City") desires to promote, stimulate and develop the general and economic welfare of the City and the state of Kansas (the "State") and to assist in the development and redevelopment of eligible areas within the City, thereby promoting the general welfare of the citizens of the State and the City, by acquiring property and providing for the development and redevelopment thereof and the financing relating thereto; and

WHEREAS, pursuant to the provisions of K.S.A. 12-1770, *et seq.*, as amended (the "Act"), the City is authorized to establish redevelopment districts within eligible areas of the City, as said terms are defined in the Act, to approve redevelopment district plans for the completion of redevelopment projects within such redevelopment project areas, and to finance all or a portion of redevelopment project costs from tax increment revenues and various fees collected within such redevelopment district, revenues derived from redevelopment projects, revenues derived from local sales taxes, other revenues described in the Act, or a combination thereof or from the proceeds of full faith and credit tax increment bonds of the City or special obligation tax increment bonds of the City payable from such described revenues; and

WHEREAS, by Ordinance No. 51-333, passed August 18, 2020, and published August 21, 2020, the City established a redevelopment district pursuant to the Act designated as the "Riverside Housing Redevelopment District (the "District"), and

WHEREAS, the City has prepared a redevelopment project plan for the District, dated September 18, 2020 (the "Project Plan") and is considering adoption of the Project Plan; and

WHEREAS, on September 24, 2020, the Wichita-Sedgwick County Metropolitan Area Planning Commission reviewed the proposed Project Plan and adopted a resolution finding that the Project Plan is consistent with the comprehensive plan for the development of the City; and

WHEREAS, a copy of the Project Plan has been delivered by the City to the Board of County Commissioners of Sedgwick County, Kansas and to the Board of Education of U.S.D. No. 259, Sedgwick County, Kansas (Wichita); and

WHEREAS, the Act provides that prior to adoption, the City shall, by resolution, call a public hearing to consider adoption of the Project Plan and shall give notice of said public hearing in accordance with the Act.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS, AS FOLLOWS:

Section 1. **Proposed Project Plan**. The City is considering the approval of the Project Plan for the redevelopment of the District as one project area (the "Project Area"), which contains the information required by the Act. Notice is hereby given pursuant to the Act that the Project Plan provides that the City may issue full faith and credit tax increment bonds to finance, in whole or in part, the costs to finance projects described in the proposed Project Plan.

Section 2. **Public Hearing.** Notice is hereby given that a public hearing will be held by the Governing Body to consider approval of the Project Plan on November 10, 2020, in the City Council Chambers, City Hall, 455 North Main Street, Wichita, Kansas, the public hearing to commence at 9:00 a.m. or as soon thereafter as the Governing Body can hear the matter. At the public hearing, the Governing Body will receive public comment on the proposed Project Plan, and may, after the conclusion of such public hearing, consider the passage of an ordinance adopting the Project Plan pursuant to the Act.

Section 3. **Notice of Public Hearing.** The City Clerk is hereby authorized and directed to provide for notice of the public hearing by taking the following actions:

(a) A copy of this resolution shall be mailed by United States certified mail, return receipt requested, within 10 days of this date to:

(i) the Board of County Commissioners of Sedgwick County, Kansas;

(ii) the Board of Education of U.S.D. No. 259;

(iii) each owner and occupant of land within the proposed Project Area.

(b) This resolution, specifically including ***Exhibit A*** attached hereto, shall be published once in the official newspaper of the City not less than one week nor more than two weeks preceding the date of the public hearing.

Section 4. **Plan Delivery; Public Records.** The City Clerk is directed to deliver a copy of the Project Plan to the Board of County Commissioners of Sedgwick County, Kansas and to the Board of Education of Unified School District No. 259. A copy of the Project Plan, which will include a summary of the feasibility study required by the Act, the boundaries of the District, any necessary relocation assistance plan and a map of the Project Area to be redeveloped, are public records and are available for public inspection during regular office hours in the office of the City Clerk, City Hall, 13th Floor, 455 North Main Street, Wichita, Kansas, from the date hereof until the date of the public hearing.

Section 5. **Further Action**. The Mayor, City Manager, City Clerk, City Attorney and other officials, agents and employees of the City, including Gilmore & Bell, P.C., Bond Counsel, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this resolution.

Section 6. **Effective Date**. This resolution shall be effective upon its adoption by the Governing Body.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

ADOPTED by the City Council of the City of Wichita, Kansas, on October 6, 2020.

(SEAL)

_____
Brandon J. Whipple, Mayor

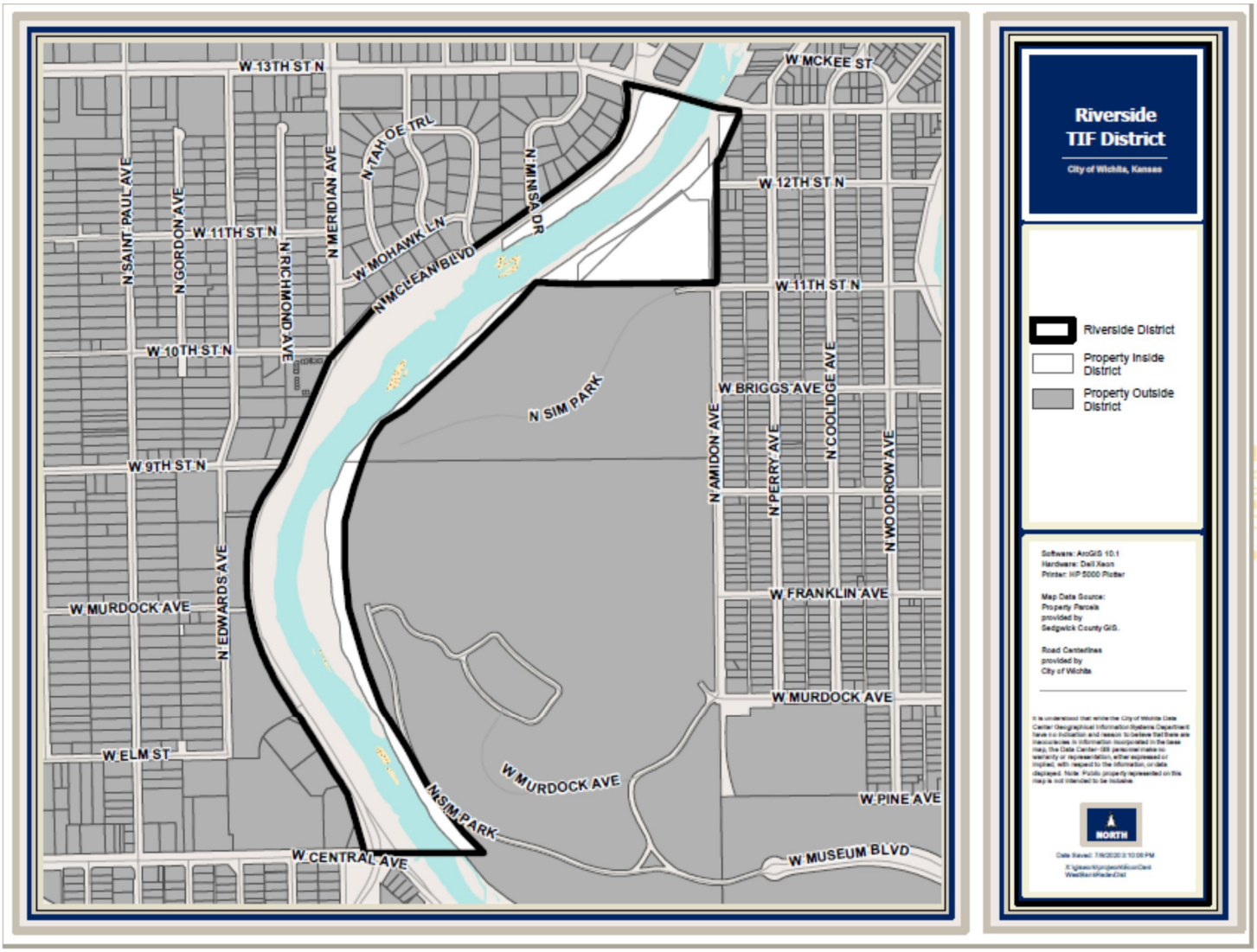
ATTEST:

_____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____
Jennifer Magaña, Director of Law and City Attorney

EXHIBIT A
MAP OF RIVERSIDE HOUSING REDEVELOPMENT DISTRICT



City of Wichita

Riverside Housing Redevelopment District

Project Plan
Riverside Infrastructure Project

September 24, 2020

Prepared by City of Wichita
Office of Economic Development

I N D E X

1. Comprehensive Financial Feasibility Study

2. Redevelopment District Plan

3. Map and Legal Description of Property to be Redeveloped

4. Relocation Assistance Plan

5. Description of Proposed Redevelopment Project

6. Development Agreement

7. City Council Ordinances and Resolutions

8. Metropolitan Area Planning Commission Resolution

Comprehensive Financial Feasibility Study

Comprehensive Financing Feasibility Study for the

Riverside Infrastructure Project

within the

Riverside Housing Redevelopment

District City of Wichita, Kansas

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Overview

K.S.A. 12-1770 et seq., as amended ("the Act") provide a means for cities to finance all or a portion of public infrastructure and redevelopment costs with incremental real estate and sales taxes. The purpose of the Act is to "promote, stimulate and develop the general and economic welfare of the State of Kansas (the "State") and its communities, and to assist in the development and redevelopment of blighted areas and deteriorating areas which are not yet blighted, but may be so in the future, located within cities…".

A city may exercise the powers conferred under the Act provided that the governing body of the city has adopted a resolution finding that the specific area sought to be developed or redeveloped is an eligible area as defined in the Act. In addition, the city must find that the conservation, development or redevelopment of such an area is necessary to promote the general and economic welfare of the city.

One or more redevelopment projects may be undertaken within a redevelopment district created by the governing body of the city (the "District").

For each redevelopment project undertaken within the District, a redevelopment project plan **("the Project Plan"**) must be prepared in consultation with the City Planning Commission. The Project Plan must include the following:

1. A summary or copy of the Comprehensive Financial Feasibility Study.

2. A reference to the statutorily required district plan for the District.

3. A description and map of the area to be redeveloped ("the Project").

4. The Relocation Assistance Plan (if applicable).

5. A detailed description of all buildings and facilities proposed to be constructed or improved.

6. Any other information the City deems necessary to advise the general public of the intent of the Project Plan.

The Comprehensive Financial Feasibility Study (this document) must show that the benefits derived from the specified redevelopment project will exceed the costs, and that the income therefrom will be sufficient to pay for the applicable project costs. Benefits are determined to be the aggregate revenues of the redevelopment project including increment income, assessment income, interest income, private party contributions and any other available funding sources. Eligible redevelopment costs are defined in the Act, which include the payment of principal and interest of debt used to finance the redevelopment project.

With the exception of environmental investigation and remediation projects, the Act requires projects to be completed within 20 years from the date of approval of the Project Plan

Pursuant to all the provisions of the Act, the City has, by Ordinance No. 51-333 dated August 18, 2020, made a determination that the area qualifies as a Blighted Area based on a third-party analysis and that redevelopment of the area is necessary to promote the general and economic welfare of the City. With adoption of Ordinance No. 51-333, the City established and designated such area as the Riverside Housing Redevelopment District ("the District"). The District boundaries are shown in Exhibit I. Ordinance No. 51-333 also adopted the statutorily required district plan for the redevelopment of the District.

The City is currently considering the adoption of a Project Plan for the Riverside Infrastructure Project ("the Project") within the District. Plans for the area will include construction of approximately 40 homes on the developer owned site that previously housed a vacant and dilapidated school.

The City will use TIF funds to finance the infrastructure improvements to support the housing development. Additional improvements will be made along the Arkansas River, including riverbank improvements, river path and lighting improvements along the river and a trailhead. The City will provide public funding, including tax Increment financing and special obligation bond financing to finance the project costs.

General Description of Tax Increment

Property tax increment financing involves the creation of an increment (increase over a base value) in the real estate taxes that are generated from a defined geographic area of a community. Upon establishment of a redevelopment district, the total assessed value of all taxable real estate within the district for that year is determined. This valuation is referred to as the district's "Original Assessed Value." Property taxes attributable to the district's Original Assessed Value are annually collected and distributed by the county treasurer to the appropriate city, county, school district and all other applicable taxing jurisdictions in the same manner as other property taxes.

As new development occurs within the redevelopment district, the total assessed value of the district, in any given year, will normally exceed its Original Assessed Value. Property taxes generated by applying the sum of the property tax rates of all applicable taxing jurisdictions to the incremental increase in assessed value (over and above the Original Assessed Valuation) is referred to as the "property tax increment". All property tax increment is collected by the County and distributed to the City to be deposited in a special tax increment fund.

Sales tax increment financing involves the creation of an increment (increase over a base value) in the local sales taxes that are generated from a defined geographic area of a community. Upon establishment of a redevelopment district, a base value of local sales tax collections within the district is determined. As new commercial development occurs within the redevelopment district, sales tax collections are expected to increase above the base value. Pursuant to city law governing the use of local sales tax revenue, the City does not intend to collect incremental sales tax revenues as "sales tax increment".

Tax increment funds may only be used to pay for certain statutorily-defined eligible project costs, including principal and interest on debt issued, in whole or in part, to finance eligible project costs within the redevelopment district. Such financing includes notes, special obligation bonds, full faith and credit tax increment bonds, other debt instruments and pay-as-you-go. The City intends to finance eligible improvements within the district through a combination of Tax Increment Financing bonds and pay-as- you-go financing. The City will issue TIF bonds for a portion of the infrastructure improvements. Additional improvements will be funded through pay-as-you-go financing when the TIF increment exceeds the debt service payment on the bonds.

Project Description

The Riverside Infrastructure Project is within the Riverside Housing Redevelopment District, generally consists of property north of Arthur B. Sim Park, bounded by Amidon Ave. on the east and McLean Blvd. on the west. It extends along the river and path from West Central to 13th Street North on the north and is depicted on the map in Exhibit I. The project will include infrastructure improvements to support the housing development. Additional improvements will be made along the Arkansas River, including riverbank improvements, river path and lighting improvements along the river and a trailhead.

Projected Revenues (Benefits)
Captured Assessed Value

It is the City's intention to use the property tax increment generated by the District to pay the debt service on general obligation bonds issued by the City to finance a portion of the infrastructure improvements for the Project. The City further intends to use any additional funds in excess of the debt service obligations to fund additional improvements utilizing pay-as-you-go financing. The property tax increment is based on the District's increase in assessed value over its Original Assessed Value. This increase in value is expected to be recorded beginning in January of 2021 through January of 2024 (project completion in 2023) and is referred to as the Captured Assessed Value.

The Total Assessed Value for the Riverside Infrastructure Project as of January 1, 2024 is estimated to be $1,369,277. The Base Assessed Value of the Riverside Infrastructure Project as of January 2020 is $17,736 according to data provided by the City of Wichita Geographic Information Service Office. Therefore, the Captured Assessed Value of the Riverside Infrastructure as of January 1, 2024 is estimated to be $1,351,541.

For the purpose of this analysis, it is assumed that the Total Assessed Value of the Riverside Infrastructure Project will increase during the 20-year project period at the annual inflation rate of 2%.

Property Tax Rates

In order to determine the amount of tax increment generated by the District in any given year, the Captured Assessed Value of the District must be multiplied by the sum of the tax rates for all applicable taxing jurisdictions for that year. For taxes levied in 2019 and payable in 2020, the applicable rate is 95.288 mils as shown below. The State of Kansas rate of 1.5 mills and the statewide education levy of 20 mills are not applicable to TIF and have been omitted from the following total:

Jurisdiction	Mill Rate (2019)
City of Wichita	32.721
Sedgwick County	29.384
USD No. 259	33.183
TIF-Applicable Mill Rate	95.288

Projected Property Tax Increment and Other Project Revenue

The projected property tax increment for the Riverside Infrastructure Project generated by the District is shown in column 7 of Exhibit III. Such projections are based on captured assessed values derived from captured assessed valuations and tax rates as previously discussed. It is assumed that Project construction will begin in 2020 and be completed before the end of 2023, and therefor achieve full valuation by January 1, 2024. It is estimated that in 2024 the property tax increment will be $128,786.

All tax increment shall be allocated and paid by the Sedgwick County Treasurer to the City Treasurer in the same manner and at the same time as normal property taxes. All such incremental taxes must be deposited in a special fund of the City for the payment of eligible redevelopment costs.

Projected Expenditures (Costs)

A projected budget for the eligible project costs in the Project Area is listed below. The total TIF eligible costs are projected to be $1,700,000 excluding the costs of financing. Development infrastructure improvements are projected to cost up to $700,000 and the riverbank, path and trailhead are projected to cost approximately $1,000,000. It is anticipated that up to $1,400,000 of such costs could be financed from proceeds of the City's full faith and credit tax increment bonds (the "Bonds"), such Bonds may be issued in one or more phases.

Development Infrastructure	$700,000
Riverbank, path and trailhead	$1,000,000
	$ 1,700,000

Incremental tax revenue available after the payment of such Bonds may be used to pay for additional TIF-eligible Project costs related to riverbank, path and trailhead improvements on a pay-as-you-go basis or reimburse the debt service on City general obligation bonds issued to finance a portion of the cost of the park improvements over the bonded amount, if any or the infrastructure improvements. Exhibit IV illustrates a $1,400,000 taxable general obligation tax increment bond issue sold in 2024.

Conclusions

Kansas Statutes require that the Comprehensive Financial Feasibility Study must demonstrate that the benefits derived from the Project will exceed the costs, and that the income therefrom will be sufficient to pay for all eligible project costs. As previously discussed, Exhibit III illustrates the projections of tax increment through the year 2040. Projected net tax increment revenue is available to pay debt service on outstanding general obligation bonds issued to finance eligible project costs.

Exhibit IV (Projected Bond Cash Flow Report) illustrates that projected tax increment from the District will be sufficient to pay for all eligible project costs including the projected debt service on general obligation bonds issued to finance such costs. As such, this report demonstrates that the revenues (benefits) of the District and Project Area exceed the expenditures (costs).

EXHIBIT I

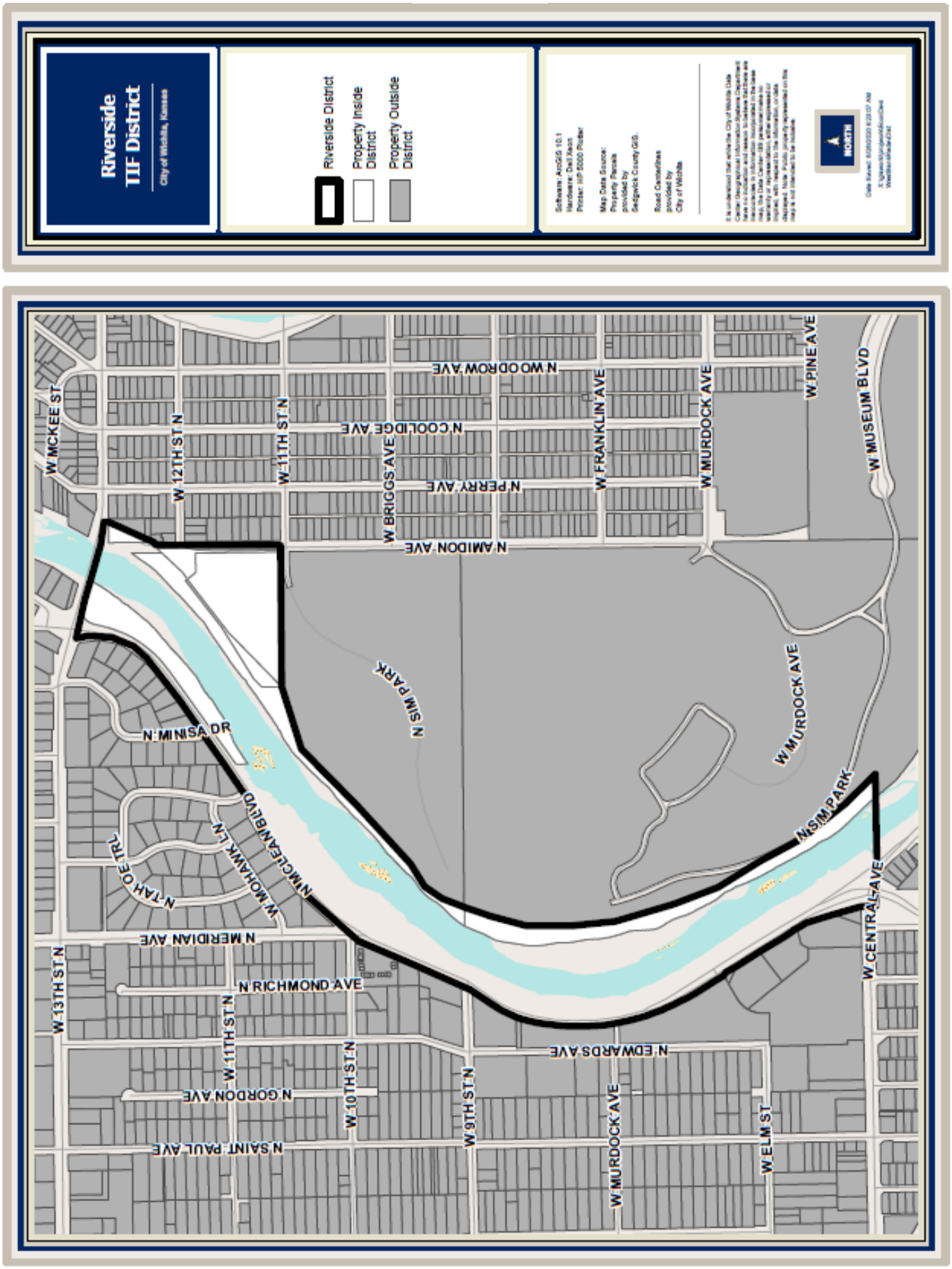

Riverside
TIF District
City of Wichita, Kansas
Riverside District
Property Inside District
Property Outside District
Software: ArcGIS 10.1
Hardware: Dell Xeon
Printer: HP 5000 Plotter
Map Data Source:
Property Parcels
provided by
Sedgwick County GIS.
Road Centerlines
provided by
City of Wichita
NORTH
W MCKEE ST
W 12TH ST N
W 11TH ST N
N WOODROW AVE
N COOLIDGE AVE
W BRIGGS AVE
N PERRY AVE
W FRANKLIN AVE
W MURDOCK AVE
W PINE AVE
W MUSEUM BLVD
N AMIDON AVE
N SIM PARK
W MURDOCK AVE
N MINISA DR
N MCLEAN BLVD
W MOHAWK LN
N TAHOE TRL
N MERIDIAN AVE
N RICHMOND AVE
W 13TH ST N
W 11TH ST N
W 10TH ST N
W 9TH ST N
N EDWARDS AVE
N GORDON AVE
N SAINT PAUL AVE
W MURDOCK AVE
W ELM ST
W CENTRAL AVE
N SIM PARK

Exhibit II

Assumptions Report

City of Wichita, Kansas
Riverside Housing Redevelopment District
Riverside Infrastructure Project

Description of Project Area	See Map (Exhibit I)
	Total
Original Appraised Value (1/1/20)	$147,800
Original Assessed Value (1/1/20)	17,736
2024 Appraised Value (1/1/24)	$11,900,000
2024 Assessed Value (1/1/24)	$1,369,277

2019 Mill Rates	Total	TIF Applicable
City of Wichita	32.721	32.721
Sedgwick County	29.384	29.384
USD No. 259	53.183	33.183
State of Kansas	1.500	NA
Total	116.788	95.288

Property Value Inflation Rate	2%

Projected Tax Increment Revenue Report

EXHIBIT III

City of Wichita, Kansas
Riverside Housing Redevelopment District
Riverside Infrastructure Project

Levy & Appraised Year	Year Taxes Distributed	Total Assessed Value	Original Assessed Value	Captured Assessed Value	Mill Rate	Projected Tax Increment
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2020	2021	$ 17,736	$ 17,736	$ -	95.288	$ -
2021	2022	$ 316,250	$ 17,736	$ 298,514	95.288	$ 28,445
2022	2023	$ 658,053	$ 17,736	$ 640,317	95.288	$ 61,015
2023	2024	$ 1,006,821	$ 17,736	$ 989,085	95.288	$ 94,248
2024	2025	$ 1,369,277	$ 17,736	$ 1,351,541	95.288	$ 128,786
2025	2026	$ 1,396,662	$ 17,736	$ 1,378,926	95.288	$ 131,395
2026	2027	$ 1,424,595	$ 17,736	$ 1,406,859	95.288	$ 134,057
2027	2028	$ 1,453,087	$ 17,736	$ 1,435,351	95.288	$ 136,772
2028	2029	$ 1,482,149	$ 17,736	$ 1,464,413	95.288	$ 139,541
2029	2030	$ 1,511,792	$ 17,736	$ 1,494,056	95.288	$ 142,366
2030	2031	$ 1,542,028	$ 17,736	$ 1,524,292	95.288	$ 145,247
2031	2032	$ 1,572,869	$ 17,736	$ 1,555,133	95.288	$ 148,185
2032	2033	$ 1,604,326	$ 17,736	$ 1,586,590	95.288	$ 151,183
2033	2034	$ 1,636,412	$ 17,736	$ 1,618,676	95.288	$ 154,240
2034	2035	$ 1,669,141	$ 17,736	$ 1,651,405	95.288	$ 157,359
2035	2036	$ 1,702,523	$ 17,736	$ 1,684,787	95.288	$ 160,540
2036	2037	$ 1,736,574	$ 17,736	$ 1,718,838	95.288	$ 163,785
2037	2038	$ 1,771,305	$ 17,736	$ 1,753,569	95.288	$ 167,094
2038	2039	$ 1,806,732	$ 17,736	$ 1,788,996	95.288	$ 170,470
2039	2040	$ 1,842,866	$ 17,736	$ 1,825,130	95.288	$ 173,913
						$ 2,588,639.43

Projected Bond Cash Flow Report

EXHIBIT IV

City of Wichita, Kansas

Riverside Housing Redevelopment District

Riverside Infrastructure Project

Annual Period Ending	Principal	G.O. Interst Rate	Interest	P&I	Net Increment	Annual Balance	Cumulative Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
7/10/2021	$ -	3.5%	$ -	$ -	$ -	$ -	$ -
7/10/2022	$ -	3.5%	$ -	$ 0	$ 28,445	$ 28,445	$ 28,444.77
7/10/2023	$ 30,000	3.5%	$ 49,525	$ 79,525	$ 61,015	$ (18,510)	$ 9,934.29
7/10/2024	$ 20,000	3.5%	$ 48,475	$ 68,475	$ 94,248	$ 25,773	$ 35,707.23
7/10/2025	$ 50,000	3.5%	$ 47,775	$ 97,775	$ 128,786	$ 31,011	$ 66,717.84
7/10/2026	$ 55,000	3.5%	$ 46,025	$ 101,025	$ 131,395	$ 30,370	$ 97,087.96
7/10/2027	$ 60,000	3.5%	$ 44,100	$ 104,100	$ 134,057	$ 29,957	$ 127,044.79
7/10/2028	$ 60,000	3.5%	$ 42,000	$ 102,000	$ 136,772	$ 34,772	$ 161,816.55
7/10/2029	$ 65,000	3.5%	$ 39,900	$ 104,900	$ 139,541	$ 34,641	$ 196,457.55
7/10/2030	$ 70,000	3.5%	$ 37,625	$ 107,625	$ 142,366	$ 34,741	$ 231,198.16
7/10/2031	$ 75,000	3.5%	$ 35,175	$ 110,175	$ 145,247	$ 35,072	$ 266,269.89
7/10/2032	$ 80,000	3.5%	$ 32,550	$ 112,550	$ 148,185	$ 35,635	$ 301,905.36
7/10/2033	$ 85,000	3.5%	$ 29,750	$ 114,750	$ 151,183	$ 36,433	$ 338,338.34
7/10/2034	$ 90,000	3.5%	$ 26,775	$ 116,775	$ 154,240	$ 37,465	$ 375,803.77
7/10/2035	$ 95,000	3.5%	$ 23,625	$ 118,625	$ 157,359	$ 38,734	$ 414,537.82
7/10/2036	$ 105,000	3.5%	$ 20,300	$ 125,300	$ 160,540	$ 35,240	$ 449,777.84
7/10/2037	$ 110,000	3.5%	$ 16,625	$ 126,625	$ 163,785	$ 37,160	$ 486,937.47
7/10/2038	$ 115,000	3.5%	$ 12,775	$ 127,775	$ 167,094	$ 39,319	$ 526,256.59
7/10/2039	$ 120,000	3.5%	$ 8,750	$ 128,750	$ 170,470	$ 41,720	$ 567,976.39
7/10/2040	$ 130,000	3.5%	$ 4,550	$ 134,550	$ 173,913	$ 39,363	$ 607,339.39
	$ 1,415,000		$ 566,300	$ 1,981,300	$ 2,588,639	$ 607,339	

District Plan

EXHIBIT C

REDEVELOPMENT DISTRICT PLAN FOR THE REDEVELOPMENT OF THE RIVERSIDE HOUSING REDEVELOPMENT DISTRICT THROUGH TAX INCREMENT FINANCING

August 11, 2020

SECTION 1: PURPOSE

A district plan is required for inclusion in the establishment of a redevelopment district under K.S.A. 12-1770 *et seq*. (the "Act"). The district plan is a preliminary plan that identifies proposed redevelopment project areas within the district, and describes in a general manner the buildings, facilities and improvements to be constructed or improved.

SECTION 2: DESCRIPTION OF TAX INCREMENT INCOME

Projects financed through tax increment financing typically involve the creation of an "increment" in real estate property tax income. The increment is generated by segregating the assessed values of real property located within a defined geographic area such that a portion of the resulting property taxes flow to the City to fund projects in the redevelopment district, and the remaining portion flows to all remaining taxing jurisdictions. The portion of property taxes flowing to the City is determined by the increase in the assessed value of the properties within the redevelopment district as a result of the new development occurring within the same area. When the current aggregate property tax rates of all taxing jurisdictions are applied to this increase in assessed property value from new development, increment income is generated. Public improvements within the district and other qualified expenditures are funded by the City and repaid over a specified period of time with this increment income. The property taxes attributable to the assessed value existing prior to redevelopment, the "original valuation," continue to flow to all taxing jurisdictions just as they did prior to redevelopment. This condition continues for the duration of the established district, as defined by statute, or until all eligible project costs are funded, whichever is of shorter duration.

SECTION 3: DESCRIPTION OF THE DISTRICT BOUNDARIES

The property within the proposed district includes all property generally bounded by McLean Boulevard on the West, 13th Street on the North, Amidon Street on the East to 11th Street and thereafter the Big Arkansas River and Central Avenue on the South, in Wichita, Sedgwick County, Kansas; and including all street rights of way within such described areas. The legal description of the proposed district is attached hereto and incorporated herein as ***Attachment 1***.

SECTION 4: BUILDINGS AND FACILITIES

The district is located north of the Sim Park Golf Course and adjacent to the Big Arkansas River. The proposed district contains approximately 90 acres. A blight analysis report prepared by Polsinelli PC, Kansas City, Missouri (the "Report") delineating certain factors set forth in the Act to be considered by the Governing Body in order to determine whether the area in the proposed redevelopment district would constitute a "blighted area," as defined in the Act. The Report concludes that the proposed redevelopment district constitutes a blighted area as defined in the Act based on the presence of the following factors set forth in K.S.A. 12-1770a(c): (i) a substantial number of deteriorated or deteriorating structures; (ii) predominance of defective or inadequate street layout; (iii) unsanitary or unsafe conditions; (iv) deterioration of site improvements; (v) improper subdivision or obsolete platting or land uses; (vi) the existence of

conditions which endanger life or property by fire or other causes; and (vii) conditions which create economic obsolescence. Accordingly, such property constitutes a “blighted area” and is therefore an "eligible area" (as said terms are defined in the Act), and is legally eligible for establishment of a redevelopment district.

SECTION 5: REDEVELOPMENT AND PROJECT AREAS

It is anticipated that all property within the proposed district will be designated as the “project area” under the redevelopment project plan, which must be adopted by the City Council by a 2/3 majority vote before the expenditure of any tax increment financing funds. The plans for redevelopment of the project area will include private development of single family housing, parking, and recreational improvements, together with public infrastructure improvements to be financed by tax increment revenues. The public improvements will be in two phases. The initial phase will generally call for substantial improvements to pedestrian and bike paths, enhanced path and security lighting, landscaping and other amenities located along the east bank of the Big Arkansas River both within and contiguous to the proposed district to enhance implementation of the redevelopment plan. The second phase will include improvements to the trailhead of the pedestrian and bike path.

Tax increment financing may be used to pay for eligible costs, including site preparation, demolition, public infrastructure improvements, such as streetscape, public parking, utility extensions, landscaping, pedestrian and bike paths and public plazas. Except as specifically provided by the Act, tax increment financing may not be used for construction of any buildings owned or leased to a private, nongovernmental entity.

SECTION 6: CONCLUSION

After the establishment of the redevelopment district, any redevelopment projects to be funded with tax increment financing will be presented to the Governing Body for approval through the adoption of a Redevelopment Project Plan. The Project Plan will identify the specific project area located within the established tax increment financing district and will include detailed descriptions of the projects as well as a financial feasibility study showing that the economic benefits out-weigh the costs. The Project Plan must be reviewed by the Metropolitan Planning Commission to determine if the Project Plan is consistent with the intent of the comprehensive plan for development of the City. Thereafter, the Governing Body shall adopt a resolution calling a public hearing to consider the Project Plan notice of such hearing to be provided by mail and publication in accordance with the. After conclusion of the public hearing, the Project Plan may be approved by ordinance passed by not less than a two-thirds majority vote of the Governing Body.

Tax increment financing does not impose any additional taxes on property located within the redevelopment district. All property within the district is appraised and taxed the same as any other property. However, if property within the district increases in value as a result of redevelopment, the resulting increment of additional tax revenue is diverted to pay for a portion of the redevelopment costs.

Map and Legal Description of Property to be Redeveloped

BOUNDARY DESCRIPTION OF THE RIVERSIDE INFRASTRUCTURE PROJECT

Riverside Infrastructure

LEGAL DESCRIPTION

An area including the following additions, lots and parcels all located in an area generally bounded by McLean Boulevard on the West, 13th Street on the North, Amidon Avenue on the East from 13th Street to 11th Street, Central Avenue on the South and including the Big Arkansas River from Central Avenue to 13th Street North, in Wichita, Sedgwick County, Kansas more particularly described as follows:

That portion of Lots 254, 256, 258, 260, 262, 264, 266, 268, 270, 272 and 274 on Amidon Avenue, in Riverside Addition to Wichita, Kansas, lying west of the centerline of the Abandoned Arkansas Valley Interurban Railway.

And that portion of Amidon Avenue lying west of and adjacent to Lots 242, 244, 246, 248, 250, 252, 254, 256, 258, 260, 262, 264, 266, 268, 270, 272 and 274 on Amidon Avenue, in said Riverside Addition, said line also lying north of Woodman Avenue, now 12th Street as platted in said Riverside Addition.

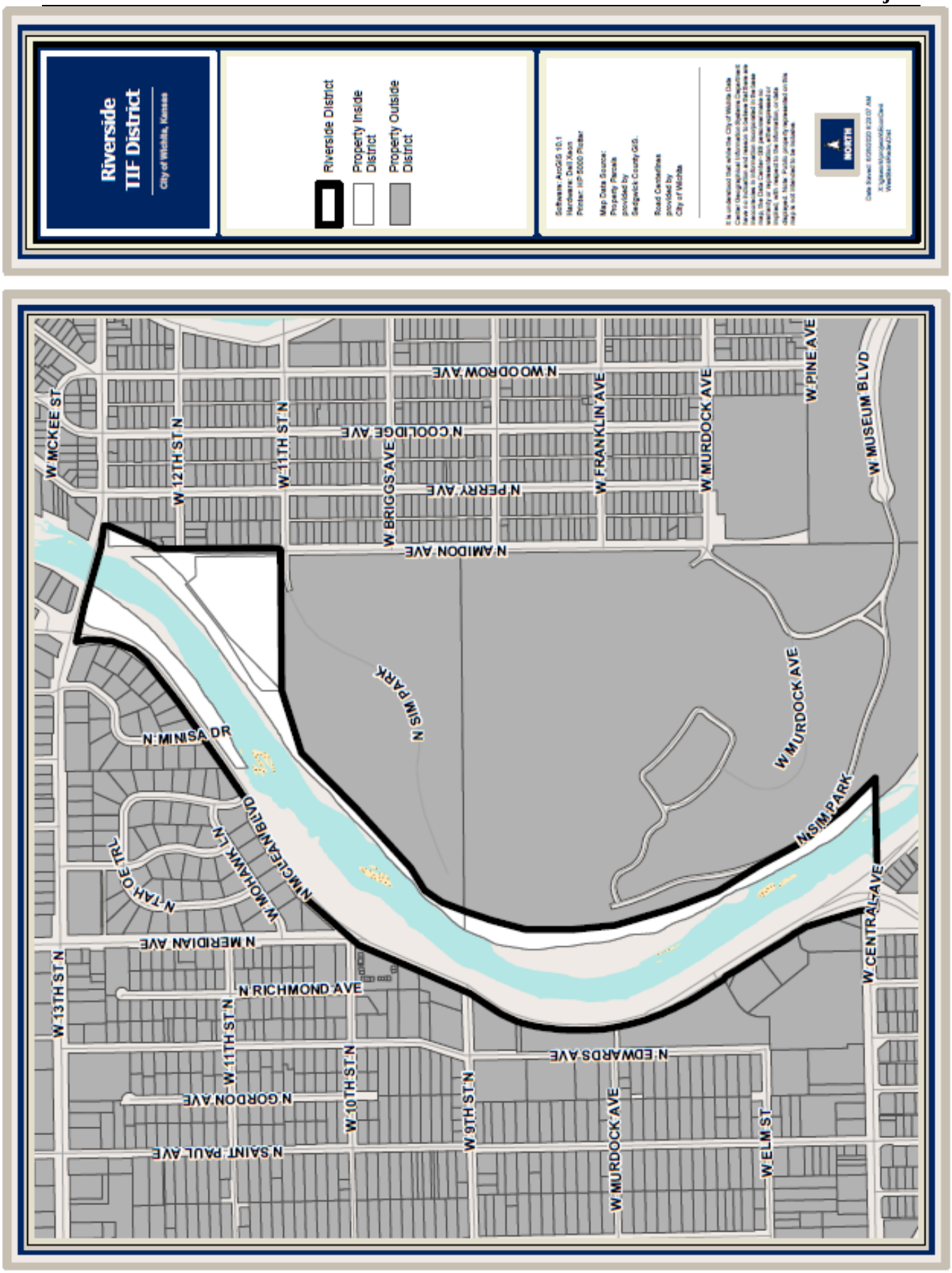
And unplatted land, lying East of the Big Arkansas River in the Northwest Quarter of Section 18, Township 27 South, Range 1 East of the 6th P.M., Sedgwick County, Kansas, said south line described as lying North of the North line of Beal Avenue, now 11th Street extended west as platted in said Riverside Addition.

And a portion of the unplatted land, lying East of the Big Arkansas River in Northwest Quarter and the Southwest Quarter of Section 18, Township 27 South, Range 1 East of the 6th P.M., Sedgwick County, Kansas, the north line described as lying South of the North line of Beal Avenue, now 11th Street extended west as platted in said Riverside Addition and the south line described as North of the North line of Central Avenue extended East as platted in Osteopathic Addition to Wichita, Kansas and lying within 50 feet east of the established bank line of the Big Arkansas River and including any improvements lying largely within said tract but extending beyond the eastern boundary as described, including but not limited to all of the pedestrian path.

And Lot 1, Indian Hills Addition, Sedgwick County, Kansas.

And that land located west of the established bank line of the Big Arkansas River and East of the East line of McLean Boulevard, South of Lot 1, Indian Hills Addition and North of the North line of Central Avenue extended East as platted in Osteopathic Addition.

And all that part of the Big Arkansas River contiguous to the above described tracts.


Riverside
TIF District
City of Wichita, Kansas
Riverside District
Property Inside District
Property Outside District
Software: ArcGIS 10.1
Hardware: Dell Xeon
Printer: HP 5000 Plotter
Map Data Source:
Property Parcels provided by Sedgwick County GIS.
Road Centerlines provided by City of Wichita
NORTH
W MCKEE ST
W 12TH ST N
W 11TH ST N
N WOODROW AVE
N COOLIDGE AVE
W BRIGGS AVE
N PERRY AVE
W FRANKLIN AVE
W MURDOCK AVE
W PINE AVE
W MUSEUM BLVD
N AMIDON AVE
N SIM PARK
W MURDOCK AVE
N SIM PARK
N MINISA DR
N MCLEAN BLVD
W MOHAWK LN
N TAHOE TRL
N MERIDIAN AVE
N RICHMOND AVE
W 13TH ST N
W 11TH ST N
N EDWARDS AVE
W CENTRAL AVE
N GORDON AVE
W 10TH ST N
W 9TH ST N
W MURDOCK AVE
W ELM ST
N SAINT PAUL AVE

Relocation Assistance Plan

RELOCATION ASSISTANCE PLAN

(K.S.A. 12-1777)

No persons, families or businesses will be displaced or required to move from real property within the Riverside Infrastructure Project Area as a result of implementing the Project Plan. Accordingly, a Relocation Assistance Plan is not required to be contained within the Project Plan.

Description of Riverside Infrastructure Project

Riverside Infrastructure Redevelopment District

DESCRIPTION OF PROPOSED RIVERSIDE INFRASTRUCTURE PROJECT

The Riverside Housing Redevelopment District (the "District") is planned to be developed as one project. The project area consists of approximately 7.5 acres on the north end to be redeveloped into up to 40 homes. The remaining project area consists of park land and portions of the river that will be improved with riverbank, bike path and lighting improvements as well as a trailhead on the north end.

Private Development

The proposed improvements within Riverside Infrastructure are as follows:

Private Development

DJD Riverside, LLC (DJD) intends to develop the developer controlled land into up to 40 patio homes. Improvements will include construction of City infrastructure to the area using a combination of special assessment financing and Tax Increment Financing.

Riverside Infrastructure Improvements

The City of Wichita plans to construct certain infrastructure improvements to support the private development. In addition to the infrastructure improvements, the City intends to construct improvement along the river, as TIF funds become available. Improvements along the river include riverbank, bike path and lighting improvements from West Central Avenue to 13th Street. A trailhead may be constructed on the north end of the path with available funds.

USE OF TAX INCREMENT FINANCING

The City completed the legal steps necessary to establish the District pursuant to state law (K.S.A. 12-1770 et seq.) in order to allow the use of Tax Increment Financing ("TIF") to fund redevelopment projects including the Park and infrastructure improvements. Upon adoption of this Project Plan, the City will have established its authority under state law to issue full faith and credit tax increment bonds (the "Bonds") to finance TIF-eligible improvements, which Bonds will be repaid from the incremental increase in property taxes resulting from the redevelopment of the Project Area. Incremental tax revenue available after the payment of such Bonds may be used to reimburse the City for TIF-eligible Project costs identified in this Project Plan not financed with Bonds. The TIF-funded improvements consist of the following:

- **Development Infrastructure** – Infrastructure improvements will be made to the private development in an amount not to exceed $700,000.
- **Riverbank, path and trailhead –** The City will undertake improvements to the river and pathway as funds become available in an estimated cost of $1,000,000.
- **Total TIF**-funded costs (excluding financing costs) - $1,700,000.
    - **TIF Bond Financed Project Costs** – $700,000-$1,400,000
    - **TIF Pay-as-you-go Costs** – up to $1,000,000

EXHIBIT A

SITE PLAN AND PROJECT RENDERINGS

[ON FOLLOWING

ARKANSAS RIVER
Woodman Ave.
(Now 12th St.)
N Amidon Ave
Beal Ave.
(Now 11th St)
W 11th St N
POINT OF BEGINNING
NORTH
Baughman

RIVERSIDE

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Assignment of Development Agreement and Guaranty Agreement (River Vista, LLC) (District VI)

INITIATED BY: Office of Economic Development

AGENDA: New Business

Recommendation: Approve the assignment of the development agreement between River Vista, LLC, as assignor to River Vista Acquisition LLC, as assignee; approve termination of existing personal guaranty in exchange of corporate guarantee from Maxus Realty Trust, Inc.

Background: On October 8, 2013, the City Council approved a development agreement between the City and River Vista, L.L.C., a Kansas limited liability company ("River Vista, LLC" or "Developer"), as Developer related to the sale and development of land on the west bank of the Arkansas River between Douglas and 1st Street North ("Project"). The initial agreement was later replaced by an Amended and Restated Development Agreement dated as of January 9, 2015 between River Vista, LLC, as Developer and the City, and further amended by that certain Amendment to Amended and Restated Development Agreement dated as of July 21, 2015, and further amended by that certain Second Amendment to Amended and Restated Development Agreement dated July 2, 2019 (collectively, the "Development Agreement"). The resulting Project was a $24,000,000 apartment development and related riverbank and park improvements, that included STAR Bond, Industrial Revenue Bond, Tax Increment ("TIF") and Community Improvement District ("CID") financing.

The Development Agreement provided that, among other matters, the City would issue General Obligation TIF bonds and its full faith and credit CID bonds to finance a portion of the Project (the "Proposed Bonds") in order to assist the Developer, in development and financing of the Project; provided that the River Vista, LLC and certain individuals related to River Vista, LLC furnished a financial guarantee for the full and prompt payment of all principal and interest payments as scheduled on the Proposed Bonds, when and as the same shall become due and in accordance with the terms and conditions of the agreement. River Vista, LLC and three individuals related to River Vista, LLC, as guarantors, have entered into a Guaranty Agreement with the City, dated as of July 21, 2015 (the "Existing Guaranty") whereby they provide that guarantee.

The Development Agreement provides that the rights, duties and obligations of the Developer may be assigned, in whole or in part, to another entity or individual without the prior approval of the City provided, however, that in the event the Developer assigns any of its obligations originating from the Development Agreement, such assignment shall not release the Developer from those obligations unless the entity or individual assumes such obligations and the City Council consents to such assignment and assumption.

On August 24, 2020, River Vista, LLC (Developer) and River Vista Acquisition LLC (Purchaser) entered into an Assignment of Amended and Restated Development Agreement in conjunction with the sale of the Project. With the assignment, RV Acquisition agrees to assume all right, title, interest, and obligations of the Developer under the Development Agreement and agrees to perform all of the obligations of the Developer arising under the Development Agreement.

River Vista, LLC has, pursuant to the Development Agreement, notified the City of the Assignment Agreement and requested that River Vista, LLC be released of its obligations under the Development Agreement and that the Existing Guaranty be cancelled and the guarantors thereunder be released from all obligations thereunder.

The City and Maxus Realty Trust, Inc, a Missouri corporation ("Maxus"), an affiliated entity to RV Acquisition, have negotiated the provisions of a Guaranty Agreement wherein Maxus has agreed to become a guarantor of the full and prompt payment of all principal and interest payments as scheduled for the TIF Bonds and CID Bonds.

The City engaged its financial advisor, Piper Sandler, to research and provide financial information relating to the financial ability of Maxus to honor its obligations under the Guaranty Agreement. They issued a Memorandum (the "Memorandum") finding that Maxus is capable of meeting the guarantee obligations based on liquidity and history of cash flow generation.

Analysis: The Developer has met the obligations under the Development Agreement regarding assignment of its rights and obligations to RV Acquisition; the Existing Guaranty remains in existence until the City Council approves its termination and replacement by a new guarantor. RV Acquisition is wholly owned by Maxus. Maxus was vetted by the City's financial advisor, Piper Sandler to determine its financial capacity to insure the purchase and to continued operations at the current level as well as to repay any shortfalls on the Proposed Bonds. The Memorandum prepared by Piper Sandler indicates that Maxus has this capacity.

Financial Considerations: There is no financial impact to the City as a result of the Assignment Agreement. The Existing Guaranty will be terminated and be replaced by the Guaranty Agreement with Maxus.

Legal Considerations: The City's Law Department has reviewed and approved the assignment documents as to form.

Recommendation/Action: It is recommended that the City Council adopt the resolution, which approves the assignment of the Development Agreement and terminates the Existing Guaranty upon execution and delivery of the Guaranty Agreement by Maxus and authorize the necessary signatures.

Attachments: Guaranty Agreement
Resolution approving Assignment Agreement and Guaranty Agreement
Piper Sandler Memorandum

GILMORE & BELL, P.C.
09/22/2020

GUARANTY AGREEMENT

BETWEEN

MAXUS REALTY TRUST, INC.

AS GUARANTOR

AND

THE CITY OF WICHITA, KANSAS

DATED AS OF OCTOBER 6, 2020

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT dated as of October 6, 2020 (the **"Guaranty Agreement"**), by and between and **MAXUS REALTY TRUST, INC.**, a Missouri corporation ("**Maxus**" or the **"Guarantor"**) and the **CITY OF WICHITA, KANSAS**, a municipal corporation (the **"City"**).

WITNESSETH:

WHEREAS, the City, an incorporated city of the first class, duly organized and existing under the laws of the State of Kansas (the **"State"**), has heretofore entered into an Amended and Restated Development Agreement dated as of January 9, 2015 between River Vista, L.L.C., a Kansas limited liability company ("**River Vista**"), as Developer and the City, as amended by that certain Amendment to Amended and Restated Development Agreement dated as of July 21, 2015, and further amended by that certain Second Amendment to Amended and Restated Development Agreement dated July 2, 2019 (collectively, the "**Development Agreement**") relating to the development and financing of a project located generally on the West bank of the Arkansas River in the downtown portion of the City (the "**Project**"); and

WHEREAS, the Development Agreement provided that. among other matters, the City would issue general obligation tax increment bonds and its full faith and credit community improvements district bonds to finance a portion of the Project (the "**Proposed Bonds**") in order to assist the Developer. in development and financing of the Project; provided that River Vista and certain individuals related to River Vista furnished a financial guarantee for the full and prompt payment of all principal and interest payments as scheduled on such Proposed Bonds, when and as the same shall become due and in accordance with the terms and conditions thereof; and

WHEREAS, River Vista and three individuals related to River Vista, as guarantors, have entered into a Guaranty Agreement with the City, dated as of July 21, 2015 (the "**Existing Guaranty**") whereby the guarantors thereunder guarantee the full and prompt payment of all principal and interest payments as scheduled on such Proposed Bonds, when and as the same shall become due and in accordance with the terms and conditions thereof; and

WHEREAS, ***Section 8.01*** of the Development Agreement provides that the rights, duties and obligations thereunder of the Developer may be assigned, in whole or in part, to another entity or individual without the prior approval of the City Representative, City Governing Body, or any other entity or individual; *provided, however*, that in the event Developer assigns any of its obligations originating from this Agreement, such assignment shall not release Developer from those obligations unless such entity or individual assumes such obligations and the Governing Body consents to such assignment and assumption; and

WHEREAS, River Vista and River Vista Acquisition LLC, a Kansas limited liability company ("**RV Acquisition**") have entered into an Assignment of Amended and Restated Development Agreement, dated as of August 24, 2020, (the "**Assignment Agreement**") whereby River Vista, in conjunction with the sale of its interest in the Project, assigns all of its rights and obligations under the Development Agreement to RV Acquisition, as assignee; and

WHEREAS, RV Acquisition, as assignee under the Assignment Agreement, agreed to assume all right, title, interest, and obligations of the Developer under the Development Agreement and agrees to perform all of the obligations of the Developer arising under the Development Agreement; and

WHEREAS, River Vista has, pursuant to the Development Agreement, notified the City Representative of the Assignment Agreement and requested that River Vista be released of its obligations under the Development Agreement and that the Existing Guaranty be cancelled and the guarantors thereunder be released from all obligations thereunder; and

WHEREAS, the City has issued its Taxable General Obligation Bonds, Series 964, dated October 1, 2020 (the "**Bonds**") in satisfaction of its obligation under the Development Agreement to issue: (a) the general obligation tax increment bonds (the "**TIF Bond Component**") and full faith and credit community improvements district bonds supported by assessments against certain real property (the "Property") constituting a portion of the Project (the "**CID Bond Component**"); to finance a portion of the Project, the details and repayment terms thereof being set forth in ***Exhibit A*** attached hereto; and

WHEREAS, the City Council of the City has this date adopted Resolution No. 20-[___] (the "**Resolution**"), which acknowledges and approves the Assignment Agreement, approves RV Acquisition as Developer under the Development Agreement, terminates the responsibilities of River Vista under such Development Agreement, terminates the Existing Guaranty and release the guarantors thereunder; ***provided*** that Maxus executes and delivers this Guaranty Agreement which provides a financial guarantee for the full and prompt payment of all principal and interest payments as scheduled on the Bonds, when and as the same shall become due and in accordance with the terms and conditions of the Bonds.

NOW, THEREFORE, in consideration of the foregoing, the Guarantor does hereby covenant and agree with the City as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES

Section 1.1. Representations and Warranties of the Guarantor. The Guarantor represents and warrants to the City as follows:

(a) *Financial Benefit*. The execution of this Guaranty and the assumption by the Guarantor of its obligations hereunder will result in a direct financial benefit to it.

(b) *No Litigation*. No litigation, proceedings or investigations are pending or, to the knowledge of the Guarantor, threatened against the Guarantor which would in any manner challenge or adversely affect powers of the Guarantor to enter into and carry out the transactions described in or contemplated by this Guaranty or the execution, delivery, validity or performance by the Guarantor of the terms and provisions of this Guaranty.

Section 1.2. Survival of Representations. All representations of the Guarantor contained in this Guaranty or in any certificate or other instrument delivered by the Guarantor pursuant to this Guaranty, shall survive the execution and delivery thereof.

ARTICLE II

THE GUARANTY

Section 2.1. Guaranty. The Guarantor unconditionally guarantees to the City the following:

A. The full and prompt payment of all principal and interest payments as scheduled for the Bonds, which include TIF Bond Component and CID Bond Component, when and as the same shall become due and in accordance with the terms and conditions of the Bonds, all as further set forth on ***Exhibit A*** hereto; provided, however, that the Guarantor's liability for such payments shall be limited with respect to the (i) TIF Bond Component to the amount by which such payments exceed the tax increment (as defined in the TIF Act) paid to Sedgwick County and distributed to the City for the Lot (as those terms are defined in the Development Agreement) and are available to utilized for payment of the TIF Bonds and CID Bonds in accordance with ***Section 4.10*** of the Development Agreement during the term of the Development Agreement; and (ii) CID Bond Component to the amount by which such payments exceed the CID Special Assessments (as those terms are defined in the Development Agreement) levied against the Property and paid to Sedgwick County and distributed to the City and available to utilized for payment of the CID Bond Component in accordance with ***Section 4.05*** of the Development Agreement during the term of the Development Agreement.

B. The full and prompt payment of the costs and expenses of any proceedings relating to the enforcement of any provision of this Guaranty and the reasonable fees, expenses, disbursements and advances of the City, its agents and counsel; and

Section 2.2. Payments on Guaranty.

A. All payments by the Guarantor shall be paid in lawful money of the United States of America. Any default in the provisions hereof shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action rises.

B. It is understood that extensions of time of payment or modifications or renewals of any of the obligations of the Guarantor hereunder shall not in any way impair the liability of the undersigned to City and that the undersigned will keep informed as to all matters pertaining to this Guaranty without notice from City.

C. When any of the obligations guaranteed in this Guaranty shall be and remain due and unperformed or unpaid, the undersigned will, upon demand, cause the performance or payment of such obligations.

D. Before proceeding hereunder against the undersigned, resort need not be made by City to any other security for any or all of the guaranteed obligations, nor shall the City be required to exhaust any remedy against any other endorser, surety or guarantor of the obligations.

E. Notice of the making, renewing or extending time of payment of any of the guaranteed obligations, and of demand, protest, and notice of nonpayment thereof, and notice of acceptance hereof, are expressly waived. No substitution, release or death of any other party liable for the payment of any of such obligations shall affect the liability of the undersigned to City. A waiver by the City of any right or remedy on any one or more occasions shall not be construed as a bar to or a waiver of any such right or remedy on future occasions.

F. The undersigned agree that, if at any time all or any part of any payment previously applied by City on any of the guaranteed obligations must be returned by the City for any reason, whether by court order, administrative order, or settlement, the undersigned shall remain liable for the full amount returned as if such amount had never been received by City, notwithstanding any termination of this Guaranty or the cancellation of any agreement evidencing the guaranteed obligations.

G. The City and Guarantor agree that at the time of the execution of this Guaranty the financial statements of the Guarantor are publicly available for access by the City. In the event that at some time in the future, such financial statements are no longer publicly available, the Guarantor agrees to, no more than once per twelve (12) month period, allow the designated City Representative to review, but not retain any copies of, its financial statements at a mutually agreeable time and place but only after said City Representative has entered into a binding Non-Disclosure Agreement. The terms of the Non-Disclosure Agreement shall allow an exception from its provisions for discussion with City Management and Legal staff, and for further disclosure as needed for enforcement or collection due to material default, should the anticipated review disclose information that would call for the same. If the City desires to review such financial statements that are not publicly available, it may, at its sole cost and expense, contract with the City's financial advisor to review such financial information and provide *summary* information to the City. The City acknowledges and agrees that the Guarantor will only provide non-public financial information to City's financial advisor for review upon execution of a mutually agreeable Non-Disclosure Agreement.

H. The Guarantor has unconditionally delivered this Guaranty to the City and failure to sign this or any other guaranty by any other person shall not discharge the liability of the Guarantor of this Guaranty.

I. This Guaranty shall be governed by, and construed in accordance with, the laws of Kansas, shall inure to the benefit of City, its successors and assigns, and shall be binding upon the Guarantor and any executors, administrators, successors and assigns of the Guarantor.

J. The Guarantor waives diligence, presentment, demand of payment, and filing of claims with a court in the event of receivership or bankruptcy of the Guarantor, protest or notice and all demands whatsoever.

K. The Guarantor agrees to consent to service of process in the State and consents to submit to venue on any legal dispute to courts located within the State.

[THE BALANCE OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the date first above written.

MAXUS REALTY TRUST, INC.,
a Missouri corporation

By: _____
[_____], [_____]

ATTEST:

_____
[_____], [_____]

ACCEPTANCE OF CITY

This Guaranty Agreement and the obligations undertaken in it by the Guarantors are hereby accepted by the City as of the date first above written.

THE CITY OF WICHITA, KANSAS

(SEAL)

_____
Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____
Jennifer Magaña, Director of Law
and City Attorney

EXHIBIT A

TIF BOND COMPONENT INFORMATION:

BOND DEBT SERVICE

City of Wichita, Kansas
Taxable General Obligation Bonds
Series 964
FINAL
River Vista CID

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2021			14,246.67	14,246.67	
12/01/2021	70,000	2.000%	10,685.00	80,685.00	94,931.67
06/01/2022			9,985.00	9,985.00	
12/01/2022	75,000	2.000%	9,985.00	84,985.00	94,970.00
06/01/2023			9,235.00	9,235.00	
12/01/2023	75,000	2.000%	9,235.00	84,235.00	93,470.00
06/01/2024			8,485.00	8,485.00	
12/01/2024	80,000	2.000%	8,485.00	88,485.00	96,970.00
06/01/2025			7,685.00	7,685.00	
12/01/2025	80,000	2.000%	7,685.00	87,685.00	95,370.00
06/01/2026			6,885.00	6,885.00	
12/01/2026	80,000	2.000%	6,885.00	86,885.00	93,770.00
06/01/2027			6,085.00	6,085.00	
12/01/2027	85,000	2.000%	6,085.00	91,085.00	97,170.00
06/01/2028			5,235.00	5,235.00	
12/01/2028	85,000	1.000%	5,235.00	90,235.00	95,470.00
06/01/2029			4,810.00	4,810.00	
12/01/2029	85,000	1.200%	4,810.00	89,810.00	94,620.00
06/01/2030			4,300.00	4,300.00	
12/01/2030	85,000	1.300%	4,300.00	89,300.00	93,600.00
06/01/2031			3,747.50	3,747.50	
12/01/2031	85,000	1.400%	3,747.50	88,747.50	92,495.00
06/01/2032			3,152.50	3,152.50	
12/01/2032	90,000	1.500%	3,152.50	93,152.50	96,305.00
06/01/2033			2,477.50	2,477.50	
12/01/2033	90,000	1.600%	2,477.50	92,477.50	94,955.00
06/01/2034			1,757.50	1,757.50	
12/01/2034	90,000	1.900%	1,757.50	91,757.50	93,515.00
06/01/2035			902.50	902.50	
12/01/2035	95,000	1.900%	902.50	95,902.50	96,805.00
	1,250,000		174,416.67	1,424,416.67	1,424,416.67

CID BOND COMPONENT INFORMATION

BOND DEBT SERVICE

City of Wichita, Kansas
Taxable General Obligation Bonds
Series 964
FINAL
River Vista TIF

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2021			29,320	29,320	
12/01/2021	175,000	2.000%	21,990	196,990	226,310
06/01/2022			20,240	20,240	
12/01/2022	185,000	2.000%	20,240	205,240	225,480
06/01/2023			18,390	18,390	
12/01/2023	190,000	2.000%	18,390	208,390	226,780
06/01/2024			16,490	16,490	
12/01/2024	190,000	2.000%	16,490	206,490	222,980
06/01/2025			14,590	14,590	
12/01/2025	195,000	2.000%	14,590	209,590	224,180
06/01/2026			12,640	12,640	
12/01/2026	200,000	2.000%	12,640	212,640	225,280
06/01/2027			10,640	10,640	
12/01/2027	205,000	2.000%	10,640	215,640	226,280
06/01/2028			8,590	8,590	
12/01/2028	210,000	1.000%	8,590	218,590	227,180
06/01/2029			7,540	7,540	
12/01/2029	210,000	1.200%	7,540	217,540	225,080
06/01/2030			6,280	6,280	
12/01/2030	210,000	1.300%	6,280	216,280	222,560
06/01/2031			4,915	4,915	
12/01/2031	215,000	1.400%	4,915	219,915	224,830
06/01/2032			3,410	3,410	
12/01/2032	220,000	1.500%	3,410	223,410	226,820
06/01/2033			1,760	1,760	
12/01/2033	220,000	1.600%	1,760	221,760	223,520
	2,625,000		302,280	2,927,280	2,927,280

Gilmore & Bell, P.C.
09/22/2020

EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF WICHITA, KANSAS
HELD ON OCTOBER 6, 2020

The City Council (the "Governing Body") met in regular session at the usual meeting place in the City, at 9:00 a.m., the following members being present and participating, to-wit:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

* * * * * * * * * * * * * *

There was presented a Resolution entitled:

A RESOLUTION APPROVING THE ASSIGNMENT OF AN AMENDED AND RESTATED DEVELOPMENT AGREEMENT RELATING TO THE WEST BANK APARTMENTS PROJECT; AUTHORIZING THE EXECUTION OF A GUARANTY AGREEMENT AND OTHER DOCUMENTS RELATED THERETO; AND TERMINATING A PRIOR GUARANTY AGREEMENT ASSOCIATED THEREWITH.

Thereupon, [_____] moved that the Resolution be adopted. The motion was seconded by [_____]. Said motion was carried by a vote of the Governing Body with the vote being as follows:

Aye:

Nay:

Thereupon, the Mayor declared said Resolution duly adopted and numbered Resolution No. 20-307.

* * * * * * * * * * * * * *

(Other Proceedings)

On motion duly made, seconded and carried, the meeting thereupon adjourned.

CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the Governing Body of the City of Wichita, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

(SEAL)

_____
Karen Sublett, City Clerk

Gilmore & Bell, P.C.
09/22/2020

RESOLUTION NO. 20-307

A RESOLUTION APPROVING THE ASSIGNMENT OF AN AMENDED AND RESTATED DEVELOPMENT AGREEMENT RELATING TO THE WEST BANK APARTMENTS PROJECT; AUTHORIZING THE EXECUTION OF A GUARANTY AGREEMENT AND OTHER DOCUMENTS RELATED THERETO; AND TERMINATING A PRIOR GUARANTY AGREEMENT ASSOCIATED THEREWITH.

WHEREAS, the City of Wichita, Kansas (the "City") is a municipal corporation duly organized and validly existing under the laws of the State of Kansas (the "State") as a city of the first class; and

WHEREAS, the City has heretofore entered into an Amended and Restated Development Agreement dated as of January 9, 2015 between River Vista, L.L.C., a Kansas limited liability company ("River Vista LLC" or "Developer"), as Developer and the City, as amended by that certain Amendment to Amended and Restated Development Agreement dated as of July 21, 2015, and further amended by that certain Second Amendment to Amended and Restated Development Agreement dated July 2, 2019 (collectively, the "Development Agreement") relating to the development and financing of a project located generally on the West bank of the Arkansas River in the downtown portion of the City and known as the West Bank Apartments Project (the "Project"); and

WHEREAS, the Development Agreement provided that among other matters, the City would issue general obligation tax increment bonds and its full faith and credit community improvements district bonds to finance a portion of the Project (the "Proposed Bonds") in order to assist the Developer. in development and financing of the Project; provided that the River Vista LLC and certain individuals related to River Vista LLC furnished a financial guarantee for the full and prompt payment of all principal and interest payments as scheduled on such Proposed Bonds, when and as the same shall become due and in accordance with the terms and conditions thereof; and

WHEREAS, River Vista LLC and three individuals related to River Vista LLC, as guarantors, have entered into a Guaranty Agreement with the City, dated as of July 21, 2015 (the "Existing Guaranty") whereby the guarantors thereunder guarantee the full and prompt payment of all principal and interest payments as scheduled on such Proposed Bonds, when and as the same shall become due and in accordance with the terms and conditions thereof; and

WHEREAS, ***Section 8.01*** of the Development Agreement provides that the rights, duties and obligations thereunder of the Developer may be assigned, in whole or in part, to another entity or individual without the prior approval of the City Representative (as defined in the Development Agreement), City Governing Body (as defined in the Development Agreement), or any other entity or individual; *provided, however*, that in the event Developer assigns any of its obligations originating from the Development Agreement, such assignment shall not release Developer from those obligations unless such entity or individual assumes such obligations and the Governing Body consents to such assignment and assumption; and

WHEREAS, River Vista LLC and River Vista Acquisition LLC, a Kansas limited liability company ("RV Acquisition") have entered into an Assignment of Amended and Restated Development Agreement, dated as of August 24, 2020, (the "Assignment Agreement") whereby River Vista LLC, in conjunction with

the sale of its interest in the Project, assigns all of its rights and obligations under the Development Agreement to RV Acquisition, as assignee; and

WHEREAS, RV Acquisition, as assignee under the Assignment Agreement, agreed to assume all right, title, interest, and obligations of the Developer under the Development Agreement and agrees to perform all of the obligations of the Developer arising under the Development Agreement; and

WHEREAS, River Vista LLC has, pursuant to the Development Agreement, notified the City Representative of the Assignment Agreement and requested that River Vista LLC be released of its obligations under the Development Agreement and that the Existing Guaranty be cancelled and the guarantors thereunder be released from all obligations thereunder; and

WHEREAS, the City has issued its Taxable General Obligation Bonds, Series 964, dated October 1, 2020 (the "Bonds") in satisfaction of its obligation under the Development Agreement to issue the Proposed Bonds, specifically: (a) the general obligation tax increment bonds (the "TIF Bond Component") and full faith and credit community improvements district bonds supported by assessments against certain real property (the "Property") constituting a portion of the Project (the "CID Bond Component"); to finance a portion of the Project; and

WHEREAS, the City and Maxus Realty Trust, Inc, a Missouri corporation ("Maxus"), an affiliated entity to RV Acquisition, have negotiated the provisions of a Guaranty Agreement, dated as of October 6, 2020 (the "Guaranty Agreement"), wherein Maxus has agreed to become a guarantor of the full and prompt payment of all principal and interest payments as scheduled for the Bonds, which include TIF Bond Component and CID Bond Component, when and as the same shall become due and in accordance with the terms and conditions of the Bonds; and

WHEREAS, the City has engaged its financial advisor to research and provide financial information relating to the financial ability of Maxus to honor its obligations under the Guaranty Agreement and issue a Memorandum of its findings for review by the Governing Body (the "Memorandum"); and

WHEREAS, the Governing Body, based upon review of the Memorandum, the Assignment Agreement and Guaranty Agreement hereby further finds and determines that it is advisable to authorize the execution of the Guaranty Agreement, terminate the Existing Guaranty and release the guarantors of the Existing Guaranty.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

Section 1. Economic Development; Public Purpose. The Governing Body hereby finds and determines that the Project will continue to stimulate and foster economic development in the City and its environs in order to enhance and provide for the general and economic development and welfare of the City and its citizens.

Section 2. Guaranty Agreement. The Guaranty Agreement, is hereby approved in substantially the form presented to the Governing Body with such alterations, changes or additions as may be approved by the City Manager and as to form by the City Attorney. The Mayor or Vice Mayor of the City is hereby authorized and directed to execute the Guaranty Agreement and such other documents, statements, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution (such documents and the Guaranty Agreement, collectively, the "Project Documents") in such final form as are approved by the City Manager, or designate, and as to form by the City Attorney, and the execution or taking of such actions shall be conclusive evidence of such form, necessity or advisability.

The City Clerk or any Deputy City Clerk is hereby authorized to attest to and affix the seal of the City to the Project Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 3. Termination of Existing Guaranty. Upon the execution of the Guaranty Agreement by the guarantors thereunder, and delivery of the same to the City Attorney, the Governing Body authorizes the termination of the Existing Guaranty and the release of the guarantors thereunder.

Section 4. Further Authority. The City shall, and the officers, employees and agents of the City, including the City Attorney and Gilmore & Bell, P.C., Bond Counsel, are hereby authorized and directed to, take such action, expend such funds and execute such other documents, certificates and instruments, as may be necessary, including termination documents or certificates relating to the Existing Guaranty, or desirable to carry out and comply with the intent of this Resolution and to carry out, comply with and perform the duties of the City with respect to the Project Documents.

Section 5. Effective Date. This Resolution shall take effect and be in force from and after its adoption by the Governing Body.

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ADOPTED by the City Council of the City of Wichita, Kansas, on October 6, 2020.

(SEAL)

_____
Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____
Jennifer Magaña, Director of Law and
City Attorney

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CERTIFICATE

I, the undersigned, hereby certify that the above and foregoing is a true and correct copy of the original Resolution No. 20-307 (the "Resolution") of the City of Wichita, Kansas (the "City"); that said Resolution was adopted by the City Council on October 6, 2020, that the record of the final vote on its passage is found on page ____ of journal ____; and that the Resolution has not been modified, amended or repealed and is in full force and effect as of this date.

DATED: October 6, 2020.

_____
Karen Sublett, City Clerk

PIPER | SANDLER **Memo**

TO: Mark Elder, Development Analyst
City of Wichita, Kansas

FROM: Dustin Avey, Managing Director

DATE: September 2, 2020

RE: Financial Analysis, Sale of the River Vista Project and Transfer of Guarantee Under the River Vista TIF Plan to Maxus Realty Trust

Overview

The City of Wichita will be issuing $2.5 million of General Obligation Tax Increment Financing ("TIF") Bonds and $1.27 million of General Obligation Bonds backed by Community Improvement District assessment revenues (together, the "Bonds") to reimburse for certain public infrastructure costs associated with the River Vista development. The Bonds are projected to be paid by TIF revenues generated from property tax increment revenues of the project and CID assessments; however, as General Obligation Bonds, the City will be required to pay the Bonds out of any and all funds if there is a shortfall in TIF and/or CID revenues.

To protect the City against this possibility, the City included a requirement that the Developer of the River Vista project provide a personal guarantee to fund any shortfall between payments on the Bonds and the TIF revenues and CID revenues used to repay the Bonds. Upon the sale of the development, the TIF and CID revenue shortfall guarantee will transfer to the purchaser.

Piper Sandler has been asked to analyze the ability of the purchaser to cover the guarantee of TIF and CID revenue shortfalls to the City of Wichita on the River Vista project.

Maxus Realty Trust

The purchaser is the Maxus Realty Trust (ticker MRTI). MRTI is a Missouri corporation founded in June 1984. MRTI's corporate purpose is to acquire equity investments in income-producing properties, focused on market rate apartments in the midwest and southeast. As of 12/31/2019, MRTI owned 34 properties with 8,938 apartment homes across 12 states.

MRTI has been audited each of the past five years by Mayer Hoffman McCann P.C. ("MHM") and MHM opined that the consolidated balance sheets, statements of income, shareholders' equity, and cash flows present fairly, in all material respects, the financial position of MTRI for each year. MRTI's audited financial statements can be found at the OTC Markets website at the following link:
https://www.otcmarkets.com/stock/MRTI/disclosure

Select financial ratios of MRTI for the past five fiscal years are included below. We have also included as an appendix the Dun & Bradstreet Business Information Report Snapshot for MRTI.

Funds From Operations ("FFO")
FFO is a measure of cash flow from operations that is used to examine REITs that adjusts net income for several non-cash and one-time items, most notably adding depreciation expense back to net income due to the value of many income properties maintaining their value or increasing in value over time. All dollar values in the table below are in thousands.

	Fiscal Year Ended				
	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Net income	$ 13,138	$ 6,352	$ 13,972	$ 14,664	$ 4,523
Plus depreciation and amortization	27,428	29,888	22,807	18,339	12,836
Plus impairment of assets			277	1,139	1,066
Less gain on sales of property	(22,177)	(18,271)	(18,428)	(17,374)	(3,022)
Less gain from insurance recovery	(3,038)	(563)	(1,634)	(2,386)	(1,689)
Less (income) loss attributable to non-controlling interest	6,015	6,550	4,034	3,110	2,103
Less gain from bargain purchase	-	-	-	-	(448)
Funds from operations	$ 21,366	$ 23,956	$ 21,028	$ 17,492	$ 15,369

Current Ratio

Current ratio is equal to current assets divided by current liabilities, and measures ability to pay short-term obligations. All dollar values in the table below are in thousands.

	Fiscal Year Ended				
	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Current Assets					
Cash and cash equivalents	$ 9,606	$ 13,333	$ 4,118	$ 6,246	$ 3,709
Certificates of Deposit	2,417	3,077	4,248	1,984	1,883
Restricted Cash	26,934	11,042	10,016	10,449	8,593
Prepaid expenses and other assets	5,551	3,890	3,455	2,497	2,067
Accounts Receivable	4,148	4,103	1,132	753	795
Total Current Assets	48,656	35,445	22,969	21,929	17,047
Current Liabilities					
Accounts Payable	$ 16,646	$ 11,251	$ 7,650	$ 6,743	$ 5,054
Current Ratio	2.92	3.15	3.00	3.25	3.37

The Potential Liability

The Bonds, which are scheduled to close in October 2020, will be a portion of the City's Series 964 General Obligation Bonds. The TIF portion of the Bonds will amortize over 13 years, with annual debt service payments approximating $235,000, and the CID portion of the bonds will amortize over 15 years with annual debt service payments approximating $100,000, for a combined annual payment of $335,000.

Actual TIF revenues for the most recent tax year (2020) were $136,823. The project was not yet assessed at its full value when appraised for that tax year. The City estimates the increase in the property's value at full assessment will pull the stabilized TIF revenue to approximately $226,079, growing thereafter at 2% per year.

TIF revenues will increase or decrease over time based on the Assessed Valuation of the River Vista project area and the property tax mill levies of the taxing jurisdictions in which the project area resides.

CID revenues are generated from an assessment on the property that will remain in place during the life of the Bonds. The assessment will be for a net amount of $108,970 per year.

Summary

Based on MRTI's current liquidity position and history of generating cash flow over and above what is needed to maintain the properties they own and manage versus the potential liability arising out of the guarantee of TIF revenue shortfalls and CID assessment shortfalls, we believe that MRTI is capable of meeting the guarantee that will be transferred with the sale of the River Vista project.

Agenda Item No. V-5

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Parking Agreement and Parking Addendum for City-owned Parking Spaces in the Surface Parking Lot at 200 South Broadway (District I)

INITIATED BY: Economic Development

AGENDA: New Business

Recommendation: Approve the parking lease agreement and parking addendum.

Background: Herculis Investments, LLC (Herculis) owns the office building at 333 East English, which is immediately south of the City lot at 200 South Broadway. They are requesting public parking to facilitate the leasing of the property.

The parking lot was constructed to provide parking for employees of the former State Office Building. With vacation by the State, utilization of the lot has been greatly reduced. The lot is currently leased to the public on a monthly basis and has extensive capacity. Herculis currently leases spaces in the lot on a month to month basis. The future Kansas Health Sciences project, controlled by the Douglas Market Development group has an option to lease the entire lot upon reaching certain milestones. That lease will not impede the parking agreement with Herculis based on the proposed parking addendum.

Analysis: Under the terms of the lease, Herculis will have the ability to lease 22 spaces in the lot at $30 per space, with an option to expand up to a total of 35 spaces. The least term is five years. In order to ensure that Herculis can continue to lease the up to 35 spaces for the duration of the five years, a parking addendum was agreed to between the City, Herculis and Douglas Market Development parties.

Financial Considerations: Lease revenue for 22 spaces is estimated at $7,920 annually.

Legal Considerations: The Law Department has reviewed and approved the lease agreement and parking addendum as to form.

Recommendation/Action: It is recommended that the City Council; 1) approve the parking lease agreement and parking addendum and 2) authorize all necessary signatures.

Attachments: Parking Agreement and Parking Addendum.

PARKING LOT LEASE AGREEMENT

This Parking Lot Lease Agreement (this "Agreement") is made and entered into this _____ day of _____, 2020,

BY AND BETWEEN

City of Wichita, Kansas,
a municipal corporation,
455 North Main Street
Wichita, Kansas 67202

"LESSOR,"

AND

Herculis Investments, LLC
a Kansas limited liability company
3814 E. English
Wichita, Kansas 67218

"LESSEE."

WITNESSETH THAT:

WHEREAS, LESSOR is the owner of the following described real property, and in consideration of rents to be paid and the covenants to be observed as herein set forth, and each and every one of them, does hereby lease and rent to LESSEE, for the term and under the conditions herein set forth, the property described as follows, to-wit:

Odd lots 13 to 43 inclusive, on Lawrence now Broadway, English's Addition to Wichita, Sedgwick County, Kansas;

that portion commonly referred to as being located at 200 South Broadway Avenue, Wichita, Sedgwick County, Kansas and consisting of paved surface parking ("Premises"); and

WHEREAS, the above named parties desire to enter into this Agreement on the terms set forth herein;

NOW, THEREFORE, for and in consideration of the Premises and rent provided herein and the mutual covenants and agreements recited herein, the above named parties do hereby agree and shall be bound as follows:

1. **LEASED PROPERTY.** LESSOR shall lease to LESSEE for use by LESSEE, and tenants of the building located at 333 East English, Twenty-two (22) parking spaces ("Leased Property") upon the Premises. LESSEE may request up to thirteen (13) additional parking spaces ("Additional Spaces") from time to time during the below referenced Term upon

thirty (30) days-notice to LESSOR. Prior to the lease of spaces on the Premises by Douglas Market Development LLC, LESSEE will have first priority to add the Additional Spaces to this Lease. After the lease of spaces on the premises by Douglas Market Development LLC, all subsequent requests to add Additional Spaces shall be subject to the availability of such Additional Spaces upon the Premises. LESSEE reserves the right to cease leasing any of the Additional Spaces upon thirty (30) days-notice.

2. **TERM.** LESSOR hereby demises, lets and leases a portion of the above described real property, consisting, to LESSEE for a term commencing ___, 2020 and terminating on _____, 2025, 11:59 P.M. Said spaces will be located in the southerly portion of the lot and LESSOR and LESSEE shall mutually identify the spaces to be leased.

3. **RENT.** As consideration for this Agreement and as rent for the use of the Leased Property, LESSEE agrees to pay unto LESSOR the sum of Six Hundred Sixty Dollars and No Cents ($660.00) for each month of the term. This equates to Thirty Dollars and Zero Cents ($30.00) per space per month for the initial twenty-two (22) spaces. Rent for any Additional Spaces shall be calculated at a rate of Thirty Dollars and Zero Cents ($30.00) per space per month. Rent shall be due and payable on the first day of each month. All payments shall be made by check or money order and shall be made payable to the order of: **City of Wichita, Kansas.** All payment installments shall be mailed or hand delivered to the Office of Property Management, 13th Floor, City Hall, 455 North Main Street, Wichita, Kansas 67202.

4. **LIABILITY.** LESSEE acknowledges that LESSEE has examined the Premises and acceptance thereof will acknowledge that there is in and about the Premises no apparent condition that would be a danger to life, limb, health, or property. LESSEE agrees to enter into utilization of the Leased Property in its current "as-is" condition.

LESSOR shall not be liable to LESSEE for any damage done to or loss of personal property or for damage or loss suffered by the business or occupation of LESSEE, arising from any act or negligence of any co-tenants or other occupants of the Premises, or of the employees of LESSEE, or of the customer trade of LESSEE.

LESSEE agrees to indemnify LESSOR and hold LESSOR harmless from any loss, liability, damage, cost and expense of investigating or defending any claim therefor occurring on or about the Premises or arising in any way as a result of LESSEE's occupancy or use of the Premises.

5. **TAXES -- REAL AND PERSONAL PROPERTY.** Should LESSEE's use of the Property be determined to fall outside the scope of those uses set forth in K.S.A. 79-201, and amendments thereto, and such use by LESSEE thereby causes a loss of the tax exempt status for the Premises, LESSEE shall be solely responsible for any taxes and other fees and assessments assessed on the Premises that result from the LESSEE's use thereof. LESSEE shall pay all such taxes and assessments when due and not allow any to become delinquent. LESSOR gives LESSEE the right to appeal any tax assessment or tax increase in LESSOR's name at LESSEE's own expense.

6. **WAIVER OF ANY BREACH.** Any waiver of any breach hereof or indulgence as to the payment of any installment of rent at any time, or from time to time, shall not be construed to be a waiver of any subsequent breach or imply any future indulgence.

7. **USE OF PREMISES.** The Leased Property may be used and occupied only as surface parking for employees and customers of LESSEE unless prior written permission for other use is obtained from LESSOR. LESSEE shall have use of the leased spaces Monday through Friday. LESSEE recognizes that the Leased Property, as well as other spaces on the Premises shall be used for other events outside the above times. LESSEE shall not commit, or suffer to be committed, any waste upon the Leased Property and LESSEE further agrees not to connect with electric wires, water, gas or sewer pipes, or any apparatus, machinery or device without the consent of LESSOR. LESSEE shall be responsible, at the end of the lease term, to return the Leased Property to its current condition, ordinary wear and tear excepted.

LESSEE expressly recognizes that the Premises are publicly owned and that the LESSOR desires that the Premises be used in such a manner that gives the appearance of impartiality in political campaigns and on public issues; as such the LESSEE will not use the Premises for any partisan or political activity or for overt public activities that take a position on policy issues before the City and its agencies, provided that this provision shall not prevent the LESSEE from taking positions in newsletters, correspondence, internal meetings, etc. that otherwise are in accordance with the purposes of the organization.

LESSEE shall neither use nor occupy the Leased Property for any unlawful, disreputable or ultra hazardous business purpose or activity, nor operate or conduct its business in a manner constituting a nuisance of any kind. Upon notice or discovery, LESSEE agrees to immediately take action and cease any activity or use in violation of this Agreement.

8. **CONDUCT OF BUSINESS.** LESSEE will conduct its business, and control its agents, employees, and invitees in such a manner as to not create any nuisance, or interfere with, annoy or disturb other occupants, guests, neighbors, or LESSOR in the management of the Premises.

9. **LESSEE'S INDEMNIFICATION AND NON-LIABILITY OF LESSOR.** LESSOR shall not be liable to LESSEE or to LESSEE's employees, patrons, guests or visitors in or upon the Leased Property for theft or any damage to person or property caused or claimed to have been caused by the negligence of LESSEE, the LESSEE's agents, employees, or invitees.

LESSEE agrees to save and hold the LESSOR harmless of and from any claim arising with respect to any portion of the Premises herein exclusively leased to LESSEE.

10. **PUBLIC LIABILITY INSURANCE.** LESSEE agrees to carry public liability insurance during the term hereof, covering both LESSOR and LESSEE, with companies licensed to do business in the State of Kansas for limits of not less than $500,000 for injury or death of any one person, $500,000 for any one occurrence, $500,000 property damage insurance, and contractual liability coverage recognizing this Agreement, and providing that LESSOR and LESSEE shall be given a minimum of thirty (30) days written notice by such insurance company

prior to cancellation, termination or change in such insurance.

11. **LESSOR'S COVENANTS.** It is agreed by the parties hereto that it shall be the duty and obligation of the LESSOR herein:

a. To deliver the Leased Property to the LESSEE, at commencement of the term of this Agreement, in "as-is" condition.

b. To provide to LESSEE, contingent upon LESSEE's compliance with it covenants, duties and obligations herein, the right to the quiet and peaceful possession of the Leased Property for the full term of this Agreement.

12. **LESSEE'S COVENANTS.** In consideration of the foregoing, the LESSEE hereby agrees:

a. To promptly pay the specified rents for the Leased Property in the manner and at the times as herein provided to the LESSOR, its successors and assigns, or to its agent.

b. To notify the LESSOR immediately of any major problem relative to the Leased Property or Premises.

13. **MUTUAL WAIVERS OF SUBROGATION.** Each party hereby waives any and all claims against the other party for any and all liability or responsibility for any loss, injury or damage to any person(s) or the Leased Property, which may be caused by fire, casualty, accident, or otherwise during the term of the Agreement if, but only if, and only to the extent that, such loss or damage is covered by and recoverable under valid and collectible insurance carried by the waiving party.

14. **IMPROVEMENTS AND ALTERATIONS.** LESSEE shall make no material changes or alteration in said Leased Premises unless it shall first have obtained LESSOR'S written consent thereto.

15. **LIENS - REGULATIONS.** LESSEE shall not, during the term of this Agreement, permit or suffer any lien or encumbrance to attach to the Premises or any part thereof and shall indemnify and save harmless the LESSOR against the same. LESSEE, its agents and employees, shall be subject to any and all applicable rules, regulations, orders and restrictions which are now in force or which may be hereafter adopted by the City of Wichita, Kansas, in respect to the operation and maintenance of the Premises described herein. Further, LESSEE shall comply with all laws and ordinances of the State of Kansas and the City of Wichita, Kansas, which have been enacted by any state or local governing body.

16. **SIGNS AND AWNINGS.** No sign, notice, awning, advertisement, picture or other inscription of any kind shall be placed or put upon any portion of the Premises, unless the written consent of LESSOR shall first have been obtained.

17. **INSPECTION AND ENTRY.** It shall be lawful for LESSOR, its agents and

representatives, at any reasonable hours in the day, to enter into or upon said Leased Property for the purpose of examining the condition thereof, or to make such repairs and alteration as may be necessary for the safety and preservation of the Leased Property, but without any obligation to make repairs, or for any other lawful purpose.

18. **OWNERSHIP REPRESENTATION.** Under no circumstances shall the LESSEE represent to any party that the LESSEE is the owner of the Leased Property covered by this Agreement or the agent or trustee of the LESSOR. LESSEE understands and agrees that no authorization to act for, on or in behalf of the LESSOR is granted to the LESSEE.

19. **REMOVAL OF PROPERTY AND EQUIPMENT.** LESSEE shall have the right to remove from the Leased Property at any time during the term of this Agreement any and all equipment placed therein and owned by LESSEE, but not if the same are so permanently attached that removal thereof will leave the Premises damaged or materially altered, and provided all rents are paid in full; and failing to do so, said improvements and/or equipment shall be and become the property of the LESSOR.

20. **NONDISCRIMINATION.** LESSEE agrees to comply with the requirements of City of Wichita Administrative Regulation #23, Nondiscrimination and Equal Opportunity Statement, which is marked Exhibit "A", attached hereto and incorporated herein.

21. **ASSIGNMENT AND SUBLEASE.**

a. It is agreed that this Agreement, or any interest therein, shall not be assigned by the LESSEE, nor the Leased Premises sublet in whole or in part, without the prior written consent of LESSOR except that LESSEE may sublease parking spaces to tenants of the building located at 333 East English. Nor shall this Agreement, or any interest therein or thereunto be sold or assigned or passed by adjudication of LESSEE as a bankrupt or through bankruptcy proceedings. In the event the Agreement is so assigned or the property sublet in whole or in part, the LESSEE is not relieved from any of its obligations and liabilities under this Agreement, but rather, remains liable for performance under the Agreement.

b. In the event the Lessee rents or subleases the Leased Property in whole or in part pursuant to Section 20.a. above with LESSOR'S consent as herein provided, and if any rents received by the LESSEE under any such sublease are in excess of the rent amount payable by the LESSEE under this Agreement, or any additional consideration is paid to LESSEE by the assignee under any such assignment, then said excess shall be split 50%/50% between LESSOR and LESSEE.

c. LESSOR shall have the right to transfer and assign, in whole or in part, any of its rights under this Agreement, and in the Premises referred to herein; and, to the extent that such assignee assumes LESSOR'S obligations hereunder, LESSOR shall by virtue of such assignment be released for such obligations.

22. **RECEIPTS FROM ASSIGNEE OR SUBTENANT.** The receipt by the

LESSOR of rent from any assignee, subtenant or occupant of the Leased Property shall not be deemed a waiver of any of the provisions of paragraph 24 of this Agreement. No provision of this Agreement shall be deemed to have been waived by the LESSOR unless such waiver is in writing signed by the LESSOR.

23. **EVENT OF CASUALTY.** In the event the Premises shall be damaged or destroyed by a casualty as to become unusable for its intended purpose, then LESSOR may, upon proper notice and if LESSOR so elects, give notice in writing terminating this Agreement.

24. **EVENTS OF DEFAULT.** The following shall be considered, for all purposes, to be defaults under, and breaches of this Agreement by LESSEE:

a. Any failure of LESSEE to pay any rent installment hereby reserved and such failure shall continue for a period of twenty (20) days from the date such rent is due.

b. Failure of LESSEE to perform or observe any of the terms, provisions, conditions and covenants of this Agreement, other than the payment of rent, and shall not cure such failure within ten (10) days after written notice thereof to LESSEE.

c. LESSEE shall become bankrupt or insolvent, or file or have filed against it a petition in bankruptcy, or the reorganization or arrangement, or for the appointment of a receiver or trustee of all or a substantial portion of the LESSEE's property, or LESSEE makes an assignment for the benefit of creditors.

d. The Leased Property comes into the hands of any person other than is expressly permitted under this Agreement.

25. **TERMINATION.** This Agreement shall terminate without any further required notice upon occurrence of any of the following.

a. The expiration of the term of this Agreement or any extension thereof.

b. Any default or breach of any covenants and provisions of the Agreement by the LESSEE and failure to cure such breach by LESSEE after notice periods identified hereinbefore in Section 25. In which case, the LESSOR shall be entitled to possession of the Leased Property, and LESSOR may distrain for rent due and damages and recover possession of said Leased Property as provided by law.

c. Upon sixty (60) days after declaration by the LESSOR that the Premises is needed for public purpose.

26. **ENFORCEABILITY.** No waiver by LESSOR or LESSEE of any breach of any term, covenant or condition hereof shall be deemed to be a waiver of the same, or subsequent breach of the same, or any other term, covenant or condition. The acceptance of rent by LESSOR shall not be deemed a waiver of any earlier breach by LESSEE of any term, covenant, or condition hereof, regardless of LESSOR'S knowledge of such breach, when such

rent is accepted, unless LESSOR specifically agrees thereto. No covenant, term or condition of this Agreement shall be deemed waived by LESSOR, or LESSEE, unless waived in writing.

27. **BINDING ON PARTIES.** Subject to the limitations provided hereinbefore, this Agreement shall be, jointly and severally, binding on the parties hereto, their respective heirs, devisees, successors and assigns.

28. **NOTICE.** All LESSEE correspondence, notices and demands to LESSOR must given in writing to:

Office of Property Management
Attention: John C. Philbrick
City Hall - 13th Floor
455 North Main Street
Wichita, Kansas 67202

All LESSOR correspondence, notices and demands to LESSEE must be given in writing to:

Herculis Investments, LLC
a Kansas limited liability company
3814 E. English
Wichita, Kansas 67218

And

BPMG, Property Manager
Attn.: Larry Weber
250 West Douglas, Suite 100
Wichita, Kansas 67202

29. **EXHIBITS.** All exhibits referenced hereinabove are part of the Agreement as if fully set forth herein.

30. **CAPTIONS.** The captions contained in this Agreement are for convenience of reference only, and in no way limit or enlarge the terms and conditions of this Agreement.

31. **SEPARABILITY.** If any clause or provision of this Agreement is determined to be illegal, invalid or unenforceable under present or future laws effective during the term of this Agreement, then, and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the parties to this Agreement that in lieu of each clause or provision of this Agreement that is illegal, invalid or unenforceable, there be added as a part of this Agreement a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

32. **AMENDMENTS; BINDING EFFECT.** This Agreement may not be altered, changed or amended, except by instrument in writing signed by the parties hereto. All terms, provisions, covenants and conditions contained in this Agreement shall apply to, inure to the benefit of, and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise herein expressly provided.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate the day and year first above written.

LESSOR
CITY OF WICHITA, KANSAS,
a municipal corporation

By: _____
Brandon J. Whipple, Mayor

ATTEST

By_____
Karen Sublett, City Clerk

LESSEE
Herculis Investments, LLC,
a Kansas limited liability company

By:_____
Jason Cox, Managing Member

Approved as to form:

_____
Jennifer Magana, City Attorney and Director of Law

ADDENDUM TO PARKING LOT LEASE AGREEMENT

This Addendum to Parking Lot Lease Agreement is made and entered into as of _____, 2020 among the City of Wichita, Kansas (the "**City**"), Herculis Investments, LLC ("**Herculis**"), and Douglas Market Development LLC ("**DMD**"). The City, Herculis and DMD are collectively the "**Parties**."

A. The City and Herculis have entered into a certain Parking Lot Lease Agreement dated _____, 2020 (the "**Parking Lot Lease Agreement**"), pursuant to which Herculis will lease from the City a maximum 35 parking spaces on the following described property (the "**City Lot**"):

Odd lots 13 to 43 inclusive, on Lawrence now Broadway, English's Addition to Wichita, Sedgwick County, Kansas.

B. DMD and the City have previously entered into a certain Parking Agreement dated November 22, 2019 (the "**DMD Agreement**"). Pursuant to the DMD Agreement, DMD has certain contingent rights to lease the entirety of the City Lot, and make improvements to the City Lot, including but not limited to, reconfiguration of the parking spaces within the City Lot and controlling access to the City Lot.

C. In the event DMD leases the entirety of the City Lot from the City, the Parties agree as follows:

1. The City will notify DMD of the number of parking spaces to which Herculis is entitled as of the date of commencement for DMD's lease of the City Lot.

2. The City will notify Herculis of:

(a) the date of commencement for DMD's lease of the City Lot; and

(b) DMD's address to which Herculis should send future rent payments and notices required under the Parking Lot Lease Agreement.

3. The Parking Lot Lease Agreement will continue in full force and effect and DMD will assume the City's role as Lessor and the City will be released of all obligations pursuant to Section 20(c) of the Parking Lot Lease Agreement. DMD, as Lessor, will be entitled to all rent payments due from Herculis, together with all rights and privileges of Lessor, including but not limited to waivers and indemnities, as set forth in the Parking Lot Lease Agreement.

4. DMD may make certain improvements to the City Lot in accordance with the DMD Agreement, including, but not limited to, the reconfiguration of parking spaces and access control improvements. While such improvements are made, the City Lot may be unavailable. However, the City will make available at no additional per space cost, spaces within either the Market Street or State Office Building garages during said City Lot improvements.

Improvements made by DMD may result in the temporary relocation of the parking spaces to which Herculis is entitled.

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CITY OF WICHITA, KANSAS

By: _____
Brandon J. Whipple, Mayor

ATTEST:

By: _____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

By: _____
Jennifer Magana,
Director of Law and City Attorney

HERCULIS INVESTMENTS, LLC

By: _____
Jason Cox, Managing Member

DOUGLAS MARKET DEVELOPMENT, LLC

By: Sudha Tokala
Sudha Tokala, Manager

Agenda Item No. V-6

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Economic Development Guidelines Update

INITIATED BY: Office of Economic Development

AGENDA: New Business

Recommendation: Approve the 2020 Economic Development Guidelines.

Background: In 2004, the Wichita City Council and the Sedgwick County Commission each approved a joint economic development policy to provide guidelines primarily for tax abatements to attract new businesses to the community and to assist existing businesses wishing to expand. That policy was last updated in 2012.

Since 2018, staff conducted several workshops with the City Council, received input from economic development consulting firm Ady Advantage, local businesses, developers, Land Bank and Incentives subcommittees of the Places for People plan and solicited input from the Greater Wichita Partnership's Strategic Action Team.

Analysis: Attached are the updated Economic Development Guidelines which provide guidance and direction for all economic development incentive programs offered by the City. The items outlined below represent some of the significant changes to the existing policy.

- **Increased Availability to Smaller Businesses:** The proposed new guidelines provide an increased opportunity for smaller companies to be eligible for incentives and provides the City Council the ability to consider additional items when considering an abatement for programs such as Industrial Revenue Bonds or Economic Development Exemptions. Additionally, the Community and Workforce Development benefit was added to incentivize companies to locate in certain redevelopment areas of the City, target certain populations for employment that may be difficult to employ (criminal background, chronically unemployed, etc.) and provide documented job training programs for these individuals.

- **Industrial Revenue Bond/Economic Development Exemptions Abatements:**
  One of the major shifts is utilizing a new matrix for determining project abatements. Previously, the matrix exclusively focused on jobs, capital investment and average wages. The greater the number in each of those categories the greater the abatement. The previous matrix as a result, skewed heavily to larger companies who were undertaking larger projects. The new proposed guidelines are structured to reward small, mid and large companies utilize the metrics below for determining the cumulative percentage abatement. The matrix for the first time includes Additional Consideration items and assigns a percentage value in an abatement evaluation. To date, the City has utilized this new matrix three times in 2020.

New Jobs	5-25	26-50	>50
Abatement	30%	40%	50%
New Capital Investment	$1M-<$5M	$5M-10M	>$10M
Abatement	40%	50%	60%

Additional Considerations

Regional Growth Plan sector	10%
Utilizing State, federal or utility incentives	10%
Sustainable Development/Alternative Energy use	15%
Investing in, or funding, entrepreneurship	25%
Talent attraction plan (must be documented)	25%
Locating in Redevelopment Area	25%
Community and Workforce Development Benefits	25%

To better understand the application of the new matrix, we have provided an example.

Example Project: Under the proposed guidelines, a company would qualify for a 30% abatement based on 10 net new qualifying jobs (qualifying based on annual wages) and based on a $4,000,000 capital investment, a company would also qualify for an additional 40% abatement, bringing the total to 70%. If the company is in a Regional Growth Plan sector, like aerospace, it would qualify for an additional 10%, bringing the total to 80%. Finally, if the company is utilizing State of Kansas incentives, it would receive an additional 10% abatement as an Additional Consideration item, bringing the total abatement to 90%.

- **City's Return on Investment:** Previously, a benefit/cost analysis would be required to achieve a ratio of benefits to costs of at least 1.3 to 1.0 for all City funds in order to be eligible for incentives. In the updated guidelines that ratio target has been revised to state the ratio of benefits to costs is 1.0 to 1.0.

- **Speculative Industrial/Flex/Office Buildings**: The proposed guidelines include a speculative office component. Buildings must be class A and at least 60,000 square feet. Leases cannot be demised below 7,500 square feet until the building is at least 50% leased, at which time leases can be as small as 3,000 square feet. Construction must start within 120 days of City Council approval and be completed within 15 months. The abatement is the same as the speculative industrial program which is 95% for the first five years and 50% abatement for the second five years if the property is at least 50% leased.

- **Community Improvement Districts:** One new item included in the establishment of a Community Improvement District (CID) is that the developer will be required to pay an origination fee. The purpose and benefit of the Origination Fee is to enable the City to use these funds in other areas of the City. The fee will be collected in one of the two ways listed below or a combination of the two, at the City's discretion:
    - District Improvements/Maintenance: The City will retain on an annual basis an amount equal to no less than 10% and no more than 25% of the CID revenue collected. Funds will be used for improvements and/or maintenance to public assets within the District.
    - At Large: The fee will be deposited in a dedicated fund and be utilized to support the Land Bank in securing and maintaining additional properties. The Developer will have the option to make payment upon approval of the CID or in equal annual payments for the term of the CID.

  Example:
    - Project X's CID request would generate $2M over 20 years
    - City would have the option to either to retain their standard 10% amount ($200K over 20 years). Those funds must be used within District.
    - Or, the City could determine the value of approving a CID is $100K. The applicant could choose to pay that at the start of the CID term, or could choose to spread that over the 20 years, i.e., $10K per year.
    - City could also choose to blend both options (i.e., 5% retention and $5K per year).

- **Façade Improvement Program:** The Façade Improvement Program boundaries are proposed to be expanded. The new boundaries now include Opportunity Zones, the Douglas Design District and the Places for People nodes. These are defined as areas with an adopted neighborhood plan. The total neighborhood plans eligible for the Façade Improvement Program are available on the Wichita/Sedgwick County planning site.

Financial Considerations: Each incentive program has updated fees. Each program application fee is due at the time of application. Certain programs, particularly when a development agreement is included, also require deposit fees. The deposit fees are used to offset staff time, internal legal staff time, outside bond counsel time and financial advisor review. Any funds remaining in the deposit account will be returned to the developer at the completion of the project.

Legal Considerations: All incentive agreements will be subject to review and approval as to form by the Law Department.

Recommendations/Actions: It is recommended that City Council approve the 2020 Economic Development Guidelines.

Attachment: Economic Development Guidelines

City of Wichita

And

Sedgwick County

Economic Development Guidelines

October 2020

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OVERVIEW

A. Economic development incentives are necessary because of the inherent competition between localities for new businesses and jobs and therefore shall be used prudently on projects where incentives can make a difference to either remain or locate in Sedgwick County. The governing bodies of both the City and County have adopted these guidelines.

B. These guidelines have been prepared with the recognition that certain provisions are applicable to only one and not both jurisdictions. The intent of these guidelines is to complement any incentive program that may be adopted by other municipalities within Sedgwick County or by the State of Kansas. The City may consider other public improvements.

C. The following guidelines are intended to provide a framework for consideration of incentives, and may not be the only factors to consider regarding incentives. The guidelines are primarily quantitative considerations. Qualitative considerations should also factor into the decisions regarding the granting of incentives.

D. The objective of offering economic development incentives to businesses and developers shall be to encourage business and community development by:

1. Creating and retaining quality jobs;
2. Broadening and diversifying the tax base;
3. Encouraging capital investments;
4. Increasing the region's global competitiveness;
5. Promoting the growth and welfare of the City of Wichita and Sedgwick County.
6. Reducing crime.
7. Improving community reputation.
8. Redevelopment of key neighborhoods.
9. Encouraging regional cooperation.
10. Education of the community about public benefits.

E. Economic development incentives available from the City of Wichita and Sedgwick County may include (but are not limited to) property tax abatements, sales tax exemptions, Community Improvement Districts, Tax Increment Financing, Sales Tax and Revenue bond financing and Façade Improvement loans. The City Council or Board of County Commissioners may determine the amount, terms and conditions of incentives.

F. Each request for incentives will be evaluated on an individual basis. Changing economic conditions and availability of funds may cause the City of Wichita and Sedgwick County to modify, amend, or discontinue any economic development incentive program. Should an incentive program be discontinued, the City Council and Board of County

Commissioners will honor any incentive committed to before the discontinuance of the program.

G. Each incentive program has separate and varying fees. Fees can include, but are not limited to, application fees, deposit fees, administrative fees, third party consultant fees, outside legal counsel fees, costs of mailing and publishing, among others.

H. Staff will meet with companies, or developers, preliminarily to discuss projects, eligibility, submission requirements and timing, but will not process applications for City Council action until all application and deposit fees have been collected and all requisite applications and supporting documents have been submitted. A date for submission to the governing body will be selected by staff based upon available dates and staff work levels.

I. Any costs incurred by the company, or developer, prior to approval of an incentive(s) will not be reimbursable by any incentive funding.

J. Minimum private to public capital investment ratio should be 2 to 1. For projects that involve multiple phases of private capital investment, but up-front public capital investment that benefits all phases of development, the amount of private investment for a phase of development must be at least twice the proportion of public capital investment that directly benefits that phase of development. The City Council may waive this limit for projects of a substantial nature, or projects that diversify the local economy.

K. Application and deposit fees for specific incentive tools are to defray the cost of internal staff, external consultants, analysis, public notices and mailings necessary to administer and process applications. The overall goal is to ensure that the administration and processing of incentive applications are revenue neutral to the City.

L. Economic Incentives are considered at the discretion of the City Council or County Commission and are not by right. The City Council or County Commission can determine to cease the use of an incentive or incentive tools at any time.

DOWNTOWN DEVELOPMENT INCENTIVES

APPLICATION FEE

$5,000 – Non-refundable

DEPOSIT

The City shall require a minimum $10,000 deposit. The deposit shall be applied toward staff time, expenses for any mailing or publications as well as internal and or external legal counsel. This fee shall be replenished by the applicant if at any time the fund drops below $5,000. The applicant shall replenish the fund to the $10,000 level within 10 days of notice that it has dropped below $5,000. For projects that are complex in nature, such as requesting multiple incentives, the City may require a $20,000 deposit to ensure adequate resources. Failure to replenish the deposit may result in City staff ceasing the processing of a project.

Parties requesting Downtown Development Incentives are also responsible for paying the fee charged by the third-party financial analysis consultant for preparing a summary report of the applicant's financial statements. The third-party financial analysis consultant will be "on call" to evaluate financial statements as applications are received. The fee charged by the third-party financial analysis consultant will vary based on the complexity of the project with more complex projects requiring higher fees. In addition, parties requesting Downtown Development Incentives are responsible for paying the fee charged by the Center for Economic Development and Business Research (CEDBR) to run the Fiscal Impact Model for the project.

BACKGROUND AND PURPOSE

The Master Plan for Wichita, Project Downtown, was adopted by the City Council on December 14, 2010, as the official guide for the revitalization of downtown Wichita. Project Downtown recognizes that development in downtown often poses initial development costs that can be hard to address solely with mechanisms like special assessment districts; façade improvement financing; economic development incentives and industrial revenue bond benefits; community improvement district financing; or lead and asbestos abatement financing. Therefore, Project Downtown recommends that the City of Wichita help overcome such obstacles to private investment by establishing a Downtown Incentives Policy that provides for a range of incentives in the form of public investments in downtown development projects that are timed with and supportive of private investment if a facet of the development involves creation of public assets that have lasting public benefits and facilitate additional private investment, and if the proposed public investment is investment in public assets such as parking, streetscaping, parks or other facilities with public benefit beyond the individual project. The purpose of the Downtown Development Incentives Policy is to outline the criteria by which the City of Wichita will consider such additional incentives for downtown development projects. Downtown development projects are those projects located within the Project Downtown plan area.

APPLICABLE INCENTIVES

The Downtown Development Incentives Policy applies to requests for the following general public sources of funding (hereinafter, "Downtown Development Incentives") to be used in a downtown development project that involves creation of, and investment in, public assets with a lasting public benefit and facilitation of additional private investment:

- Tax Increment Financing (TIF)
- Hotel Guest Tax
- STAR Bonds

The City's other established incentive programs will remain available for downtown development projects but will not be subject to the requirements of this policy. Additionally, public projects to improve City assets that are funded through the City's Capital Improvement Program or that are funded, at least partially, through Special Assessments will not be subject to the requirements of this policy, even if the project is partially funded through one or more of the incentives listed above.

PRELIMINARY REVIEW PROCESS

Prior to consideration by the City Council, parties intending to request Downtown Development Incentives must contact the Downtown Design And Innovation Center (DDIC) prior to submitting their request. The DDIC is a consultative undertaking between the Wichita Downtown Development Corporation and the City of Wichita responsible for assisting with the preparation of requests for Downtown Development Incentives. Parties requesting Downtown Development Incentives are required to participate in the preliminary review process established by the DDIC prior to submitting their request.

Once the developer has completed detailed design of the project, the project will be scheduled for design review by the DDIC. The developer will need to provide a site plan and perspective drawings in advance of the design review meeting. Developers and their design team will attend the design review meeting to present the project and answer questions from DDIC team. A dialogue regarding any design modifications needed for consistency with the design guidelines will occur, and the DDIC team will attempt to reach consensus regarding any design modifications with the developer. A written report outlining design modifications needed for consistency with the design guidelines will be provided to the developer following the design review meeting. The developer will provide a revised site plan and perspective drawings to the DDIC for confirmation of the design modifications. If the design modifications are unacceptable to the developer, an appeal to the Assistant City Manager/Development Services Director may be filed. The Assistant City Manager will appoint a committee to hear and decide the appeal. In the event the developer and committee are unable to reach agreement on the modifications, the developer may withdraw the proposal.

SUBMITTAL REQUIREMENTS

After completing the preliminary review process requirements, parties requesting Downtown Development Incentives must submit the information listed below. The Assistant City Manager, or other City Staff designated by the Assistant City Manager, will determine if the information provided is sufficient to undertake the evaluation process. If the Assistant City Manager, or other City Staff designated by the Assistant City Manager, determines that additional information is needed in order to undertake the evaluation process, parties requesting Downtown Development Incentives must submit such additional information as may be required by the Assistant City Manager, or other City Staff designated by the Assistant City Manager.

Project Summary

1. Project amount and purpose
2. Description of the redevelopment project, including details of how the proposed project meets the "Threshold Criteria" and the "Public Benefit Criteria" described in the "Evaluation Process" section below
3. Description of the proposed public-private partnership, including details of how the project partnership meets the "Threshold Criteria" and the "Business Plan Criteria" described below
4. Description of the development team, including details of how the development team meets the "Threshold Criteria" and the "Developer Background" criteria described below

Design Plan

1. Site Plan
2. Perspective Drawings

Business Plan

1. Market Analysis, including written description of plan to meet projections
2. Pro Forma, including written description of plan to meet projections
3. CEDBR Fiscal Impact Model (the developer is responsible for CEDBR's fee for this service)
4. Source of capital, including:
   a. Evidence of developer equity
   b. Evidence of lender commitment
5. Amount and purpose of public investment sought
6. Repayment plan, if the City ordinarily requires a repayment plan or contingent repayment plan in connection with the type of incentive at issue
7. Backup repayment plan, including guarantors, if a repayment plan is required

Developer Background

1. Projected or existing financial statements (three years):
   a. Developer, development entity, and key project partners, as applicable
   b. Guarantors (if different)
   c. If desired, financial statements may be submitted separately to a designated third party for analysis and summary report to the City.
2. History/ownership/legal structure of the business, including:
   a. Certificate of Good Standing from the Secretary of State
   b. Tax Clearance Certificate from the Department of Revenue

3. Experience of the development team, including:
   a. Experience with similar projects
   b. Number of projects completed by the development team
   c. Past project experience with the City of Wichita
   d. References, especially from other municipalities that have worked with the development team
4. Banking references, including:
   a. Credit history reports, including past credit defaults (not required if the third-party financial analysis option is selected)
   b. Letters of good standing from previous lenders
5. Applicant Disclosure Questionnaire for:
   a. Developer, development entity, and key project partners, as applicable
   b. Guarantors (if different)

Parties that do not want their financial statements disclosed publicly may submit their financial statements directly to a third-party financial analysis consultant selected by the City. The third party financial analysis consultant will keep the financial statements confidential and will provide a summary report of their analysis of the financial statements to the City of Wichita, which analysis will in all cases address whether the financial statements were audited, whether the statements were accompanied by an auditor's opinion that they fairly presented the financial condition of the submitting party or parties, and whether any of the statements contained an auditor's note concerning material or fundamental uncertainty or actual doubt as to the subject's ability to continue as a going concern.

EVALUATION PROCESS

In considering a request for Downtown Development Incentives for a downtown development project, criteria will be evaluated regarding the public benefit of the project, the business plan for the project, and the developer's background and qualifications. An evaluation matrix (attached) will be used to evaluate projects on each criteria category. The evaluation matrix will be completed by an evaluation team that will collectively determine a single project score through team consensus. The evaluation team will be appointed by the City Manager and will include a diverse membership with representatives from the following:

- Metropolitan Planning Department representative
- Assistant City Manager/Development Services Director
- Public Works
- Finance Department
- Law Department
- Two private sector business representatives
- One lender
- Two Wichita Downtown Development Corporation staff/members
- Other subject matter experts as warranted by the project
- Management Analyst (non-voting), staff support

A project will need to receive 70% of the available points in each of the three criteria categories in order to be considered for Downtown Development Incentives. If the evaluation

determines that Downtown Development Incentives should be considered, the resulting rating from the evaluation matrix will determine the required form of the guarantee for public revenue shortfall and the debt service coverage ratio for public financing. Higher rated projects will receive the more favorable terms. If requested, parties requesting Downtown Development Incentives may modify their proposal after the initial evaluation in order to improve the terms through a subsequent evaluation. Final approval of Downtown Development Incentives will be by the City Council.

The minimum threshold and categorical criteria upon which a request for Downtown Development Incentives will be evaluated are:

Minimum Threshold Criteria for the Developer

1. 10% equity
2. Guarantee for a proportional share of public revenue shortfall. For projects that involve multiple phases or developers, each phase or developer must provide a guarantee for a percentage of the public revenue shortfall proportional to that phase's or developer's portion of the overall project.
3. Letter of interest from primary lender or equity investor
4. Applicant Disclosure Questionnaire

Minimum Threshold Criteria for the Project

1. Consistency with Project Downtown's General Design Guidelines and Project Development Criteria. A Design Review Process has been established to determine a project's eligibility for this criterion.
2. Economic analysis confirms that the project is infeasible "but for" public investment.
3. Public investment is in a public asset as defined in Project Downtown.
4. Minimum private to public capital investment ratio of 2 to 1.
    - Infrastructure improvements not currently in the City's CIP but requested for the development will be considered a public investment when calculating the ratio of 2 to 1.
    - For projects that involve multiple phases of private capital investment but up-front public capital investment that benefits all phases of development, the amount of private investment for a phase of development must be at least twice the proportion of public capital investment that directly benefits that phase of development.
5. Minimum public debt service coverage ratio of 1.2 to 1

Public Benefit/Compatibility with Overall Downtown Plan

1. Project Location/Design – Projects will be evaluated on the extent to which the project exceeds the General Design Guidelines and Project Development Criteria in the following four areas:
    a. Location – Project Downtown identifies priority locations such as Catalyst Sites and Walkable Development Focus Areas. Projects will be evaluated on the extent to which they utilize these priority locations in a manner that fosters additional development on properties surrounding the project site. Projects also will be evaluated on the ability to connect existing downtown districts and nodes and on impacts to the transportation system, such as providing a strategic walking connection to the river or accommodating a key transit stop.

b. Design –The design of projects will be evaluated on the extent to which they exceed the minimum thresholds. Project Downtown encourages extraordinary design that contributes to Wichita's identity as a community of distinction. Additionally, the Project Development Criteria identifies encouraged design features for each downtown district as "optional criteria." Projects will be evaluated on the extent to which they contribute to community identity and include encouraged design features.
c. Land Use/Project Type –The Project Development Criteria identifies encouraged land uses for each downtown district as "optional criteria." Projects will be evaluated on the extent to which they include these encouraged land uses. Projects also will be evaluated on the extent to which they provide a new attraction, destination business, or major employer to the community.
d. Other – Developers are encouraged to propose projects that further other priorities identified in Project Downtown. Projects will be evaluated on the extent to which they accomplish additional Project Downtown priorities.

2. Return on Public Investment – Project's return on public investment will be reviewed by the Center for Economic Development and Business Research (CEDBR) Fiscal Impact Model.
3. Public Purpose – Projects will be evaluated on the extent to which they accomplish the following public purposes:
   a. Public asset serves developments beyond the project site
   b. Project promotes sustainability
   c. Other public benefits identified by the developer
   d. Project helps accomplish Project Downtown vision and strategies
   e. Project enhances the community's economic base

<u>Proposed Project Characteristics</u>

1. Market Analysis – The project's market analysis will be evaluated on the following criteria:
   a. Extent that the current Project Downtown market analysis confirms project feasibility, or
   b. Alternatively, confirmation of project feasibility by a separate third-party market analysis
2. Pro Forma – The project pro forma will be evaluated on the following criteria:
   a. Rate of private investment return
   b. Rents/prices consistent with performance of comparables
   c. Projected rate of absorption consistent with performance of comparables
   d. Long-term project solvency
3. Developer Equity – The amount and form of developer equity in the project will be evaluated.
4. Share of Public Funding – The extent to which private funding of the project exceeds the minimum threshold will be evaluated.
5. Lender Commitment – The financial stability of the lender and the form of lender commitment will be evaluated.

<u>Current Experience and Creditworthiness of Developer</u>

1. Financial Statements – The financial statements of the developer, development entity, key project partners, and guarantors will be evaluated on criteria such as the following:
   a. Cash ratio of liquid assets to current liabilities
   b. Debt/equity ratio
   c. Debt service coverage ratio
   d. Profit margin

   e. Return on investment
   f. Auditor's opinion on fairness of presentation
   g. Auditor's opinion on appropriateness of going concern assumption
2. Developer Experience and Qualifications – The developer's qualifications and experience will be evaluated on the following criteria:
   a. Developer credit history
   b. Letters of good standing from previous lenders
   c. Dun & Bradstreet Financial Stress Score
   d. Certificate of Good Standing from the Secretary of State and Tax Clearance Certificate from the Department of Revenue
   e. Previous credit defaults by developer or key partners
   f. Experience with similar projects
   g. Number of projects completed by the development team
   h. Past project experience with the City of Wichita
   i. References, especially from other municipalities that have worked with the development team

DEVELOPMENT AGREEMENT REQUIRED

Concurrently with, or prior to, the approval of Downtown Development Incentives by the City Council, the City and the developer shall enter into a Development Agreement governing the conduct of the respective parties in relation to the proposed downtown development project. The Development Agreement will include a site plan and elevation drawings or renderings of the project, and a Sources and Uses of Funds table that identifies the various sources of public and private project funds and how they will be used. Among all other provisions, the Development Agreement will 1) set forth the method and manner for disbursement of funds by the respective parties to pay for eligible project costs, 2) define the responsibilities of the respective parties, 3) define the minimum investment and 4) identify all milestones/benchmarks with associated timeframes for the project to achieve in order for it to maintain its eligibility for incentives. The assignment of Development Agreement rights to any third-party assignee will require prior written consent of the City, which may be granted or withheld at the sole discretion of the City.

"GAP" FINANCING REQUIREMENT

Approval of Downtown Development Incentives will require a financial analysis demonstrating that the project would not otherwise be possible without the use of the requested development incentive ("gap" analysis). Parties requesting Downtown Development Incentives will be required to provide the City pro forma cash flow analyses and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources are not available to fund the entire cost of the project and still provide the developer a reasonable market rate of return on investment. The reasonableness of the rate of return on investment will be determined by dividing net operating income by development cost and comparing that rate to the overall capitalization rate for the land use(s) proposed. Parties requesting Downtown Development Incentives shall use current market conditions and input from local appraisers and lenders in determining the capitalization rate.

BACKGROUND CHECK

The City will conduct a background check on all parties requesting Downtown Development Incentives as well as all project partners. Parties requesting Downtown Development Incentives are required to furnish the City the personal and business information needed to carry out such a background check.

DESIGN GUIDELINES

All projects must be consistent with Project Downtown's General Design Guidelines and Project Development Criteria in order for it to be eligible for Downtown Development Incentives.

Consistency of project design with the Project Downtown guidelines will be determined by the Downtown Design And Innovation Center (DDIC). Parties requesting Downtown Development Incentives must participate in the design review process established by the DDIC prior to submitting their request.

All property improvements commenced under a project supported by Downtown Development Incentives shall be subject to City regulations, standards, and policies, including, but not limited to: zoning and subdivision regulations, building codes, the City code, and any applicable design guidelines currently in place or hereafter approved. In addition, project plans and renderings shall be reviewed by the City's Design Council and any suggestions provided by that body will be incorporated into the design of the project unless expressly overruled by the City Manager.

ANNUAL REPORTING

Developers shall provide an annual report to the City no later than 30 days following the anniversary date of the Development Agreement. The annual report shall detail the developer's progress towards completing all responsibilities and milestones of project completion identified in the Development Agreement. The City reserves the right to audit the account at its discretion and expense.

WAIVER OF POLICY

Should the City Council determine the terms of this policy inappropriate to evaluate a particular request for Downtown Development Incentives, it may, by majority vote, waive or modify the binding effect of this policy in regard to that project.

PROPERTY TAX ABATEMENT / SALES TAX EXEMPTION

INDUSTRIAL REVENUE BONDS (IRBs)

A mechanism by which companies and developers may achieve either a property tax abatement, a sales tax exemption, or both. For consideration, a project must qualify under the guidelines listed below.

APPLICATION FEE

$2,500 - Industrial Revenue Bonds (sales tax exemption & property tax abatement)
$1,000 - (Sales tax exemption only)

ADMINISTRATIVE SERVICE FEE

$2,500 annual fee for maintenance of IRB accounts

BACKGROUND AND PURPOSE

A. Business Activity: To be eligible for any public incentives, a business must be engaged in one or more of the following activities:

1. *Advanced Manufacturing & Materials*. Determined by appropriate NAICS codes
2. *Professional Services*. 30% or more of revenues must be derived from transactions originating outside Sedgwick County.
3. *Research and Development*. The conducting of research, development or testing for aviation, scientific, medical, food product or industrial purposes.
4. *Warehousing and Distribution*. Majority of goods stored/shipped must be destined for end-users located outside Sedgwick County.
5. *Corporate Headquarters*. May include back office operations and customer service activities, but shall not include out-bound call centers. Majority of revenues must be derived from transactions originating outside the Sedgwick County.
6. *Transportation & Logistics*. Freight or passenger transportation services. Majority of revenue must be derived from interstate commerce/travel.
7. *Tourism*. Attractions considered likely to attract at least 30% of attendees from outside the Sedgwick County.
8. *Healthcare*. Regional medical centers and specialty hospitals considered likely to attract at least 30% of patients from outside the Sedgwick County.
9. *Speculative Industrial/Flex/Office Buildings.* As defined in paragraph IV. Incentives
10. *501(c) (3) Organizations*. Projects that are consistent with the organization s charitable purpose.
11. Businesses that have a principal business activity, product or service identified by the *Regional Growth Plan*.

a. *Advanced Manufacturing & Materials*

b. *Aerospace*

c. *Agriculture*

d. *IT Systems & Support*

e. *Health Care*

f. *Energy*

g. *Transportation and Logistics*

B. Value Added Job: A value added job produces goods and/or services that are sold predominately outside of the Sedgwick County. Importing wealth into the community through value added jobs grows the local economy. Whereas non-value-added jobs typically re-circulate wealth within the community.

C. Wage and Salary Criteria: A business may be considered for public incentives only if the wages paid to its net new employees are equal to or greater than 120% of the median wages within Sedgwick County as determined by the Kansas Department of Labor Wage Survey. According to the 2019 edition of the Kansas Wage Survey, the median income of all occupations in Sedgwick County was $35,768. Therefore, 120% of the median income would be $42,921. In addition to meeting wage requirements, jobs created must include health care benefits. If health care benefits are not offered, wages must be 150% of the average wage as stated above.

D. Return on Public Investment (ROI): Requests for local incentives may require a cost/benefit analysis completed prior to consideration by the appropriate governing body as stated by State statute or local policy. A designated agent on behalf of the City and County will conduct the cost/benefit analyses and any fees associated with this application are the responsibility of the applicant. The ratio of public benefits to public costs, each on a present value basis, should be 1.0 to 1.0 for both the general and debt service funds for the City of Wichita; for Sedgwick County should be 1.0 overall. No cost/benefit analysis shall be required for projects seeking a sales tax exemption only, or for 501(C)(3) organizations, unless required in other sections of these guidelines.

E. Community and Workforce Development Benefits: Projects that provide additional community benefits may be considered for additional incentives or a reduced threshold to qualify for incentives based on the following criteria (must be defined in the application to the City or County):

1. *Community benefits (must meet one of the following):*

   a. *Location: Locating within a redevelopment area of the City, as defined by the City Council or providing employment to targeted populations.*

      Redevelopment Area is defined as a location where one of the following elements exist:

      (1) *More than 30% of the population lives at or below the federal poverty line ($26,200 for a family of four, as of March 1, 2020 according to HHS Guidelines).*

      (2) *More than 30% of the population is unemployed.*

      (3) *More than 30% of the structures are vacant or uninhabitable.*

(4) Located within an Urban Renewal or Opportunity Zone Area

(5) *Other factors or special areas as defined by the City Council*.

b. Population: Providing employment to a targeted population. A targeted population is defined by one of the following factors.

(1) Difficult to employ populations, including individuals with a criminal record.

(2) Living below 125% of the federal poverty line ($32,750 for a family of four, as of March 1, 2020 according to HHS Guidelines).

(3) Chronic unemployment

(4) Low skill/under employed workers.

c. Wages must be at, or above, 100% of the median wage within Sedgwick County as determined by the Kansas Department of Labor Wage Survey.

2. Any project must provide at least one of the additional benefits or training to employees in order to be considered for the Community and Workforce Development exemption.

a. Health care benefits (50%)

b. Job training and certification

(1) *Any job training, or certification programs, must be defined in the application to the* City or County

(2) Any job training, or certification programs, must be demonstratable/documentable (i.e. contracts with the State of Kansas, on-the-job training manuals, etc.)

(3) Any job training, or certification programs, identified in the application to the City must be documented at the five-year compliance review

c. Education: Provide tuition reimbursement or other form of continued education.

(1) Any tuition reimbursement, or other form of continued education, must be defined in the application

(2) Any tuition reimbursement, or other form on continued education, must be demonstratable/documentable (employment contract, HR forms, etc.)

(3) Any tuition reimbursement, or other continued education defined in the application must be documented at the five-year review

(4) Other methods of demonstrating/documenting tuition reimbursement, or other forms of continuing education could include any affiliations with programs offered through organizations such as WSU Tech, Butler County College, National Center for Aviation Training, receiving funds from the State from the Kansas Industrial Training program, or Kansas Industrial Retraining program (or other programs as may developed over time). This list is not exhaustive. Other programs will be considered as well.

F. In addition to the above provisions, the City Council or County Commission may consider the following information when deciding whether to approve an incentive.

1) The project is for a target industry as determined by the most recent strategic/cluster analysis for Economic Development for Sedgwick County/City of Wichita;
2) The size of the project based upon private investment in the site development, plant facilities and infrastructure;
3) The total number of net new jobs, wages, benefits and types of jobs created;
4) The relationship between job creation and total investment;
5) Potential for future expansion and increased employment;
6) Potential for retention of existing employment where it can be demonstrated that without incentives the jobs may be moved away from the area or eliminated, as evidenced by a written statement from the company.
7) Potential for diversification of the regional economy;
8) Potential for inclusion of disadvantaged minority or women-owned businesses as contractors, suppliers, etc.
9) Project specific issues that impact upon local infrastructure responsibilities of the City or County;
10) Project specific incentives that may be pursued to stimulate other development areas that the City or County may deem of significant benefit to the community;
11) Economic development incentives from other local governments and/or the State;
12) Financial impact and budget ramifications.
13) Community and Workforce Development Benefits.
14) Sustainable Development/Use of alternative energy.

G. The City or County may conduct legal and/or financial research regarding the company as part of eligibility determination.

H. Economic development incentives may not be transferred or otherwise conveyed to another party without approval of the City Council or Board of County Commissioners.

I. The governing body of either of the Issuers reserves the right to waive any or all of the foregoing requirements or exempt any Project therefrom in the event circumstances exist to warrant such waiver or exemption.

Implementation

All Economic Development Incentives will be formalized in a written agreement by the City of Wichita or Sedgwick County and the recipient company. The recipient company will be required to meet the following performance criteria:

A. Jobs created and payroll commitments

B. Capital investment in real property

C. Compliance with wage requirements

D. Compliance with all applicable governmental laws, rules and regulations

Compliance with any conditions imposed by the Economic Development Incentive Agreement.

Incentives

The City or County will only consider giving incentives to companies relocating from neighboring communities when existing local conditions preclude continued operations in that community.

When a project includes tax abatements/exemptions or infrastructure improvements, the private/public funding ratio of overall project costs must be 2 to 1. The present value of property and sales tax exemptions will be considered public funding.

A. Property Tax Abatement

1. The City of Wichita and Sedgwick County are authorized under State law to grant tax abatements on private business property either in connection with the issuance of Industrial Revenue Bonds (IRBs) or under Article 11 of the state constitution that enables Economic Development Exemptions (EDX) for certain types of businesses. While IRB abatements may be granted for all types of business included in the list of eligible businesses, EDX abatements are limited to expanding manufacturing, research and development and warehouse and distribution businesses that create or retain jobs. The City or County, as Issuer, will not issue Bonds for projects located outside of its organizational boundaries unless the Project is located in an industrial district or the requesting entity has its primary headquarters are located within such Issuer's organizational boundaries.
2. Property tax abatements require a public hearing prior to approval by the governing body. One public hearing will be held prior to the issuance of bonds. No additional public hearing will be required.
3. Property taxes may be abated for new improvements to real property and for newly acquired items of personal property not otherwise exempt under Kansas law, used by an eligible business in connection with an expansion or relocation of the business' operations in Wichita or Sedgwick County. Land and existing buildings are not generally eligible for property tax abatement. Existing buildings may only be considered for tax abatement if the building has been vacant for at least two years and is acquired by a party not related to the previous owner. Exceptions may be made for buildings used by target industries as determined by the most recent economic development strategic/cluster analysis for Sedgwick County/Wichita and in cases where reuse of the building within two years is deemed unlikely. Otherwise, no existing property will be removed from the tax rolls. Land will not be considered for tax abatements.
4. The term of tax abatement on real taxable property improvements under these guidelines shall be an initial term of five years, subject to the following clause, plus an additional five years subject to review and approval of the originating body at the end of the initial term. Tax abatement on eligible items of personal property shall be limited to a term of five years.
5. Any company committing to a five-year capital investment of at least $25,000,000, with annual bonds issues, where the nature of the investment is general improvements to facilities located on a business campus, shall be granted a 10-year tax abatement for those improvements.

6. The recommended percentage of property taxes to be abated shall be cumulative, based on new job creation, capital investment by the eligible business, and additional considerations as follows (cumulative):

• New Jobs	5-25	26-50	>50
	30%	40%	50%
• New Capital Investment	$1M-<$5M	$5M-10M	>$10M
	40%	50%	60%

- Additional Considerations
  - Regional Growth Plan sector 10%
  - Utilizing State, federal or utility incentives 10%
  - Sustainable Development/Alternative Energy use 15%
  - Investing in, or funding, entrepreneurship 25%
  - Talent attraction plan (must be documented) 25%
  - Locating in Redevelopment Area 25%
  - Community and Workforce Development Benefits 25%

- Example: If a company is projecting it would create 10 new jobs, it would qualify for a 30% abatement. If it is also investing $4,000,000 in facilities and/or machinery and equipment, it would qualify for an additional 40%, totaling 70%. If the company is in a Regional Growth Plan sector, add another 10% (now 80% total). If the company is also utilizing State of Kansas incentives, add another 10% for a total of a 90% abatement.

7. Payments-In-Lieu-of-Taxes (PILOTs): Any business receiving a tax abatement may be required to make payments in lieu of taxes equal to the amount of property tax abated. Said PILOT payments shall be payable to the Sedgwick County Treasurer for proportional distribution to all local taxing jurisdictions which levy taxes on the abated property. A business may also be required to make PILOT payments at any time in the event of non-compliance with the conditions imposed by the economic development incentive agreement, as an alternative to complete cancellation of the tax abatement.

8. Service Fee Payments: The City of Wichita and Sedgwick County reserve the right to impose on any business receiving tax abatements the payment of service fees through the provisions of the economic development incentive agreements for services provided by the applicable Unified School District and the Sedgwick County Fire District. The amount of the service fee shall be based on the tax rate of the applicable Unified School District and/or the Sedgwick County Fire District, and any service fees thus paid shall be remitted to such School and/or Fire District.

9. Speculative Industrial/Flex/Office Buildings:

   Applicable fees are the same as IRBs, as this incentive requires the issuance of IRBs.

   - **Definitions (source NAOIP):**

   a. Speculative Building:

   A building developed and constructed without any preleasing in place. Construction commences without a prelease when the developer believes there is so much demand for that type of building in that market or submarket that a lease commitment is bound to come through.

   b. Industrial Building:

   A structure used primarily for manufacturing, research and development, production, maintenance, and storage or distribution of goods or both. It can include some office space. Industrial buildings are divided into three primary classifications: manufacturing, warehouse or distribution, and flex. (The typical characteristics of the most common types of industrial buildings are shown in the Industrial Building Types Matrix. below).

   - Minimum 100,000 square foot building
   - Minimum clear height of 28□
   - Concrete tilt up preferred
   - Must have architectural façade on public street facing sides

   (1) *Minimum* lease must be for 25,000 square feet, or more

   (2) Must begin *construction* within 120 days of Council approval and complete construction within 15 months of Council approval

   (3) Property tax abatement is 95% for 1st five years and 50% for 2nd five years if 50%, or more, is *leased* at five-year mark

   c. Flex Facility:

   As its name suggests, an industrial building designed to be used in a variety of ways. It is usually located in an industrial park setting. Specialized flex buildings can include service centers, showrooms, offices, warehouses and more. (Typical characteristics are shown in the Industrial Building Types Matrix below)

   - Minimum 75,000 square foot building
   - Minimum of 30% of the space is office
   - Must have architectural façade on public street facing sides

   (1) Minimum lease must be for 10,000 square feet, or more

   (2) Must begin construction within 120 days of Council approval and complete construction within 15 months of Council approval

   (3) *Property* tax abatement is 95% for 1st five years and 50% for 2nd five years if 50%, or more, is leased at five-year mark

d. Office Building:

A Class A building structure providing environments that are conducive to the performance of management and administrative activities, accounting, marketing, information processing, consulting, human resources management, financial and insurance services, educational and medical services, and other professional services.

- Minimum 60,000 square foot building (office space). Building may be mixed, use but minimum square footage applies only to office space.
- Must have architectural façade on public street facing sides

(1) Minimum lease must be for 7,500 square feet, or more (once the facility is 50% leased, the minimum shall be 3,000 square feet)

(2) Must begin construction within 120 days of Council approval and complete construction within 15 months of Council approval

(3) Property tax abatement is 95% for 1st five years and 50% for 2nd five years if 50%, or more, is leased at five-year mark

(Source: NAIOP-Commercial Real Estate Terms and Definitions)

e. Time frame

Building must start construction within 120 days of approval of a Letter of Intent by the governing body, and must complete construction within 15 months from approval of a Letter of Intent in order to receive the full benefits of the program. Exceptions made be made to the requirement of the completion date if multiple buildings are projected. Such completion date will be defined in the Letter of Intent.

f. Industrial Revenue Bonds (IRB's) - Projects must utilize IRB's in order to qualify for the benefits.

Benefits:

(1) Sales tax exemption on materials.

(2) *95%* Abatement of the increased Real Estate Tax for the initial 5-year period once the Certificate of Occupancy is issued. Abatement of the increased Real Estate Tax for the second 5-year period will be 50%.

g. Annual Reporting - Developers shall provide an accounting to the City no later than 30 days following the end of the calendar year. The annual report shall provide an account of all lease activity within the spec project including the names of all companies, square footage occupied and prior location of company.

Industrial Building Types Matrix

Manufacturing		Warehouse				Flex	
Primary Type	General Purpose	General Purpose Warehouse	General Purpose Distribution	Truck Terminal	Fulfillment Center	General Purpose Flex	Service Center or Showroom
Primary Use	Manufacturing	Storage	Distribution	Truck Trans-shipment	Distribution	Research and Development, Cold Storage, Office, Lab, Light Manufacturing, High-tech, Data or Call Center	Retail Showroom
Subsets	Heavy, Light Manufacturing	Bulk Warehouse, Cold or Refrigerator Storage, Freezer Storage, High-Cube	Overnight Delivery Services, Air Cargo	Heavy, Light Manufacturing	Delivery directly to consumer		
Size (sf)	Any	Any	Any	Any	100,000 – 1,000,000 +	Any	Any
Clear Height (ft)	10+	16+	16+	12–16	32+	10–24	Any
Loading Docks or Doors	Yes	Yes	Yes	Cross-dock	Yes	Yes	Yes
Door-to-square-foot Ratio	Varies	1:5K–15K	1:3K–1K	1:50K–5K	Varies	1:15K+	1:10K
Office Percentage	< 20%	< 15%	< 20%	< 10%	< 20%	30–100%	30+%
Vehicle Parking Ratio	Varies	Low	Low	Varies	Very High	High	High
Truck-turning Radius (ft)	130	130	120–130	130	130	110	110

Note: This matrix is intended to be an aid in classifying the principal industrial building types. It is subject to the following considerations:

- These are intended to be typical characteristics of different properties, but actual characteristics may vary.
- In classifying properties, the owner should select the classification that most closely fits the design and use of the property.
- The most important characteristics of each type are highlighted. Although the characteristics are not "acid tests," they should guide the user in most instances.
- The truck-turning radius is an important consideration and varies by building size. Large, pure distribution facilities need a turning radius of at least 130 feet, medium to large facilities need 120 feet and smaller facilities typically need 110 feet.

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B. Sales Tax Exemptions

Sales tax exemptions may be provided for purchases financed by Industrial Revenue Bonds (IRBs) and are subject to approval by the City Council or the Board of County Commissioners.

1. **Requirements for Submitting a Proposal**

   Proposals shall be submitted to the Office of Economic Development for either governing body and shall contain the following:

   a. Completed Economic Development Application; and

   b. Application Fee: $2,500 for IRB / $1,000 for sales tax exemption only projects

   c. Cost/Benefit Analysis from Center for Economic Development and Business Research at Wichita State University (for tax abatement requests only)

2. **Compliance**

   a. Annual on-site reviews may be conducted by City or County staff to establish compliance with the written agreement between the City of Wichita and/or Sedgwick County and the recipient company.

   b. Tax abatements on real property will be reviewed after an initial term of five years; continued abatement is subject to review and approval by the City Council or Board of County Commissioners at the end of the initial term. The review will be based on the company's performance in meeting the terms and conditions in the written agreement and will include any statements provided in the initial application.

   c. The City of Wichita or Sedgwick County may amend an incentive agreement to reduce the recipient's obligations regarding employment levels, wage requirements, or noncompliance penalties in the event of a federally-declared disaster or economic downturn.

      An economic downturn is evidenced by a significant decline (at least a 5-point decline) in the WSU Current Economic Conditions Index from the point at which the incentive agreement was signed.

      In such event, the economic development incentives may be continued if a majority of compliance criteria are met, including capital investments, actual ROI, and temporarily achieving job creation commitments.

   d. Whenever practicable, the City or County will include "clawback" provisions (relating to repayment or cessation of incentives) in all incentive agreements, and the City or County may exercise such provisions when the terms of the incentive agreements have not been met. Such clawback provisions will include payment-in-lieu-of-taxes equal to the dollar value of the last ten years of abated property taxes if a business moves its operations to another city or county and ceases its operations in Wichita or Sedgwick County within five years of receiving such abatements. For each year the company stays in Wichita/Sedgwick County after the expiration of the tax abatement, the amount of repayment shall be reduced by 20%. For example, if a company leaves Wichita/Sedgwick County in the first year after the expiration of the tax abatement, it shall repay 100% of the last ten years of property taxes abated. If the company leaves in year two, it shall repay 80%, etc.

   e. In the event a company is determined to be in default, but remains in business in Wichita/Sedgwick County, the clawback would be a proportionate amount of the taxes abated. For example, if a company is 10% short of the projected job creation, the clawback would be 10% of the value of the abated taxes.

PROPERTY TAX ABATEMENT

ECONOMIC DEVELOPMENT EXEMPTION (EDXs)

A mechanism by which expanding, or relocating, companies may achieve a property tax abatement if the company is in a qualified industry as defined below. For consideration, a project must qualify under the guidelines listed below.

APPLICATION FEE

$2,500 □ Economic Development Exemption

ADMINISTRATIVE SERVICE FEE

$2,500 annual fee for maintenance of EDX accounts

BACKGROUND AND PURPOSE

A. Business Activity: To be eligible for any public incentives, a business must be engaged in one or more of the following activities:
   1. Manufacturing. Determined by appropriate NAICS codes
   2. Research and Development. The conducting of research, development or testing for aviation, scientific, medical, food product or industrial purposes.
   3. Warehousing and Distribution. Majority of goods stored/shipped must be destined for end-users located outside the Wichita MSA.

B. Value Added Job: A value added job produces goods and/or services that are sold predominately outside of the MSA. Importing wealth into the community through value added jobs grows the local economy. Whereas non-value-added jobs typically re-circulate wealth within the community.

C. Wage and Salary Criteria: A business may be considered for public incentives only if the wages paid to its net new employees are equal to or greater than 120% of the median wages within Sedgwick County as determined by the Kansas Department of Labor Wage Survey. According to the 2019 edition of the Kansas Wage Survey, the median income of all occupations in Sedgwick County was $35,768. Therefore, 120% of the median income would be $42,921. In addition to meeting wage requirements, jobs created must include health care benefits. If health care benefits are not offered, wages must be 150% of the average wage as stated above. If a company is creating 15 jobs, but only 7 of the net new jobs meet the wage threshold, then only seven jobs will be included in the cost benefit analysis.

D. Return on Public Investment (ROI): All requests by businesses for local incentives will have a cost/benefit analysis completed prior to consideration by the appropriate governing body. A designated agent on behalf of the City and County will conduct the cost/benefit analyses and any fees associated with this application are the responsibility of the applicant. The ratio of public benefits to public costs, each on a present value basis, should be 1.0 to 1.0

for both the general and debt service funds for the City of Wichita; for Sedgwick County should not be less than 1.0 overall.

E. Community and Workforce Development Benefits: Projects that provide additional community benefits may be considered for additional incentives or a reduced threshold to qualify for incentives based on the following criteria (must be defined in the application to the City or County):

1. *Community benefits (must meet one of the following):*

   a. *Location: Locating within a redevelopment area of the City, as defined by the City Council or providing employment to targeted populations.*

      Redevelopment Area is defined as a location where one of the following elements exist:

      (1) More than 30% of the population lives at or below the federal poverty line ($26,200 for a family of four, as of March 1, 2020 according to HHS Guidelines).

      (2) More than 30% of the population is unemployed.

      (3) More than 30% of the structures are vacant or uninhabitable.

      (4) Located within an Urban Renewal or Opportunity Zone Area

      (5) *Other factors or special areas as defined by the City Council*.

   b. Population: Providing employment to a targeted population. A targeted population is defined by one of the following factors.

      (1) Difficult to employ populations, including individuals with a criminal record.

      (2) Living below 125% of the federal poverty line ($32,750 for a family of four, as of March 1, 2020 according to HHS Guidelines).

      (3) Chronic unemployment

      (4) Low skill/under employed workers.

   c. Wages must be at, or above, 100% of the median wage within Sedgwick County as determined by the Kansas Department of Labor Wage Survey.

2. Any project must provide at least one of the additional benefits or training to employees in order to be considered for the Community and Workforce Development exemption.

   a. *Health care benefits (50%)*

   b. *Job training and certification*

      (1) *Any job training, or certification programs, must be defined in the application to the* City or County

      (2) Any job training, or certification programs, must be demonstratable/documentable (i.e. contracts with the State of Kansas, on-the-job training manuals, etc.)

(3) Any job training, or certification programs, identified in the application to the City must be documented at the five-year compliance review

c. Education: Provide tuition reimbursement or other form of continued education.

(1) Any tuition reimbursement, or other form of continued education, must be defined in the application

(2) Any tuition reimbursement, or other form on continued education, must be demonstratable/documentable (employment contract, HR forms, etc.)

(3) Any tuition reimbursement, or other continued education defined in the application must be documented at the five-year review

(4) Other methods of demonstrating/documenting tuition reimbursement, or other forms of continuing education could include any affiliations with programs offered through organizations such as WSU Tech, Butler County College, National Center for Aviation Training, receiving funds from the State from the Kansas Industrial Training program, or Kansas Industrial Retraining program (or other programs as may developed over time). This list is not exhaustive. Other programs will be considered as well.

F. In addition to the above provisions, the City Council or County Commission may consider the following information when deciding whether to approve an incentive.

1) The project is for a target industry as determined by the most recent strategic/cluster analysis for Economic Development for Sedgwick County/City of Wichita;

2) The size of the project based upon private investment in the site development, plant facilities and infrastructure;

3) The total number of net new jobs, wages, benefits and types of jobs created;

4) The relationship between job creation and total investment;

5) Potential for future expansion and increased employment;

6) Potential for retention of existing employment where it can be demonstrated that without incentives the jobs may be moved away from the area or eliminated, as evidenced by a written statement from the company.

7) Potential for diversification of the regional economy;

8) Potential for inclusion of disadvantaged minority or women-owned businesses as contractors, suppliers, etc.

9) Project specific issues that impact upon local infrastructure responsibilities of the City or County;

10) Project specific incentives that may be pursued to stimulate other development areas that the City or County may deem of significant benefit to the community;

11) Economic development incentives from other local governments and/or the State;

12) Financial impact and budget ramifications.

13) Community and Workforce Development Benefits.

14) Sustainable Development/Use of alternative energy.

G. The City or County may conduct legal and/or financial research regarding the company as part of eligibility determination.
H. Economic development incentives may not be transferred or otherwise conveyed to another party without approval of the City Council or Board of County Commissioners.
I. The governing body of either of the Issuers reserves the right to waive any or all of the foregoing requirements or exempt any Project therefrom in the event circumstances exist to warrant such waiver or exemption.

Implementation

All Economic Development Incentives will be formalized in a written agreement by the City of Wichita or Sedgwick County and the recipient company. The recipient company will be required to meet the following performance criteria:

A. Jobs created and payroll commitments
B. Capital investment in real property
C. Compliance with wage requirements
D. Compliance with all applicable governmental laws, rules and regulations
E. Compliance with any conditions imposed by the Economic Development Incentive Agreement.

Incentives

The City or County will only consider giving incentives to companies relocating from neighboring communities when existing local conditions preclude continued operations in that community.

When a project includes tax abatements/exemptions or infrastructure improvements, the private/public funding ratio of overall project costs must be 2 to 1. The present value of property and sales tax exemptions will be considered public funding.

A. Property Tax Abatement

1. The City of Wichita and Sedgwick County are authorized under State law to grant tax abatements on private business property either in connection with the issuance of IRBs or under Article 11 of the state constitution that enables Economic Development Exemptions (EDX) for certain types of businesses. While IRB abatements may be granted for all types of business included in the list of eligible businesses, EDX abatements are limited to expanding manufacturing, research and development and warehouse and distribution businesses that create or retain jobs.

2. Property taxes may be abated for new improvements to real property and for newly acquired items of personal property not otherwise exempt under Kansas law, used by an eligible business in connection with an expansion or relocation of the business operations in Wichita or Sedgwick County. Land and existing buildings are not generally eligible for property tax abatement. Existing buildings may only be considered for tax

abatement if the building has been vacant for at least two years and is acquired by a party not related to the previous owner. Exceptions may be made for buildings used by target industries as determined by the most recent economic development strategic/cluster analysis for Sedgwick County/Wichita and in cases where reuse of the building within two years is deemed unlikely. Otherwise, no existing property will be removed from the tax rolls. Land will not be considered for tax abatements.

3. The term of tax abatement on real taxable property improvements under these guidelines shall be an initial term of five years, plus an additional five years subject to review and approval of the originating body at the end of the initial term. Tax abatement on eligible items of personal property shall be limited to a term of five years.

4. The recommended percentage of property taxes to be abated shall be cumulative, based on new job creation, capital investment by the eligible business, and additional considerations as follows (cumulative):

• New Jobs	5-25	26-50	>50
	30%	40%	50%
• New Capital Investment	$1M-<$5M	$5M-10M	>$10M
	40%	50%	60%

- Additional Considerations
  - Regional Growth Plan sector 10%
  - Utilizing State, federal or utility incentives 10%
  - Sustainable Development/Alternative Energy use 15%
  - Investing in, or funding, entrepreneurship 25%
  - Talent attraction plan (must be documented) 25%
  - Locating in Redevelopment Area 25%
  - Community and Workforce Development Benefits 25%

- Example: If a company is projecting it would create 10 new jobs, it would qualify for a 30% abatement. If it is also investing $4,000,000 in facilities and/or machinery and equipment, it would qualify for an additional 40%, totaling 70%. If the company is in a Regional Growth Plan sector, add another 10% (now 80% total). If the company is also utilizing State of Kansas incentives, add another 10% for a total of a 90% abatement.

5. Payments-In-Lieu-of-Taxes (PILOTs): Any business receiving a tax abatement may be required to make payments in lieu of taxes equal to the amount of property tax abated. Said PILOT payments shall be payable to the Sedgwick County Treasurer for proportional distribution to all local taxing jurisdictions which levy taxes on the abated property. A business may also be required to make PILOT payments at any time in the event of non-compliance with the conditions imposed by the economic development incentive agreement, as an alternative to complete cancellation of the tax abatement.

6. Service Fee Payments: The City of Wichita and Sedgwick County reserve the right to impose on any business receiving tax abatements the payment of service fees through

the provisions of the economic development incentive agreements for services provided by the applicable Unified School District and the Sedgwick County Fire District. The amount of the service fee shall be based on the tax rate of the applicable Unified School District and/or the Sedgwick County Fire District, and any service fees thus paid shall be remitted to such School and/or Fire District.

B. Sales Tax Exemptions

There are no sales tax exemptions available under the EDX program.

1. **Requirements for Submitting a Proposal**

Proposals shall be submitted to the Office of Economic Development for either governing body and shall contain the following:

a. Completed Economic Development Application; and

b. Application Fee: $2,500 for EDX

2. Compliance

a. Annual on-site reviews may be conducted by City or County staff to establish compliance with the written agreement between the City of Wichita and/or Sedgwick County and the recipient company.

b. Tax abatements on real property will be reviewed after an initial term of five years; continued abatement is subject to review and approval by the City Council or Board of County Commissioners at the end of the initial term. The review will be based on the company's performance in meeting the terms and conditions in the written agreement.

c. The City of Wichita or Sedgwick County may amend an incentive agreement to reduce the recipient's obligations regarding employment levels, wage requirements, or noncompliance penalties in the event of a federally-declared disaster or economic downturn.

An economic downturn is evidenced by a significant decline (at least a 5 point decline) in the WSU Current Economic Conditions Index from the point at which the incentive agreement was signed.

In such event, the economic development incentives may be continued if a majority of compliance criteria are met, including capital investments, actual ROI, and temporarily achieving job creation commitments.

d. Whenever practicable, the City or County will include "clawback" provisions (relating to repayment or cessation of incentives) in all incentive agreements, and the City or County may exercise such provisions when the terms of the incentive agreements have not been met. Such clawback provisions will include payment-in-lieu-of-taxes equal to the dollar value of the last ten years of abated property taxes if a business moves its operations to another city or county and ceases its operations in Wichita or Sedgwick County within five years of receiving such abatements. For each year the company stays in Wichita /Sedgwick County after the expiration of the tax abatement, the amount of repayment shall be reduced by 20%. For example, if a company leaves Wichita/Sedgwick County in the first year after the expiration of the

tax abatement, it shall repay 100% of the last ten years of property taxes abated. If the company leaves in year two, it shall repay 80%, etc.

In the event a company is determined to be in default, but remains in business in Wichita/Sedgwick County, the clawback would be a proportionate amount of the taxes abated. For example, if a company is 10% short of the projected job creation, the clawback would be 10% of the value of the abated taxes

COMMUNITY IMPROVEMENT DISTRICT

FEES

Application Fee

$5,000 – Non-refundable for new CID petitions
$2,500 – Non-refundable for CID amendments

City Administrative Fees

For any approved CID, the City shall be paid an on-going administrative service fee, in an amount equal to 5% of the total CID revenues received by the City.

CID Origination Fee

The City and Developer will negotiate an Origination Fee that will be collected in one of the two ways listed below or a combination of the two, at the City's discretion:

A. District Improvements/maintenance: The City will retain on an annual basis an amount equal to no less than 10% and no more than 25% of the CID revenue collected. Funds will be used for improvements and/or maintenance to public assets within the District.
B. At Large: The fee will be deposited in a dedicated fund within the City and utilized to support the Land Bank in securing and maintaining additional Land Bank properties. The Developer will have the option to make payment upon approval of the CID or in equal annual payments for the term of the CID.

DEPOSIT

The City shall require a $5,000 deposit as well. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal. This fee shall be replenished by the applicant if at any time the fund drops below $2,500. The applicant shall replenish the fund to the $5,000 level within 10 days of notice that it has dropped below $5,000. Failure to replenish the deposit will result in City staff ceasing the processing of that project.

CID amendments will require a $2,500 deposit and be required to be replenished when the balance falls below $1,000.

PURPOSE AND BACKGROUND

In 2009, the Kansas Legislature enacted the Community Improvement District Act (the "CID Act"), pursuant to which municipalities may create districts in which certain special taxes imposed and the revenue used to fund certain public and private improvements and the payment of certain ongoing operating costs within the geographic bounds of the specified district. The creation of a Community Improvement District ("CID") is a particularly useful tool of economic development in that it can help facilitate beneficial private development and redevelopment without negatively impacting the tax base of the approving municipality.

It is the standard of the City of Wichita to utilize the provisions of the CID Act to assist private developers by providing financing for commercial, industrial and mixed-use projects that meet the local eligibility criteria outlined below, subject to certain special local standard limitations outlined below. A CID can exist for a maximum of 22 years.

LOCAL ELIGIBILITY CRITERIA

It shall be the intention of the City to create a CID if, in the opinion of the City Council, the petition satisfies all statutory requirements of the CID Act and if creation of such CID would meet the following criteria:

A. The CID will attract development which would enhance the economic climate of the City, act as a catalyst for future development or otherwise benefit the City or its residents.

B. The CID will result in the construction of public or private property improvements and infrastructure, or the provision of ongoing services, that would otherwise not be financially feasible.

C. The CID will promote redevelopment or rejuvenation of properties within the City which would otherwise be unlikely to happen. Special consideration will be given to projects located in the existing target areas including: Opportunity Zone census tracts, the Central Business District, Urban Renewal, Redevelopment Areas or an area for which a neighborhood plan, a corridor plan or a redevelopment plan have been adopted by the City of Wichita.

   (1) A list of current Neighborhood Plans is available on the Wichita - Sedgwick County Planning site, Wichita.gov/planning, and choosing Advanced Plans.

D. The CID will be used to assist the development of commercial, industrial and mixed-use projects, and for common area amenities in residential developments that are called for in the Parks, Recreation and Open Space (PROS) Plan.

E. The CID will not be used for projects that consist solely or primarily of operating costs; or projects in which construction has begun prior to approval by the City; or projects that are inconsistent with a neighborhood plan; or projects that include any of the following: sexually oriented businesses, community correctional facilities, half-way houses, drug or alcohol rehabilitation facilities, new or used car lots, multi-game, casino-style gambling facilities, and commercial billboard siting.

F. The CID will support projects with total costs of not less than $5,000,000 for projects where bonds are issued up front. This does not apply to pay-as-you-go projects.

G. Minimum private to public capital investment ratio of 3 to 1 for CID-only projects, otherwise it shall be 2 to 1. For projects that involve multiple phases of private capital investment but up-front public capital investment that benefits all phases of development, the amount of private investment for a phase of development must be at least twice the proportion of public capital investment that directly benefits that phase of development.

H. Restaurant chains will not be considered for CIDs in Greenfield projects
I. Staff may consider market demand and saturation when evaluating the project.

CID PETITION PROCESS

A CID is formed by the petition of landowners within the proposed CID. According to the CID Act, a petition to create a CID must be signed by the owners of at least 55% of the total land area and total assessed property value within the proposed district. However, it is the standard of the City of Wichita that only petitions signed by 100% of property owners will be accepted. Upon receipt of the petition, the City Council may approve the CID. In cases in which no special sales tax is requested (i.e. only special property tax assessments are requested), the City Council may create the requested CID without notice or a public hearing. If a special sales tax is requested, the City Council must give notice and hold a public hearing pursuant to the CID Act. The City shall be paid a non-refundable application fee of $5,000 with the formal submittal of any CID petition.

A CID petition must contain:

1. the general nature of the proposed CID project;
2. a statement of the public purpose being served by the use of CID financing;
3. the estimated cost of the proposed CID project including maximum amount of CID funding to be paid prior to termination of CID, based on 125% of the total estimated amount of CID revenue during the term of the CID or otherwise determined by the CID Cost Cap defined below;
4. the proposed method of financing the project (special assessments or special sales tax);
5. the proposed amount and method of assessment;
6. the proposed method of financing (pay-as-you-go or special obligation bonds);
7. a map of the proposed CID; and
8. the legal description of the boundaries of the proposed CID.

SOURCES OF FUNDING FOR CID IMPROVEMENTS

Landowners or developers seeking to form a CID may request to draw upon one of the following two revenue sources, or a combination of both, to fund eligible improvements:

A. Special property tax assessments on the property within the district, or

B. A special sales tax of up to 2% on all taxable sales within the district. The level of sales tax a project may receive will be determined by the project size:

1. Projects under $5,000,000 may receive up to 1%
2. Projects $5,000,000 to $10,000,000 may receive up to 1.5%
3. Projects over $10,000,000 may receive up to 2%

Upon the creation of a CID by the City Council, revenue generated by these sources is available to pay for eligible improvements and costs. This can occur in one of two ways: a bond issuance or a pay-as-you-go dedicated account.

CID Cost Cap – The maximum eligible project costs amount will be negotiated per project on a case-by-case basis to establish a "CID Cost Cap". Projects will be evaluated to minimize the sales tax rate, CID term and maximum reimbursement. But shall not exceed 125% of the total estimated amount of CID revenue during the term of the CID.

Bond Issuance – In cases in which a bond issuance is requested, the City's Economic Development Office will work with the landowners within the CID to calculate how much revenue will be raised from the CID revenues (the special property tax and/or special sales tax levied within the CID) and the principal amount of bonds that can be issued based on the CID revenue stream and a minimum 1.2 debt service coverage ratio. The City may then issue bonds in that amount and use the CID revenue to retire the debt. The proceeds from the sale of the bonds will be used on eligible improvements and costs pursuant to the development agreement.

While the CID Act permits the issuance of either full-faith and credit general obligation bonds or special obligation bonds, payable solely from the CID revenue, it is the standard of the City of Wichita to issue only special obligation CID bonds. For projects desiring to request full-faith and credit bonds to assist in financing the City will use special consideration and will review on a case-by-case basis. Developer must present a case that justifies City issuance of full-faith and credit bonds.

Pay-As-You-Go Account – As an alternative to a bond issuance, the landowners within the CID may request the establishment of a pay-as-you-go account. This account will be a dedicated account into which the CID revenues will be deposited and will be available to be used as funds accrue to pay eligible costs.

Funds used to pay eligible CID costs, whether from bond proceeds or a pay-as-you-go account, will be held by the City or a third-party trustee, and disbursed to pay actual costs pursuant to a development agreement. Preference will be given to projects that use pay-as-you-go financing.

ELIGIBLE CID COSTS

The CID Act provides an exclusive list of eligible improvements and costs that may be paid for with CID funding. CID funds may be used to plan, design, engineer, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore, replace, renew, repair, install, relocate, furnish, equip, extend or finance:

(1) Land acquisition may be an eligible cost
(2) Buildings, structures, and facilities;
(3) Site improvements, including without limit sidewalks, streets, roads, interchanges, highway access roads, intersections, alleys, parking lots, bridges, ramps, tunnels, overpasses and underpasses, traffic signs and signals, utilities, pedestrian amenities, abandoned cemeteries, drainage systems, water systems, storm systems, sewer systems, lift stations, underground gas, heating and electrical services and connections located within or without the public right-of-way, and water mains and extensions;
(4) Parking;
(5) Streetscape, lighting, streetlight fixtures, streetlight connections, streetlight facilities, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers;

(6) Parks, lawns, trees and other landscaping;
(7) Communication and information booths, bus stops and other shelters, stations, terminals, hangars, rest rooms and kiosks;
(8) Paintings, murals, display cases sculptures, fountains and other cultural amenities visible to the public from public rights of way;
(9) Airports, railroads, light rail and other mass transit facilities; and lakes, dams, docks, wharfs, lakes or river ports, channels and levies, waterways and drainage conduits.

The Act also permits the use of CID funds to pay ongoing operating expenses, including security, entertainment, public events, business promotion, employee training, and market studies; however, it is the standard of the City of Wichita that CID funds may only be used to pay eligible operating costs up to the maximum amount identified in the petition and may not be used for operating costs in residential developments.

PROCESS FOR CREATING A CID

All of the projects will be subject to the notice and hearing process.

PRELIMINARY REVIEW MEETING

Prior to consideration by the City Council, parties intending to request the creation of a CID shall submit a draft CID packet to the Economic Development Staff. Such draft CID packet shall include a draft CID petition, site plans, elevations and a project pro-forma. The draft petition need not be signed by any landowners within the proposed district until such time as it is formally submitted for consideration by the City Council. Following the submission of a draft CID packet, Economic Development Staff, will hold a pre-petition meeting with the submitting party to evaluate the sufficiency thereof and gather information needed to determine the eligibility of the project.

"GAP" FINANCING REQUIREMENT

All CID projects will be analyzed to determine the need for financial assistance. CID projects financed on a "pay-as-you-go" will be reviewed to determine the amount and level of assistance needed.

Projects financed with special obligation bonds will not be approved without a financial analysis that demonstrates that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment.

BACKGROUND CHECK

The City will conduct a background check on all CID applicants and applicants' project partners. Applicants are required to furnish City Staff the personal and business information needed to carry out such a background check. Such information will be treated as confidential information to the maximum extent allowed by the KORA.

A. Approval Process

1. The City Council may adopt a resolution giving notice of a public hearing to consider the advisability of creating the CID.
   i) Such resolution shall be published once each week for two consecutive weeks in the City's official newspaper and shall be sent by certified mail to all owners and occupants of property within the proposed district.
   ii) The second publication of such resolution shall occur at least seven (7) days prior to the date of the hearing and the certified mailed notice shall be sent at least ten (10) days prior to the hearing.
   iii) Such resolution shall contain the following information:
      (1) Time and place of the hearing;
      (2) General nature of the proposed district;
      (3) Estimated cost of the project;
      (4) Proposed method of financing the project, including, if applicable, the issuance of full-faith and credit bonds;
      (5) The proposed amount of the CID sales tax, if any;
      (6) The proposed amount and method of assessment, if any;
      (7) A map of the proposed district; and
      (8) A legal description of the proposed district.
2. Following the hearing, the City Council may by majority vote approve the CID by ordinance.
   i) The ordinance shall:
      (1) Authorize the project;
      (2) Approve the estimated costs of the project;
      (3) Contain a legal description and map of the proposed district;
      (4) Levy the CID sales tax, if any;
      (5) Approve the maximum amount and method of assessment, if any; and
      (6) Approve the method of financing.
   ii) Such ordinance shall become effective upon publication once in the newspaper.
   iii) The ordinance shall also be submitted for recording in the office of the register of deeds of the county in which the district is located.

DEVELOPMENT AGREEMENT REQUIRED

Concurrently with, or prior to, the creation of a CID by the City Council, the City and the petitioner shall enter into a Development Agreement governing the conduct of the respective parties in relation to the proposed CID. The Development Agreement will include the following:

A. Site plan and elevation drawings or renderings of the CID project

B. Sources and Uses of Funds table that identifies the various sources of public and private project funds and how they will be used
C. Milestones and benchmarks for the performance of the Developer.
D. Milestones shall include specific timelines for the construction and/or demolition within the District.
E. Failure to reach established milestones can result in the elimination or reduction in the CID.
F. Set forth the method and manner for disbursement of CID funds by the City, including the proceeds of bonds paid with CID funds.

The assignment of Development Agreement rights shall be limited to a collateral assignment of all rights to a lender with written notice to the City, or assignment of all rights to any third party assignee with the written consent of the City or City Representative, at the discretion of the City. The assignment of rights shall not impair the City's right to determine the eligibility of CID costs nor require the City to subdivide any CID funds due to the developer.

In addition, the agreement shall provide for rapid repayment of the bonds and termination of the tax. City administrative fees and costs of issuance shall be paid from CID funds. For "pay-as-you-go" CID projects, the agreement will set forth the method and manner of disbursement of CID funds to the developers and shall include provisions for the termination of the CID taxes when developers have been fully reimbursed for eligible CID costs.

Financial Reporting – For projects that utilize CID bonds or for pay-as-you-go CIDs that use funds to pay ongoing operating expenses, the Developer will provide a certified annual accounting to the City on the amount and use of CID funds used to pay CID costs, by June 1 of the following year. City reserves the right to audit the use of CID financing at its discretion and expense.

Prioritization of Hard Costs – CID use will prioritize the funding of project hard costs. Hard costs include demolition, site improvements and actual construction of foundation, framing and equipment. CID funds may not be used to pay development fees or project management fees.

RELOCATION RESTRICTIONS

The relocation of existing businesses or tenants will not be permitted, unless the tenant will otherwise cease operations in the City or County. Projects will be evaluated to establish a reasonable distance radius around the development that restricts the relocation as well as a time period for which the restrictions will exist.

STANDARD DESIGN GUIDELINES GOVERN

CID will be used as a tool to encourage design and construction of a project at a level higher than required per City policies and ordinances. All property improvements commenced under an approved CID shall be subject to City regulations, standards, and policies, including, but not limited to: zoning and subdivision regulations, building codes, the City code, and any applicable design guidelines currently in place or hereafter approved. Approval of CID for a project will not be considered approval of the aforementioned or other City regulations. In addition, project plans and renderings shall be reviewed by the City's staff and any suggestions provided by that body will be incorporated into the design of the project unless expressly overruled by the City Manager.

PUBLIC DISCLOSURE

The City shall establish and maintain a special website, linked to the City's official website, which lists all approved CIDs existing within the City and provides a description of the CID, including a map of its location, the amount of CID taxes and the intended use of CID funding.

In addition, developers will be responsible for signs being posted adjacent to the main entrance of every retail establishment within the CID where a special sales tax is charged. The signs must be at least 24 square inches in size and contain the words: "THIS PROJECT MADE POSSIBLE BY COMMUNITY IMPROVEMENT DISTRICT FINANCING" using type face of at least 18 points in size, and "FOR MORE INFORMATION GO TO WWW.WICHITA.GOV/CID" using type face of at least 12 points in size. Continuing failure to comply with this requirement will result in termination of CID reimbursement payments.

TERMINATION AND AMENDMENT OF CIDS

Subject to provisions contained in development agreements, the City shall take appropriate action to terminate or reduce CIDs when the project does not meet established performance measures such as milestones. Once all eligible project costs have been fully paid, including the principal and interest on any special obligation CID bonds or in the case of pay-as-you-go projects, the maximum CID funding amount provided in the petition the City will take the appropriate action to terminate the CID.

Should the Developer request an amendment to the CID or related development agreement the applicant shall pay an amendment fee of $2,500. The City will require a $5,000 deposit as well to pay City costs related to the amendment. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal counsel and certain third party consultants.

WAIVER OF GUIDELINES

Should the City Council determine the terms of these guidelines are inappropriate to evaluate a particular CID application, it may, by majority vote, waive the binding effect of these guidelines in regard to that application.

TAX INCREMENT FINANCING

APPLICATION FEE

$5,000 □ Non-refundable
$2,500 for Amendments to TIF Districts □ Non-refundable

DEPOSIT FEE

The City shall require a $10,000 deposit. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal/external legal counsel. This fee shall be replenished by the applicant if at any time the fund drops below $5,000. The applicant shall replenish the fund to the $10,000 level within 10 days of notice that it has dropped below $5,000. Failure to replenish the deposit may result in City staff ceasing the processing of that project. Amendments to TIF districts require a $2,500 deposit that will require replenishment if the funds drops below $1,000.

PURPOSE OF GUIDELINES

Tax Increment Financing ("TIF") provides an urban development strategy for financing redevelopment in communities throughout the country. TIF creates incentives for private investment in urban redevelopment by applying the incremental growth in tax revenues resulting from private investment to achieve the overall purposes of redevelopment. TIF does not increase tax rates within a TIF district.

The following general guidelines have been developed in order to provide guidance to staff, developers and other interested parties with an understanding of the City of Wichita's guidelines and requirements for TIF. As applicable, these guidelines shall apply to Sales Tax And Revenue ("STAR") financing as well as TIF.

BACKGROUND

The Kansas Legislature first authorized tax increment financing in 1976 through passage of K.S.A. 12-1770 *et seq*. The act allows for the issuance of special obligation or full faith and credit tax increment bonds, or pay-as-you-go tax increment financing, for qualified redevelopment projects.

Tax Increment Financing allows for the increase in tax revenues within the redevelopment district to pay for eligible redevelopment project costs. The "tax increment" is the increase in tax revenue resulting from the difference between aggregate assessed valuation of the property in the district after redevelopment compared with the value at the time of establishment of the redevelopment district ("Base Year"). The tax increment is used to pay for the eligible project costs while the revenues attributable to the Base Year valuation continue to go to all taxing districts. TIF revenues may be used to pay principal and interest on City bonds issued to finance eligible project costs or to reimburse developers for such costs on a "pay-as-you-go" basis.

GENERAL GUIDELINES

While TIF is an important and useful tool for revitalizing economically challenged areas of the community, it is essential that it is used appropriately to accomplish the City's economic development goals and objectives. The fundamental principal which makes public financing viable is that it is designed to encourage development which would not otherwise occur. The City is therefore required to determine that the project would not occur as proposed "but for" the assistance provided through TIF. The City may require documentation similar in form and substance as private financing institutions when asked to consider the use of TIF for a project.

The City shall consider using TIF in cases that serve to accomplish the City's targeted goals for economic development as they may change over time. These goals include projects that would result in redevelopment of underutilized areas, increase in the tax base, remove blight, revitalize targeted neighborhood areas, retain viability in Downtown and retain and expand businesses. The City may place special emphasis/priority on the use of TIF for specific categories of projects that serve to stimulate, revitalize the Wichita economy, redevelop identified properties or enhance the quality of life in the City of Wichita.

INCENTIVE OBJECTIVES

The City will use tax increment financing to accomplish these *major* objectives:

A. Eliminate blighting influences throughout the city and/or encourage redevelopment of underutilized commercial and industrial areas in the city that result in high quality redevelopment and private investment.
B. Increase the city's property tax base by providing high quality development.
C. Encourage additional private development surrounding the redevelopment.
D. Support redevelopment efforts that enhance and preserve unique urban features and amenities, including downtown, the river corridor and historic structures.
E. To facilitate the development process and to achieve development on sites which could not otherwise be developed to its highest potential without the use of TIF.
F. To support the implementation of City Council approved neighborhood plans.

ELIGIBLE AREAS

The City will consider the establishment of redevelopment districts pursuant to TIF statutes for areas meeting one or more of the following criteria and where the conservation, development or redevelopment of such area is found to be necessary to promote the general and economic welfare of the City:

A. *Blighted Areas*: To qualify for establishment of a redevelopment district under this criteria, the area must meet the conditions set forth in K.S.A. 12-1770a(c), except that areas located in a 100-year flood plain will only be considered if all property in the district not needed for drainage improvements is to be removed from the flood plain by the redevelopment project.
B. *Conservation Areas*: Areas in eminent danger of becoming blighted in which a majority of the existing structures are over 35 years old may be considered for establishment of a redevelopment district, as set forth in K.S.A. 12-1770a(d).
C. *Enterprise Zones*: Areas within a city that were designated as an enterprise zone prior to July 1, 1992 may be considered for establishment of a redevelopment district, as set forth in

K.S.A. 12-1770a(h). A map showing the location of pre-1992 Enterprise Zones in Wichita is available for viewing in the Office of Economic Development.

D. *Opportunity Zones*: Established in the Tax Cuts and Jobs Act of 2017, Opportunity Zones provide tax incentives for investment in designated census tracts supporting new investments and redevelopments in the community.
E. *Minimum Size*: Generally, a redevelopment district should be large enough to make a visible difference to the character of the greater area in which it is located, once it is redeveloped. As a guideline, outside of the downtown area, redevelopment districts should be at least five (5) acres in size and at least two (2) acres within downtown.

ELIGIBLE TIF COSTS

A. The City of Wichita will use Tax Increment Financing only when a clearly identified city development objective is served and only to the degree necessary to accomplish that development objective.
B. Projects intending to use tax increment financing must provide a public purpose statement to identify the public benefit served by the development.
C. Tax Increment Financing will only be used in cases where the City has the financial capacity to provide the needed public assistance, the City Council deems it fiscally prudent to provide such assistance and the developer can clearly demonstrate that the development will be able to meet its financial and public purpose commitments.
D. Alternatives, such as “pay-as-you-go” financing and reimbursing front-end public redevelopment costs with tax increment revenues, are preferable to bond financing and are to be considered and used when appropriate.
E. Full faith and credit TIF bonds will be used only when Special Obligation bonds are not financially feasible.
F. Only those public improvements and public redevelopment costs directly associated with the proposed development plan or project should be financed through tax increment.
G. Tax increment revenues shall be used primarily for public infrastructure and public improvements. Eligible expenses are defined pursuant to K.S.A. 12-1770a(o). The City approved uses include:
   1. Property acquisition
   2. relocation costs;
   3. site preparation, including demolition and environmental soil remediation;
   4. sanitary and storm sewers and lift stations;
   5. utility relocations and extensions;
   6. landscaping; lighting; paving, including parking lots;
   7. public streets;
   8. drainage conduits, channels, levees and river walk canal facilities;
   9. plazas and arcades;
   10. parking facilities, including multi-level parking structures; and
   11. costs associated with above uses, such as design and financing.

   Excluded uses are costs related to building construction, except for multi-level public parking structures and other uses specifically authorized by statute.

PROJECT REQUIREMENTS

A. Tax increment financing will only be used as a final effort for funding. Developer must prove all other financing efforts have been exhausted.
B. Projects should provide the highest possible private to public financial investment ratio. For TIF-only projects the ratio shall be 3 to 1, otherwise it shall be 2 to 1.
C. TIF projects and development agreements will be prepared in a way to not place additional ongoing financial burden on the City, including operating costs of TIF funded improvements.
D. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, etc.
E. Developer shall adequately demonstrate, to the City's satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors including the size and scope of the proposed project. City may request, at the developer's expense, a third party analysis of the developer's capacity.
F. An appropriate portion of the TIF proceeds should be used to pay for additional municipal facilities or public infrastructure beneficial to the TIF project. If the Developer requests infrastructure improvements benefitting the project, TIF funds will be prioritized for said improvements. The adequate proportion will be negotiated per project.
G. Construction will commence within one year of City Council approval or development agreement will be void, unless extended by the City Council.
H. Any developer controlled land will have deed restrictions placed to ensure use and disposition of property cannot change without approval from the City.

PROJECT QUALIFICATIONS

All TIF projects considered by the City of Wichita must meet all of the following requirements:
A. Eligibility under state law;
B. Project shall result in a minimum value increase of 3 times the Base Year assessed value;
C. The developer shall demonstrate that the project is not financially feasible without the use of TIF;
D. The project must be consistent with the City's Comprehensive Plan, Land Use Plan and Zoning Ordinances;
E. The project shall serve a majority of the public purposes identified in Section IV.

ECONOMIC ANALYSIS AND FINANCIAL REQUIREMENTS

A. Gap Analysis
All TIF projects will be analyzed to determine the need for financial assistance. TIF projects financed on a "pay-as-you-go" will be reviewed to determine the amount and level of assistance needed.

Applicants will be required to provide City Staff with pro forma cash flow analysis and sources and uses of funds in sufficient detail to demonstrate that reasonably available conventional debt and equity financing sources will not fund the entire cost of the project and still provide the applicant a reasonable market rate of return on investment based on current market capitalization rates identified by a qualified third party.

TIF projects financed with bonds will not be approved without a financial analysis that demonstrates the project would not otherwise be possible without the use of TIF bond financing.

B. Financial Feasibility Analysis
A financial feasibility analysis will be conducted by City Staff to determine the capacity and need for TIF financing.

C. Return On Public Investment
Return on Public Investment – Project's return on public investment will be reviewed by the Center for Economic Development and Business Research (CEDBR) Fiscal Impact Model.

D. Equity Contribution
TIF shall not be used to supplant cash equity. Developer cash equity contribution shall be at least 15%. Tax credits will be considered equity but a minimum of 5% equity must be developer cash. Deferred developer fees will not be considered equity.

E. Developer (Personal) Guarantee

1. Developer will be required to personally guarantee 100% of the tax increment required to meet annual debt service payments on City bonds issued to finance TIF project costs. Letters of credit, bond insurance, pledged collateral or other acceptable form of credit enhancement will be required as additional security for the obligation.
2. Developer will agree to not protest the value assessed by County Appraiser's Office during the life of the Project, unless actual values exceed projected values used in TIF analysis by at least 150%.

F. Market Study
Developer shall be able to demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects. City may require a third-party market study when appropriate.

G. Term
The maximum term for a TIF project, per statute, is 20 years.

H. Bond Issuance
In cases in which a bond issuance is requested, the City's Staff will work with the developer to calculate how much revenue will be raised from the TIF district and the principal amount of bonds that can be issued based on the tax revenue stream and a 1.3 debt service coverage ratio. Proceeds from the sale of the bonds will be used to pay for eligible improvements and costs pursuant to the Statute and development agreement.

I. Background Check
The City will conduct a background check on all TIF applicants and applicants' project partners. Applicants are required to furnish City Staff the personal and business information needed to carry out such a background check. Information generated by the background check will be treated as confidential information to the extent allowed by the KORA.

PROCEDURES FOR TIF APPROVAL AND FUNDING

A. Project Application

A developer interested in the use of Tax Increment Financing will prepare and submit a Project Application Packet to the Office of Economic Development, along with a $5,000 application fee and $10,000 deposit fee. An application will contain the following information:

1. Conceptual Project Plan – A preliminary plan that outlines the scope of the project including:
    a. A description of the proposed project, including a public purpose.
    b. Market study of the area that demonstrates the need and feasibility of the project.
    c. Listing of project milestones.
    d. A financial plan with costs, proposed funding sources, and evidence of a financing gap
2. Land Use Plan – Information regarding the proposed uses or changes to the land including:
    a. Preliminary site plan of the proposed project and/or improvements
    b. Proposed changes to current land use and infrastructure.
    c. Any known environmental concerns.
    d. Visual depictions of proposed project renderings or elevations.
3. Project Team – Provide names, affiliations and roles & responsibilities of the project team.
4. Supporting documentation – Other information that will provide the City with a better understanding of the proposed redevelopment. This information will assist the City in evaluating the project and understanding the commitment of the developer.

B. City Fees

The City shall be paid a non-refundable application fee of $5,000 as well as a $10,000 deposit fee. The $10,000 deposit fee shall be applied toward staff time, expenses for any mailing or publications, internal or external legal counsel. This fee shall be replenished by the applicant if at any time the fund drops below $5,000. The applicant shall replenish the fund to the $10,000 level within 30 days of notice that it has dropped below $5,000.

C. Department Review

The project application will be reviewed by City Staff for eligible costs and participation consideration.

D. TIF District Creation Process

As prescribed by state law, the TIF district is established by city ordinance. The City Council will adopt a resolution to hold a public hearing for consideration of establishment of the redevelopment district. Upon conclusion of the public hearing the City Council will vote to determine if a redevelopment district should be established.

Once established, one or more redevelopment projects may be undertaken within the district, either consecutively or concurrently.

E. Sedgwick County and School District Approval

The governing bodies of the county and school district have 30 days in which to make a determination as to whether the TIF will create an adverse impact and veto the establishment of the district. Sedgwick County has established a formal policy regarding review and approval/denial of a TIF redevelopment district.

Click here to view the County TIF Policy.

REQUIREMENTS TO APPROVE TIF PROJECT

A. **TIF Project Approval Process Overview**
Each application for TIF assistance received by the City shall be diligently reviewed for the purpose of determining both (i) whether the proposed use of TIF meets the purpose, objectives and requirements of the City's TIF Guidelines, and (ii) the financial and experiential capacity of the developer.

Before TIF funds may be expended on a project, the governing body of the city must adopt a project plan setting out the details of the project and its financial feasibility.

Project plans are first approved by the planning commission and then adopted by city ordinance, passed by 2/3 majority vote following a public hearing.

B. **Project Plan**
In those instances where City staff believes the use of TIF assistance is appropriate, it shall then prepare a project plan with the developer for adoption by the City. The project plan per K.S.A 12-1772 (a)(1)(2), will contain:

1. Feasibility Study Summary, which includes:
   i) Whether a redevelopment project's benefits in terms of tax increment revenue and other available revenues are expected to exceed or be sufficient to pay for the redevelopment costs; and
   ii) The effect, if any, the redevelopment project costs will have on any outstanding special obligation bonds per K.S.A. 12-1774 (a)(1)(D); and
   iii) A statement of how the taxes obtained from the project will contribute significantly to the economic development of the area.
2. A reference to the district plan per under K.S.A. 12-1771.
3. A description and map of the redevelopment area.
4. A relocation assistance plan if required.
5. A detailed description of the buildings and facilities proposed to be constructed or improved.

C. **Development Agreement**
The Development Agreement will outline the general obligations of the City and Developer in regards to the TIF project and identify any additional requirements specific to the project. Without limitation, all development agreements shall include:

1. An expiration term based on the size and scope of the project, which may only be extended by City Council action.
2. Development agreement will be void if construction does not commence within one year of City Council approval unless extended by the City Council.
   i. Due to the limited term of TIF financing, any delay of construction longer than one year will affect the cash flow necessary for the success of a project.

3. Developer will provide a "shortfall guarantee" that obligates the developer to make up the difference any year that TIF revenue is not sufficient to pay bond obligations.
4. Developer will agree to not protest the value assessed by County Appraisers during the life of the Project, unless actual values exceed projected values used in TIF analysis by at least 150%.
5. City's obligations are conditioned on final approval of use of TIF and other City funding.
6. Conditions precedent that shall identify all actions that must occur prior to the City obligating resources to the project. The Conditions precedent shall include:
   i. Satisfactory evidence to the City that Developer has secured the loan commitment and any other sources of financing,
   ii. City's satisfaction with the costs associated with the project in accordance with the City's plans, drawings and specifications, as needed,
   iii. All approvals from the Historic Preservation Board and all similar approvals needed for development of the Project have been obtained in writing.
7. Developer will provide to County Appraiser, on an annual basis, an economic performance report including the Net Operating Income no later than March 1 of each year.

D. **Periodic Reporting**
1. For the duration of the construction and development period, a progress report shall be provided by the Developer, on a regular basis as determined by the size and scope of project, giving a status on the project in the TIF Plan and include:
2. Existing development to date,
   a. Development projected to be built within the reporting period, and
   b. Proposed revisions to the Development Plan, if any.
3. Economic performance report to the County Appraiser on NOI no later than March 1 of each year for the previous calendar year.
4. The developer shall file a report annually for two years after the date the benefit is received or until all goals set forth in the development agreement have been met, whichever is later. Reports shall be filed with the City of Wichita no later than March 1 of each year for the previous calendar year.

E. **City Council Adoption**
Before TIF funds can be expended on a project, the governing body of the city must adopt a project plan setting out the details of the project and its financial feasibility. Project plans are first approved by the planning commission and then adopted by city ordinance, passed by 2/3 majority vote following a public hearing.

F. **Amendment of TIF**
For any amendments to the TIF Project Plan or related development agreement the Developer shall pay an amendment fee of $2,500. The City will require a $5,000 deposit as well to pay City costs related to the amendment. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal counsel and certain third party consultants.

I. WAIVER OF GUIDELINES

Should the City Council determine the terms of these guidelines are inappropriate to evaluate a particular TIF application, it may, by majority vote, waive the binding effect of these guidelines in regard to that application.

Adopted 11.16.04, Amended 08.14.12, Edited Draft 04.23.20 Goodpasture

SALE TAX AND REVENUE (STAR) BOND FINANCING

APPLICATION FEE

$25,000 Non-refundable

DEPOSIT

The City shall require a $10,000 deposit. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal/external legal counsel, bond counsel. This fee shall be replenished by the applicant if at any time the fund drops below $5,000. The applicant shall replenish the fund to the $10,000 level within 10 days of notice that it has dropped below $5,000. Failure to replenish the deposit may result in City staff ceasing the processing of that project.

PURPOSE OF GUIDELINES

Sales Tax and Revenue financing ("STAR") provides a strategy for financing development of major commercial entertainment and tourism areas within the City. STAR creates incentives for private investment by applying the incremental growth in sales tax revenues resulting from private investment to achieve the overall purposes of development. STAR does not increase sales tax rates within a STAR district.

The following general guidelines have been developed in order to provide guidance to staff, developers and other interested parties with an understanding of the City of Wichita's guidelines and requirements for STAR. The ultimate goal for STAR bond projects is to increase tourism and sales tax generation for the region and State. The Kansas Department of Commerce has the final input and approval for any STAR Bond districts and projects.

BACKGROUND

STAR Financing is an economic development tool authorized by the State of Kansas and requiring local participation. STAR allows for the increase in sales tax revenues within the district to pay for eligible project costs. The "tax increment" is the increase in sales tax revenue resulting from the difference between sales tax collection in the year a STAR bond district is established and the increased taxes collected following development of the commercial and tourism attraction. The tax increment is used to pay for the eligible project costs while the revenues attributable to the Base Year revenue continue to go to all taxing districts. All or a portion of the increased state sales and use tax revenues also may be used to repay the bonds, which typically have a 20-year repayment period.

GENERAL GUIDELINES

While STAR is an important and useful tool for creating a more vibrant and attractive City, it is essential that it is used appropriately to accomplish the State and City's economic development goals and objectives. The fundamental principal which makes public financing viable is that it is designed to encourage development which would not otherwise occur. The City may require

documentation similar in form and substance as private financing institutions when asked to consider the use of STAR for a project.

INCENTIVE OBJECTIVES

The City will support STAR financing to accomplish these *major* objectives:

A. Encourage the development of facilities that make Wichita a desirable place to live but additionally create a development that generates positive tourism and visitation opportunities.
B. Increase the city's property tax base by providing high quality development.
C. Encourage additional private development surrounding the redevelopment.
D. Support redevelopment efforts that enhance and preserve unique urban features and amenities, including downtown, the river corridor and historic structures.
E. To facilitate the development process and to achieve development on sites which could not otherwise be developed to its highest potential without the use of STAR.
F. To support the implementation of City Council approved plans.

ELIGIBLE STAR COSTS

A. The City of Wichita will use STAR Financing only when a clearly identified city development objective is served and only to the degree necessary to accomplish that development objective.
B. Projects intending to use STAR financing must provide a public purpose statement to identify the public benefit served by the development.
C. Only those public improvements and public development costs directly associated with the proposed commercial entertainment and tourism portion will be paid for with STAR bonds. Infrastructure costs related to the remainder of the development will be paid for privately or with Special Assessment financing.
D. STAR revenues shall be used primarily for infrastructure and public improvements and only for expenses incurred after City and State approval. Eligible expenses are defined pursuant to K.S.A. 12-17, 160. The City approved uses include:
   a. relocation costs;
   b. site preparation;
   c. sanitary and storm sewers and lift stations;
   d. utility relocations and extensions;
   e. landscaping; lighting; paving, including parking lots;
   f. streets;
   g. drainage conduits, channels, levees and river walk canal facilities;
   h. parking facilities, including multi-level parking structures; and
   i. construction of a multi-sport athletic facilities;
   j. costs associated with above uses, such as design and financing.
E. Property acquisition may be a permitted use of STAR funds.

PROJECT REQUIREMENTS

A. A project with at least a $50 million capital investment and $50 million in projected gross annual sales revenues;

B. A project located outside of a metropolitan statistical area that has been found by the Secretary of Commerce to be in an eligible area under Tax Increment Financing law and of regional or statewide importance;
C. A major commercial entertainment and tourism area as determined by the Secretary of Commerce (Secretary);
D. Auto racetrack facilities, multi-sport athletic complexes, riverwalk canal facilities, historic theaters, the Manhattan Discovery Center, the Wyandotte County Schlitterbahn Project, museum facilities, or a major motorsports complex in Shawnee County;
E. A project involving buildings 65-years-old or older and include contiguous lots that are vacant or condemned
F. Projects should provide the highest possible private to public financial investment ratio (minimum 2 to 1).
G. STAR projects and development agreements will be prepared in a way to not place additional ongoing financial burden on the City, including operating costs of STAR funded improvements.
H. The developer must provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, personal guaranties, etc.
I. Developer shall adequately demonstrate, to the City's satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors including the size and scope of the proposed project. City may request, at the developer's expense, a third-party analysis of the developer's capacity.
J. Whenever possible, an appropriate portion of the STAR bond proceeds should be used to pay for additional municipal facilities or infrastructure.
K. Construction will commence within one year of City Council approval or development agreement will be void, unless extended by the City Council.

ECONOMIC ANALYSIS AND FINANCIAL REQUIREMENTS

A. Financial Feasibility Analysis: All applicants will be required to provide City Staff with pro forma cash flow analysis and sources and uses of funds. A financial feasibility analysis will be conducted by City Staff to determine the capacity and need for STAR financing.
B. Return On Public Investment: The ratio of public benefits to public costs should be 1.0 to 1.0 as determined by a third-party analysis approved by the City.
C. Equity Contribution: STAR shall not be used to supplant cash equity. Developer cash equity contribution shall be at least 15%. Deferred developer fees will not be considered equity.
D. Market Study: Developer shall be able to demonstrate a market demand for a proposed project. STAR shall not be used to support purely speculative projects. City may require a third party market study when appropriate.
E. Background Check: The City will conduct a background check on all STAR applicants and applicants' project partners. Applicants are required to furnish City Staff the personal and business information needed to carry out such a background check. Information generated by the background check will be treated as confidential information to the extent allowed by the KORA.

PROCEDURES FOR STAR APPROVAL AND FUNDING

A. Project Application

A developer interested in the use of STAR Financing will prepare and submit a Project Application Packet to the Office of Economic Development, along with a $25,000 application fee. An application will contain the following information:

1. Conceptual Project Plan – A preliminary plan that outlines the scope of the project including:
   i) A description of the proposed project, including a public purpose.
   ii) Market study of the area that demonstrates the need and feasibility of the project.
   iii) Listing of project milestones.
   iv) A financial plan with costs, proposed funding sources, and evidence of a financing gap
2. Land Use Plan – Information regarding the proposed uses or changes to the land including:
   i) Preliminary site plan of the proposed project and/or improvements
   ii) Proposed changes to current land use and infrastructure.
   iii) Any known environmental concerns.
   iv) Visual depictions of proposed project renderings or elevations.
3. Project Team – Provide names, affiliations and roles & responsibilities of the project team.
4. Supporting documentation – Other information that will provide the City with a better understanding of the proposed redevelopment. This information will assist the City in evaluating the project and understanding the commitment of the developer.

B. Department Review

The project application will be reviewed by City Staff for eligible costs and participation consideration.

C. STAR Bond District Creation Process

As prescribed by state law, the STAR district is established by city ordinance. The City Council will adopt a resolution to hold a public hearing for consideration of establishment of the STAR district. Upon conclusion of the public hearing the City Council will vote to determine if a STAR district should be established. STAR Bond districts and projects require approval from the Kansas Department of Commerce.

Once established, one or more STAR projects may be undertaken within the district, either consecutively or concurrently.

REQUIREMENTS TO APPROVE STAR PROJECT

A. STAR Project Approval Process Overview

Each application for STAR Bond financing received by the City shall be diligently reviewed for the purpose of determining both (i) whether the proposed use of STAR meets the purpose, objectives and requirements of the City's STAR Guidelines and underwriting guidelines, and (ii) the financial and experiential capacity of the developer.

Before STAR funds may be expended on a project, the governing body of the city must adopt a project plan setting out the details of the project and its financial feasibility.

Project plans are first approved by the planning commission; then adopted by city ordinance, passed by 2/3 majority vote following a public hearing; and finally approved by the Kansas Department of Commerce.

B. Development Agreement

The Development Agreement will outline the general obligations of the City and Developer in regards to the STAR project and identify any additional requirements specific to the project. Without limitation, all development agreements shall include:

1. An expiration term based on the size and scope of the project, which may only be extended by City Council action.
2. Development agreement will be void if construction does not commence within the timeframe defined in the Development Agreement.
   a. Due to the limited term of STAR financing, any delay of construction longer than one year will affect the cash flow necessary for the success of a project.
3. City's obligations are conditioned on final approval of use of STAR and other City funding.
4. Conditions precedent that shall identify all actions that must occur prior to the City obligating resources to the project. The Conditions precedent shall include:
   a. Satisfactory evidence to the City that Developer has secured the loan commitment and any other sources of financing,
   b. City's satisfaction with the costs associated with the project in accordance with the City's plans, drawings and specifications, as needed,

C. Periodic Reporting

1. For the duration of the construction and development period, a progress report shall be provided by the Developer, on a regular basis as determined by the size and scope of project, giving a status on the project in the STAR Plan and include:
   a. Existing development to date,
   b. Development projected to be built within the reporting period, and
   c. Proposed revisions to the Development Plan, if any.
2. Semi-annual report of the current and proposed retailers to locate within the STAR Bond District.
3. The developer shall file a report annually for two years after the date the benefit is received or until all goals set forth in the development agreement have been met, whichever is later. Reports shall be filed with the City of Wichita no later than March 1 of each year for the previous calendar year.

D. Amendment of STAR

For any amendments to the STAR Project Plan or related development agreement the Developer shall pay an amendment fee of $7,500. The City will require a $7,500 deposit as well to pay City costs related to the amendment. The deposit shall be applied toward staff time, expenses for any mailing or publications, internal legal counsel

RELOCATION RESTRICTION

The relocation of existing businesses or tenants will not be permitted, unless the tenant will otherwise cease operations in the City or County. Projects will be evaluated to establish a reasonable distance radius around the development that restricts the relocation as well as a time period for which the restrictions will exist.

II. WAIVER OF GUIDELINES

Should the City Council determine the terms of these guidelines are inappropriate to evaluate a particular STAR application, it may, by majority vote, waive the binding effect of these guidelines in regard to that application.

FAÇADE IMPROVEMENT PROGRAM

APPLICATION FEE

$1,000 – Non-refundable

Summary

The Facade Improvement Program is designed to enhance the visual aesthetics of Wichita's downtown and revitalization areas and provide an incentive for businesses to invest in redevelopment of their property. Low cost loan financing combined with a forgiveness provision for a portion of the loan (for non-high-rise buildings) makes an attractive financing package for owners or tenants seeking to renovate or restore building facades. Borrowers under this program are expected to match the City's financing package with other funding for the overall redevelopment project. The minimum façade improvement project size is $50,000.

What is the Facade Improvement Program?

The program provides low cost financing (based on market conditions) over a fifteen-year period to renovate or restore a visible facade. For non high-rise buildings, the City assistance may include a grant of up to 25% of the project cost, subject to recapture (as liquidated damages) if the owner fails to maintain the façade during the term of the façade financing. The maximum City of Wichita assistance (grant) is $10,000 (or 25% of the total project cost, whichever is lower) for one facade. Up to $30,000 (or 25% of total project costs, whichever is lower) is available for a corner building with two visible facades. City grant funds are limited and when the grant fund balance reaches $0, the grant component will no longer be available. The balance of the City's financing package (up to 75% of the facade improvement costs) will be made available through a fifteen-year special assessment against the real property. The property owner must sign the special assessment petition and the facade easement conveying the facade to the City of Wichita during the term of the special assessment financing. When the loan is repaid, the facade easement will be released.

High-rise building requirements

- The high-rise facility must be more than three stories in height.
- Grants will be not be permitted for high-rise buildings or façade projects over $500,000.
- Assistance beyond two sides of the building may be approved if circumstances warrant.

Who can apply for financing?

Any building owner or tenant with lease authority and approval of the owner may apply for façade funding. The building must be located within approved areas (see map). Owner or tenants cannot be delinquent on any current City charges, taxes or assessments or have defaulted on any previous City assistance. Owner must provide evidence of additional private investment in the redevelopment of the property, equal to or greater than the amount of City façade funding. Private investment may include the cost of consolidating land ownership.

What is the target area?

Buildings with frontages on arterial streets in select commercial corridors (as identified in the attached map), Redevelopment Areas and adopted neighborhood plan areas are also eligible.

Adopted neighborhood plans are available on the Wichita/Sedgwick County planning site. Those neighborhoods include but are not limited to:

- Arena Neighborhood Redevelopment Plan
- Center City Neighborhood Plan (C.O.R.E.)
- Delano Neighborhood Revitalization Plan
- 21st St. North Corridor Redevelopment (International Marketplace)
- South Central Neighborhood Plan (South Broadway area)
- Historic Midtown Neighborhood Plan
- McAdams Neighborhood Revitalization Plan
- Central Northeast Area Plan
- Douglas Design District
- Downtown Self-Supporting Municipal Improvement District (SSMID)
- Opportunity Zones
- Places 4 People Nodes

The City Council will also have the option for a case-by-case review of individual properties located outside of the target areas.

What types of improvements are eligible? (subject to City approval)
Masonry repairs and tuckpointing
Repair/replace/preserve historically significant architectural details
Storefront reconstruction
Cornice repair
Power washing (subject to approval by historic preservation officer)
Exterior painting and stucco
Awnings and canopies
Window and door repair or replacement
Permanent exterior signage integrated into the storefront design
Exterior lighting
Repair/replacement of gutters and downspouts
Facade building code items
Visible roof repairs in conjunction with structural improvements
Public art attached to the building (such as murals)
Utility/trash enclosures attached to the building
Sidewalks
Decorative fencing attached to the building
Decking and stairs attached to the building
Architectural, engineering or design fees
Conversion of use on a case by case basis

What items are not eligible?
Landscaping
Non-visible roofing
Attached, hanging or projecting signs unrelated to the architecture of the building
Mechanical equipment enclosures (non-visible)
Parking lots
Billboards

Interior renovation
Temporary, portable or non-permanent improvements (useful life less than term of façade loan)
Non-visible or side façade (unless on an arterial street) and rear facades
New construction
Property acquisition
Expansion of building area
Working capital
Developer fees
Refinance of existing debt
Improvements (including design work) in progress or completed prior to loan/grant approval
Loans for speculative purposes
Single family residential properties

These lists are not intended to be exhaustive. All improvements are subject to City Council approval.

Are there any design guidelines?

All Facade Improvement Program projects must be reviewed and approved by representatives of the Historic Preservation Board and the City Design Council prior to approval of the loan or issuance of a building permit. Where historic structures are involved, review by the Historic Preservation Board is required prior to start of construction. This includes properties located within a historic district and any property within 500 feet of a listed historic property (environs). All construction must comply with City code. All construction must conform to the ADA Accessibility Guidelines for Buildings and Facilities (ADAAG).

What other requirements are there?

A. All work must be accomplished using private contractors through competitive bidding from at least three qualified companies pre-approved by the City of Wichita.
B. Requires the use of professional design assistance (including providing elevations and renderings).
C. Project must result in visible improvement of overall facade (e.g. not just sign replacement). Borrower agrees to maintain the facade for the term of the façade loan.
D. Façade loans will be offered on a one-time basis unless a phased project receives prior City Council approval.
E. Owner shall convey a facade easement to the City of Wichita before the start of construction, which shall run for the full term of the façade loan. Ownership verification is required.
F. All approved projects must be completed within six months (180 days) of approval of the application, unless approved for phasing. A construction schedule is required for high-rise projects and façade loans over $500,000.
G. The City will conduct a background check on all applicants and applicants' project partners.
H. Owner shall provide financial information that substantiates the need for the City's façade loan in order to complete the redevelopment project, including the overall sources and uses of funds and pro forma cash flow analysis that shows a reasonable return on owner's investment.
I. The overall redevelopment project must include significant private investment (other than the facade loan) in an amount equal to or greater than the amount financed by the Facade Improvement Program, proof of which must be provided prior to disbursement of any façade loan proceeds.

J. Special assessment financing of façade loans shall be for a 15-year term unless 20-year financing is recommended by the Development Coordinating Committee, based on financial need.
K. Special assessment financing for façade loans over $500,000 requires the use of taxable bonds, whose interest rate will be higher than tax-exempt bonds. Use of tax-exempt bonds for façade loans less than $500,000 depends on the City's legal capacity to issue tax-exempt bonds for non-exempt projects.
L. Façade improvements will be financed up-front by the Developer and reimbursed when the façade project is complete. Standard payment request forms, AIA recommended, will be used for all reimbursement, including detailed invoices from project participants, including contractors and consultants, with sufficient documentation to show expenses were actually incurred.
M. A current independent appraisal that estimates both "as-is" and "as-built" property values is required for high-rise buildings and façade projects over $500,000. A bank appraisal associated with private investment may be used. Cost of a separate appraisal may be financed with the façade loan.
N. Projects will be evaluated for the level of risk to the City. The loan portion of the façade will be limited to no more than 25% of the projected value of the project once complete. When necessary, the City will seek additional guarantees for the façade loan following staff and/or third party analysis.

Where do I apply? Applications are available in the Office of Economic Development, 13th floor, City Hall, 455 North Main. The program coordinator is Mark Elder, Office of Economic Development, (316) 268- 4627, and melder@wichita.gov. Application forms are also available online at the City of Wichita web site: www.wichita.gov on the Economic Development webpage.

What is the process?

Step 1: Meet with appropriate City staff to review the preliminary design, expected timelines and next steps. This may include the Department of Public Works, Office of Central Inspection and the Metropolitan Area Planning Department.

Step 2: Finalize the renovation plans. This step should include consultation with an architect or engineer to discuss improvements and alterations to the building exterior.

Step 3: Obtain a complete preliminary cost estimate from a licensed contractor which covers the work to be accomplished. Cost estimate shall be a not-to-exceed amount and may include a 10% contingency. City will add a 2% Engineering Administrative Fee and financing costs, including construction interest and costs of bond issuance. For façade loans over $500,000, a debt service reserve equal to one year's debt service will be added to the loan amount (reserve will be held in trust by the City and used to pay final year's special assessment payment.

Step 4: Submit a completed Facade Improvement Program application form to: Mark Elder, Office Economic Development, 13th Floor, City Hall, 455 North Main, Wichita, Kansas 67202. Include a completed Facade Easement form with application.

Step 5: City formally reviews the application and performs background checks on applicant(s). Approvals are required by representatives of the Public Works Department, Office of Economic Development, City Design Council, Department of Finance and Historic Preservation Board (as appropriate).

Step 6: Obtain approval by City Council by means of a maximum assessment ordinance.

Step 7: City notifies the applicant of approval and any pertinent requirements. The applicant has six months (180 days) from the date of application approval to complete the project. If there is no activity during this time, the application approval will expire and any City funding will be released for other applications.

Step 8: Initiate competitive bidding for facade work. Obtain building permit and planning permits (as applicable). Submit copies of permit and competitive bidding to Mark Elder in Economic Development. Applicant commences improvements.

Step 10: Applicant submits proof of final expenses to Mark Elder in Economic Development. Economic Development processes applicant final reimbursement and issues a Statement of Final Project Cost.

Step 11: Special Assessment payments will appear on the Sedgwick County Property Tax Statements starting with the next tax statement (following year).

Are there companion programs that I may also be eligible for?

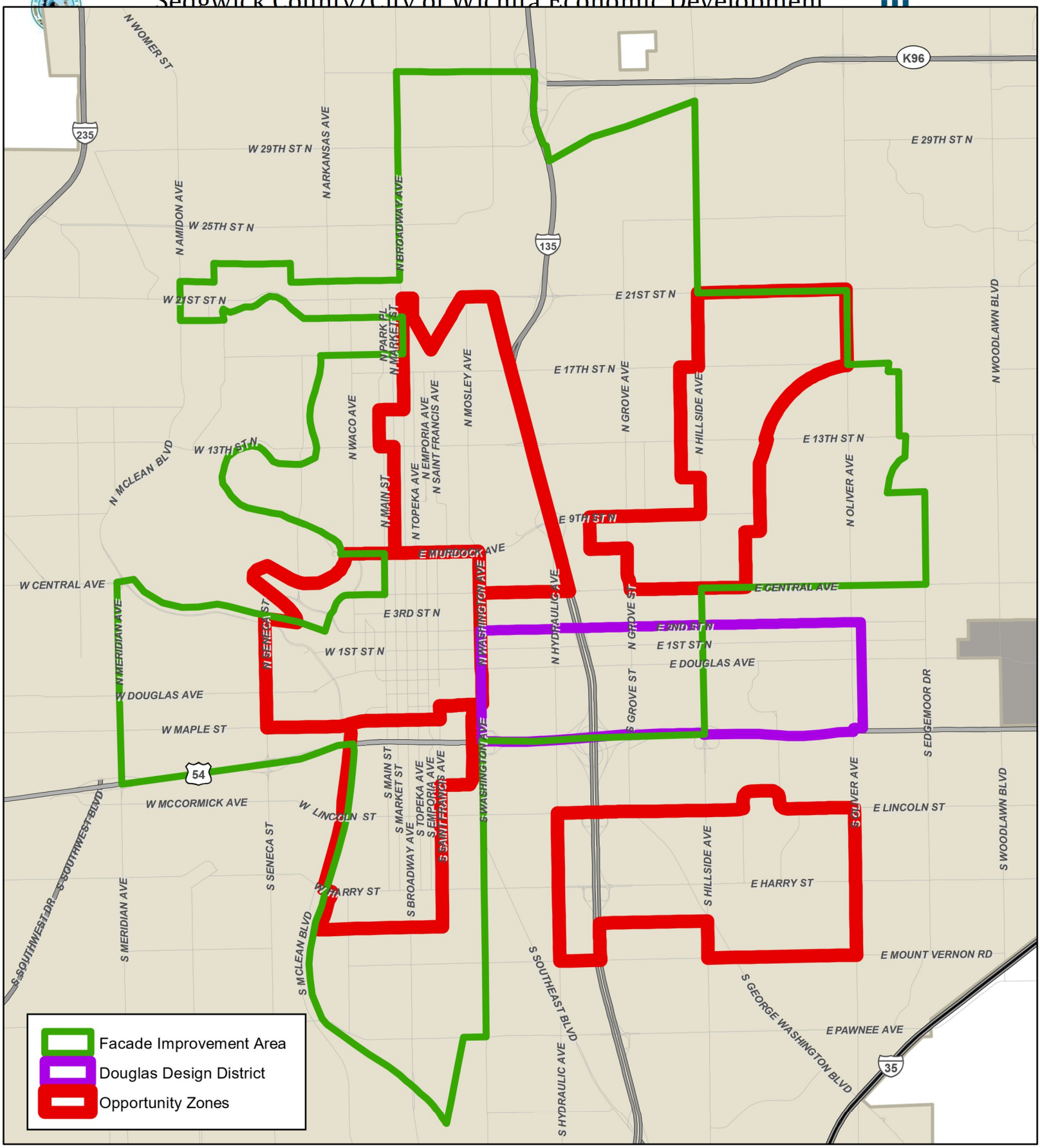
Applicants may wish to review the following programs:

State and Federal Rehabilitation Tax Credits	Kansas State Historical Society 6425 SW Sixth Avenue Topeka, Kansas 66615-1099 (785) 272-8681 ext. 213 Kristen Johnston kjohnston@kshs.org
Building Permit Fee Waiver	Metropolitan Area Building and Construction Department 271 W. 3rd St. N. Suite 101 Wichita, KS 67202 (316) 660-1840 Kortney Capello kortney.capello@sedgwick.gov
Historic Revolving Loan Program	Preservation Office 10th Floor City Hall 455 North Main Wichita, Kansas 67202 (316) 268-4392 Kathy Morgan, Senior Planner-Historic Preservation kmorgan@wichita.gov

Asbestos/Lead-based Paint Mitigation Program	Economic Development Office 13th Floor City Hall 455 North Main Wichita, Kansas 67202 (316) 268-4524 Mark Elder, Development Analyst melder@wichita.gov

City of Wichita Facade Improvement Area

Sedgwick County/City of Wichita Economic Development



It is understood that while the City of Wichita Data Center Geographical Information Systems Department have no indication and reason to believe that there are inaccuracies in information incorporated in the base map, the Data Center-GIS personnel make no warranty or representation, either expressed or implied, with respect to the information, or data displayed. Note: Public property represented on this map is not intended to be inclusive.

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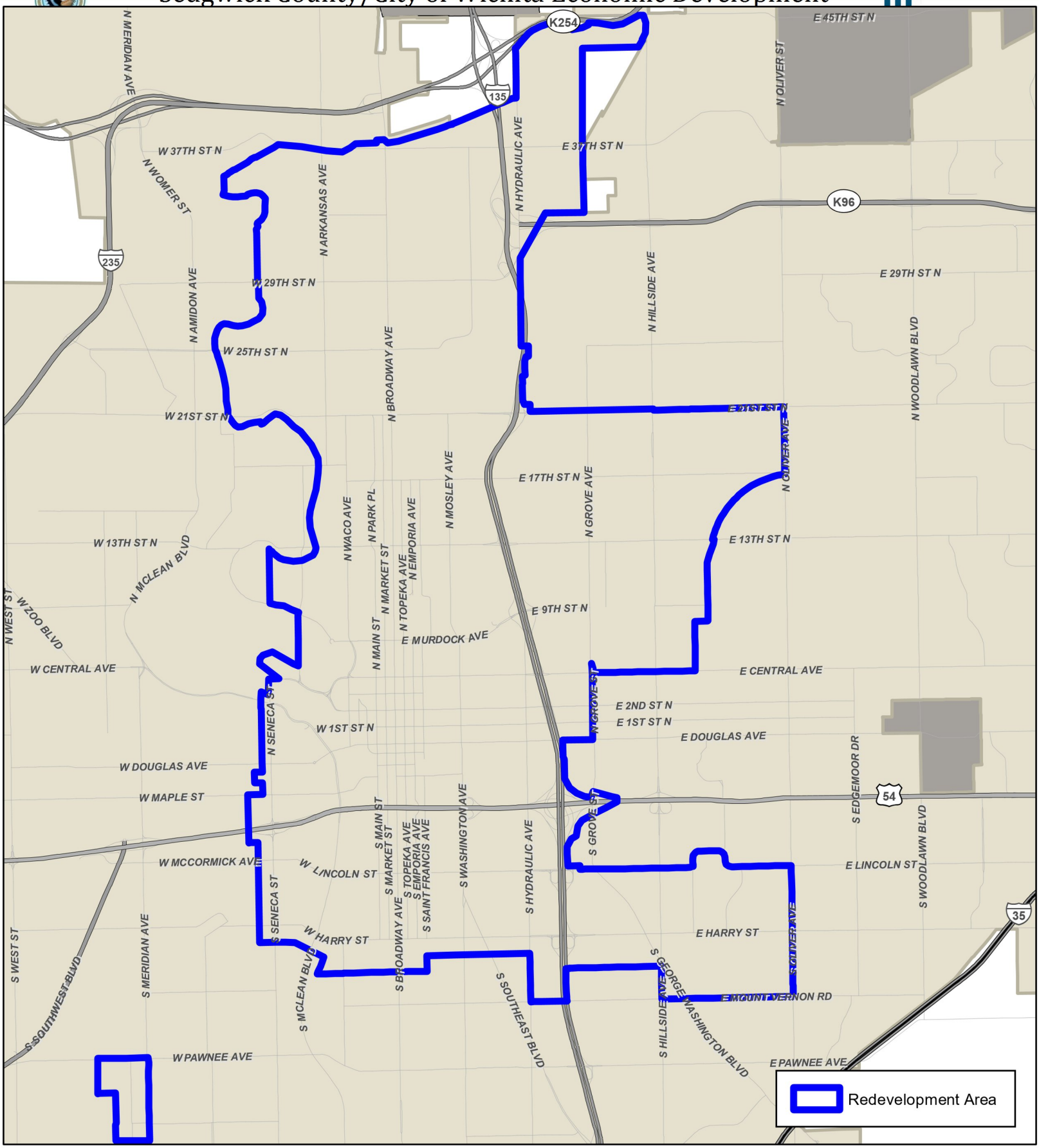
CITY OF WICHITA

City of Wichita Redevelopment Area



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Agenda Item No. V-8

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: CARES Act Funding Allocations

INITIATED BY: Housing and Community Services Department

AGENDA: New Business

Recommendation: Approve the funding allocations and recommendations, and authorize the funding agreements and necessary signatures.

Background: Wichita is recognized as an entitlement city by the U.S. Department of Housing and Urban Development (HUD). This designation is based on a federal formula, which considers total population, the number of persons below the poverty level, the number of overcrowded housing units, the age of housing and the population growth lag. Specific entitlement funding sources covered by the Consolidated Plan include the Community Development Block Grant program (CDBG) and the Emergency Solutions Grant program (ESG).

The City has received $1,725,897 of additional CDBG funding, as a result of passage of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). CARES Act CDBG funding must be used to prevent, prepare for, and respond to the coronavirus (COVID-19) public health emergency. Further, the City has received a total of $3,301,120 in additional ESG funding, as a result of passage of the CARES Act. CARES Act ESG funding must be used to prevent, prepare for, and respond to the coronavirus (COVID-19) public health emergency, among individuals and families who are homeless or receiving homeless assistance; and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts of COVID-19.

Analysis:

CARES Act Community Development Block Grant (CDBG-CV)

Domestic Violence Shelter Services: $75,000
The Housing and Community Services Department reached out to domestic violence shelter providers scheduled to receive CDBG funding during the 2020-2021 program year, in order to evaluate additional needs. Due to COVID-19, shelters are experiencing an increased demand for services for victims and families, resulting in additional payroll and operations expenses. Staff reviewed the needs submitted by agencies and recommends the following funding allocations, in addition to previously approved 2020-2021 funding, in response to COVID-19:

Agency	2020-2021 CDBG Allocation	CDBG-CV 20-21 Recommendation
Catholic Charities	$90,000	$27,000
StepStone, Inc.	$23,000	$6,900
Wichita Family Crisis Center	$127,000	$38,100
Raise My Head Foundation	$10,000	$3,000
TOTAL	**$250,000**	**$75,000**

Youth Crime Prevention and Enrichment: $19,900
The Housing and Community Services Department reached out to youth crime prevention and enrichment program providers scheduled to receive CDBG funding during the 2020-2021 program year, in order to evaluate additional needs as a result of COVID-19. Two organizations responded that CDBG-CV funds were needed. Staff reviewed the needs submitted by agencies and recommends the following funding allocations, in addition to previously approved 2020-2021 CDBG funding, in response to COVID-19:

Agency	**2020-21 Recommendation**	**CDBG-CV 20-21 Recommendation**
Kansas Big Brothers Big Sisters	$33,000	$9,900
YMCA of Wichita, KS	$105,000	$10,000
TOTAL	**$150,000**	**$19,900**

Planeview Youth: $6,200
Housing and Community Services staff recommends allocation CDBG-CV funding in the amount of $6,200 to enable social distancing and sanitizing measures in the Park and Recreation CDBG-funded before and after school program in Planeview.

Food Box Programming: $90,000
Housing and Community Services staff recommends allocation of CDBG-CV funding in the amount of $40,000 to enable the continuance of the bi-weekly food box program for approximately 12 weeks. The program will continue to serve the high-risk senior residents living in the four multifamily public housing properties. MEI Foods will continue to supply and provide contactless delivery of the boxes of food. Senior residents will receive one box of food every other week, for a total of 12 weeks, reducing their exposure to COVID-19 through traditional grocery store visits.

Staff also recommends an allocation of CDBG-CV funding in the amount of $50,000 to enable a program to provide one fall and one winter food box delivery to those interested elderly participants (aged 62 and above) within the department's scattered site public housing portfolio and Housing Choice Voucher programs. MEI Foods will supply the food boxes, and Department staff will make the contactless deliveries.

The following table reflects CDBG-CV 2019-2020 program year funding allocations and proposed funding allocations for the 2020-2021 program years:

Activity	**2019-20 Allocations**	**2020-21 Allocations**	**2020-21 Additional Allocation Recommendations**
Program Administration and Indirect Costs	$52,514	$146,333	
Increased funding for Domestic Violence Shelters	$75,000		$75,000
Increased funding for Youth Crime Prevention and Enrichment			$19,900
Planeview Youth			$6,200
Connect2Compete Internet Program		$135,120	
Office of Community Services – WIFI Hotspot Program		$50,000	
Office of Community Services – Outreach Activities		$30,000	
COVID-19 Food Box Programs		$40,000	$90,000
Other Public Services Activities to Respond to COVID-19*		$229,558	

Total	**$127,514**	**$631,011**	**$191,100**

***** Other Public Services Activities to Respond to COVID-19 Activity line item has been reduced to reflect balances remaining following specific activity funding allocations.

CARES Act Emergency Solutions Grant (ESG-CV)

COVID-19 Homeless Prevention Activities: $200,000
Homeless Prevention funding will be utilized to assist individuals and families documented to be under threat of eviction, with temporary rent and utilities assistance. Staff anticipates demand for this funding, once the Center for Disease Control eviction moratorium expires.

Agency – Homeless Prevention	2020-21 ESG Allocation	2020-21 ESG-CV Recommendation
Center of Hope, Inc.	$25,000	$100,000
The Salvation Army	$13,146	$100,000
Total	**$38,146**	**$200,000**

Wichita Housing Authority Landlord Incentive Program (WHALIP): $100,000
The WHALIP will provide financial assistance to incentivize landlords to lease and maintain safe, affordable rental housing capacity for homeless individuals and families in the Wichita Housing Authority's Homeless Preference, Veterans Affairs Supportive Housing, and Foster Youth to Independence Voucher Program participants. Funding will be utilized to mitigate the risk of excessive damages or vacancy costs that may occur from leasing to homeless individuals and families.

Homeless Outreach/Social Worker Internship Program: $250,000
This program is designed to assist unsheltered homeless individuals or families with identification of needed services. The program is scheduled for 18 months. Funding will provide for a qualified outreach supervisor, in addition to four part-time (20 hours per week) interns.

The following table reflects ESG-CV 2019-2020 program year funding allocations and proposed funding allocations for the 2020-2021 program years:

Activity	2019-20 Allocations	2020-21 Recommendation	2020-21 Additional Allocation Recommendations
Program Administration and Indirect Costs*	$9,488	$160,311	
HumanKind 24-Hour Emergency Shelter	$120,000		
United Way Hotel/Motel Voucher Program	$300,510		
Homeless Caseworker Program	$209,361	$209,361	
Homeless Services-WHALIP			$100,000
Homeless Services-Outreach			$250,000
Homeless Services Activities*		$74,044	
Rapid Rehousing		$319,360	
Homeless Prevention-Center of Hope			$100,000
Homeless Prevention-Salvation Army			$100,000
Homeless Prevention Activities*		$119,360	
Total	**$639,359**	**$882,436**	**$550,000**

*****Homeless Services and Homeless Prevention Activities line items have been reduced to reflect balances remaining following specific activity funding allocations. The balance of Program Administration and Indirect Costs funding are included, as ESG-CV funding must be committed by December 25, 2020.

Financial Considerations: There is no impact to the General Fund as a result of the funding recommendations.

Legal Considerations: All funding agreements will be approved as to form by the Law Department.

Recommendation/Actions: It is recommended that the City Council approve the funding allocations and recommendations, and authorize the funding agreements and necessary signatures.

Attachments: No attachments.

Agenda Report No. V-9

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council Members

SUBJECT: An Ordinance Amending Sections 3.49.010, 3.49.030, 3.49.060, 3.49.070, 3.49.080, and 3.49.270 of Chapter 3.49 of the Code of the City of Wichita, Kansas Pertaining to Emergency Wreckers and Repealing the Original of said Sections and Repealing Sections 3.49.090 and 3.49.245

INITIATED BY: Wichita Police Department

AGENDA: New Business

Recommendation: Place the ordinance on first reading and authorize all necessary signatures.

Background: Emergency wrecking services are provided by wreckers licensed pursuant to City ordinances. These wreckers participate in a wrecker rotation list and are called by WPD, as needed, to respond to automobile collisions. The Wichita Police Department utilizes the wrecker rotation list to increase the speed of response to an accident scene, to ensure the area is cleaned of debris, and to provide charging standards to protect the citizenry. The Department responds to a number of citizen complaints regarding wrecker services provided by companies on the rotation list.

The Police Department is requesting amendments to the City's ordinances to provide additional tools to insure the safety of citizens and to address citizen complaints regarding wrecker services provided.

Analysis: The proposed amendments:

1. Prohibit issuance of a license if the applicant has a crime of moral turpitude within the 10 years prior to the application, or has an arrest or charge pending for such charge.

2. Allow the Chief of Police, after five days written notice, to suspend a license for up to 10 days for violation of the provisions of the ordinance. Previously, the suspension time was limited to five days. Additionally, the Chief of Police, after serving notice to the licensee may immediately suspend the license for five days for violation, conviction or arrest of the licensee for a crime of moral turpitude.

3. Allow the Chief of Police to revoke a wrecker license. Currently, the City Council is responsible for revocation of wrecker licenses. The Amendments provide for any denial, suspension or revocation of a license to be appealed to the City Council or appeals panel. The amendments allow for greater flexibility if the City Council chose to have a panel hear license appeals rather than the entire City Council.

4. Allow the Chief of Police to revoke a license for a violation, conviction or arrest of the licensee of a crime of moral turpitude.

Financial Considerations: None.

Legal Considerations: The ordinance amendments have been drafted and approved as to form by the Law Department.

Recommendations/Actions: It is recommended that the City Council place the ordinance on first reading and authorize all necessary signatures.

Attachment: Proposed ordinance.

First Published in The Wichita Eagle on _____

OCA 083303
DELINEATED October 6, 2020

ORDINANCE NO._____

AN ORDINANCE AMENDING SECTIONS 3.49.010, 3.49.030, 3.49.060, 3.49.070, 3.49.080, AND 3.49.270 OF CHAPTER 3.49 OF THE CODE OF THE CITY OF WICHITA, KANSAS PERTAINING TO EMERGENCY WRECKERS AND REPEALING THE ORIGINAL OF SAID SECTIONS AND REPEALING SECTIONS 3.49.090 AND 3.49.245.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

SECTION 1. Section 3.49.010 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.010. - Definitions.

Unless otherwise specified in this Chapter, the following terms, as used in this Chapter, mean as follows:

Accident means any occurrence which renders a vehicle wrecked or disabled as defined in this section.

Authorized public agency means an officer of the police department, the Sedgwick County Sheriff's Office, the Kansas Highway Patrol, an employee for the Sedgwick County or City Fire Department or a dispatcher for the Special Police Information Data Entry and Retrieval Unit (SPIDER) of the police department.

Chief of Police means the Chief of Police for the City of Wichita and his or her designee.

Dispatched service call means an occasion when the dispatcher for the Special Police Information Data Entry and Retrieval Unit (SPIDER) of the Wichita Police Department calls licensed emergency wrecker at the request of the owner or person in charge of a wrecked or disabled vehicle or at the request of a law enforcement officer to remove a vehicle because it is wrecked or disabled.

Emergency wrecker company means a person who owns, controls, or has a financial interest in an emergency wrecker service.

Emergency wrecker service means the business of towing wrecked vehicles from the streets of the City upon request of an authorized public agency.

Heavy tow means the towing of any vehicle with a Gross Vehicle Weight greater than 5,000 pounds and that is on a roadway, level shoulder, or other level surface that can be accessed with a tow truck.

Impounded vehicle means any wrecked or disabled vehicle or any other vehicle which has been towed by order of an authorized public agency and which is not to be released except by authority of an authorized public agency.

Lack of fitness means crimes that would endanger the safety of the public by risk of personal safety or to the safety of a citizen's property.

Licensee means a person licensed to engage in emergency wrecker service.

Moral Turpitude means crimes of intent, including but not limited to: committing fraud, larceny, murder, rape, robbery, arson, theft, assault, kidnapping, embezzlement, burglary, transporting stolen property, extortion, blackmail, forgery, knowingly receiving stolen property, perjury, willful tax evasion, issuing bad checks, bribery, counterfeiting, contributing to the delinquency of a minor, lewdness, human trafficking, prostitution or attempts to engage in any of the above behavior or crimes.

Motor vehicle means every vehicle which is self-propelled, and which has a vehicle identification number.

Owner means any person who holds the legal title of a vehicle or who has the legal right of possession thereof, or the legal right of control of a vehicle.

Street means any street, alley, avenue, lane, public place, square or highway within the corporate limits of the City.

Specialized tow means any tow which requires the up-righting of a vehicle, winching over 30 feet or the removal of a submerged vehicle from a body of water.

Standard tow means the towing of any vehicle with a Gross Vehicle Weight less than 5,000 pounds and that is on a roadway, level shoulder, or other level surface that can be accessed with a tow truck.

Vehicle means every device in, upon or by which any person or property is or may be transported or drawn upon a street, which has a vehicle identification number, except devices moved by human power or used exclusively upon stationary rails or tracks.

Vehicle Identification Number means an identifying number, serial number, engine number, transmission number or other distinguishing number or mark, placed on a vehicle, engine, transmission or other essential part by its manufacturer or by authority of the division of vehicles or Kansas Highway Patrol or in accordance with the laws of another state or county.

Wrecker contractor means the Emergency Wrecker service company or companies who have been awarded a contract by the City of Wichita, after a competitive

selection process, for the impounding of motor vehicles by the Wichita Police Department.

Wrecked vehicle means any vehicle that has been damaged as the result of colliding with another vehicle or object so as to reasonably necessitate that such vehicle be removed by a wrecker.

Wrecker means any motor vehicle designed to be used primarily for removing wrecked or disabled vehicles upon any street.

Wrecker rotation list means a list of wrecker companies licensed on or before March 1 st of each year, maintained by the Chief of Police, as provided for in this Chapter. Such term shall include all wrecker companies properly licensed within ninety days of the passage of this ordinance.

SECTION 2. Section 3.49.030 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.030. - License—Application—Fees—Renewal.

(a) A person desiring to engage in emergency wrecker service in the City shall file with the City Treasurer a written application upon a form provided for that purpose, which must be signed by the applicant or the applicant's authorized agent. The following information is required in the application:

(1) Business name, address and telephone number of the emergency wrecker company;

(2) Number and types of wreckers to be operated;

(3) Vehicle identification number of each wrecker;

(4) The location of the facilities to be owned or leased by the applicant for the purpose of operating the emergency wrecker service;

(5) The name, address and telephone number of the owner of the emergency wrecker company;

(6) An agreement that the applicant will participate in the wrecker rotation list;

(7) Proof that the applicant has secured the payment of compensation to the applicant's employees as set forth in K.S.A. 44-532(b) and amendments thereto;

(8) A maximum fee schedule for standard towing, heavy duty towing, specialized towing storage, mileage, and all other fees including fuel surcharges and any additional administrative fees.

(9) A copy of the wrecker service's certificate of public service from the Kansas Corporation Commission.

(10) A list of all personnel who are employed by the licensee and will, at any time, be required to operate an emergency wrecker. The licensee shall provide the employee's name, date of birth, driver's license number and class of issued driver's license. Drivers are to be

employees of the licensee. Independent contractors are not allowed to operate an emergency wrecker vehicle or tow vehicles pursuant to this Chapter.

(11) A certification, pursuant to Section 3.02.010 of the Code of the City of Wichita, by the applicant that he or she does not owe any personal property taxes, motor vehicle taxes, or real estate taxes to Sedgwick County, Kansas which are delinquent for any real or personal property utilized for the business or storage of vehicles as part of an emergency wrecker company. No license shall be issued to a person owing delinquent taxes or certifying a false statement.

(12) A certification that there is no violation within the last ten years by the licensee or applicant of a city, state, or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services.

(13) A certification that the licensee or applicant has not been arrested within last twelve months for or is currently under indictment or a criminal charge for or convicted of violations of city, state or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services.

(b) A fee of $50.00 for processing the initial application or any renewals thereof must be submitted with the application; this fee accompanying the applicant shall not be refundable.

(c) Every license issued pursuant to this Chapter shall terminate at the expiration of 12 months from the date of issuance, unless sooner revoked, and must be renewed before operation of an emergency wrecker service is allowed to continue. Anyone desiring to renew a license shall follow the procedures in subsection (a) of this Section for an initial application.

(d) Failure to submit a schedule of fees with the annual application will result in utilizing the last schedule of fees submitted by the licensee.

SECTION 3. Section 3.49.060 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.060. - License—Refusal to issue or renew.

(a) The City Treasurer shall refuse to approve issuance or renewal of an emergency wrecker company license for one or more of the following reasons:

(1) The making of any false statement as to any material matter in an application for a license, or a license renewal, or in a hearing concerning the license;

(2) Violation within the last ten years by the licensee, applicant or any employee of the licensee or applicant of a provision of this Chapter;

(3) Violation within the last ten years by the licensee or applicant of a city, state, or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services.

(4) The licensee or applicant has been arrested within last twelve months for or is currently under indictment or a criminal charge for or convicted of violations of city, state or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services.

(5) If the applicant, or any partner or corporate officer of the applicant, has had an emergency wrecker service license issued under this Chapter and the same has been revoked within 18 months prior to the application.

(b) A decision to approve or deny an application for any license issued pursuant to this chapter must be determined within 30 days of submission of a complete application to the City Treasurer.

SECTION 4. Section 3.49.070 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.070. - License~~—~~Suspension.

(a) The Chief of Police or designee, ~~or the City Council~~, upon five days' written notice to the licensee, shall have the authority to suspend an emergency wrecker company license for a period not to exceed ~~five~~ ten days for one or more of the following reasons:

(1) Failure of the licensee to maintain such licensee's wrecker or equipment in a good and safe working condition;

(2) Violation by the licensee or an employee of the licensee of a provision of this Chapter;

(3) Violation by an emergency wrecker driver of a provision of the motor vehicle or traffic laws of this state or City while in the scope of his employment in the emergency wrecker service;

(4) Failure of the licensee to comply with the terms and conditions of the City's nondiscrimination and equal opportunity plan;

(5) Failure of the licensee to maintain the required liability and worker's compensation insurance policies as required by this Chapter;

(6) Obtaining the license by fraudulent conduct or false statements;

(7) The wrecker or towing service violated the fee and charge schedule by overcharge or by charging for a service not performed;

(8) The wrecker or towing service consistently refuses to respond to requests for service by the police department or consistently fails to answer telephone calls from the police department at the telephone number supplied by the business for towing services;

(9) The wrecker or towing service responds to the scene of an accident, emergency, or impoundment situation, when not specifically called to do so, and solicits wrecker or towing business;

(10) The City of Wichita is not satisfied with the general services of the owner and/or employees or with the cooperation it has received from such wrecker or towing service or other justifiable cause.

(11) The wrecker or towing service fails to have a valid certificate of public service issued from the Kansas Corporation Commission.

(b) With notification to the licensee by writing or personal communication, the Chief of Police or a designee may immediately suspend an emergency wrecker company license for a period not to exceed 5 days for the following reason:

(1) Violation of a city, state, or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services that occurred since application was filed; or

(2) The licensee or applicant is under indictment or criminal charge or convicted of violations of city, state or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services.

~~A licensee may appeal such an order suspending an emergency wrecking service license to the City Council. Such appeal must be in writing and must be filed with the City Clerk within ten days from the date of such order of suspension. The order of suspension shall be stayed during the pendency of any such appeal.~~

SECTION 5. Section 3.49.080 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.080. - License—Revocation.

~~(a)~~The ~~City Council~~ Chief of Police, or designee, upon five days' written notice to the licensee, shall have the authority to revoke an emergency wrecker company license for one or more of the following reasons:

a) The making of a false statement as to a material matter in an application for a license or license renewal;

b) Failure of the licensee or any employee of the licensee to comply with the fee schedule provided in this Chapter or charging for a service not performed;

c) Violation of any of the provisions of this Chapter by the licensee or any employee of the licensee;

d) Suspension of the licensee's emergency wrecker company license three times within a 24-month period;

e) Failure of the licensee to comply with Section 3.49.230 of this Code and amendments thereto, relating to nondiscrimination.

f) Violation, by the licensee or applicant, of city, state, or federal law for a crime of moral turpitude, financial crime, theft, false writing and felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services that occurred since application was filed.

g) The licensee or applicant is under indictment or criminal charge or convicted of violations of city, state or federal law for a crime of moral turpitude, financial crime, theft, false writing and felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services

~~a. (b) Any appeal taken from an order of revocation shall suspend the order of revocation during the pendency of such appeal. In case of the revocation of a license of any licensee, no new license shall be issued to such person or to any other person acting for or on such person's behalf, for a period of six months after the revocation becomes effective.~~

SECTION 6. Section 3.49.090 of the Code of the City of Wichita, Kansas, is hereby repealed as follows:

~~Sec. 3.49.090. - Appeal from refusal to issue or renew, suspension or revocation of a license.~~

~~(a) If the City Treasurer refuses to issue or renew a license under this Chapter, or the Chief of Police suspends a license under this Chapter, such action is final unless the applicant or licensee, within ten days after the date of the suspension or refusal to renew a license, files a written appeal with the City Council setting forth specific grounds for the appeal. The City Council shall, within 30 days, grant a hearing to consider the action and may sustain, reverse or modify the action appealed.~~

~~(b) The City Treasurer may revoke a license as provided in this Chapter, except that no license shall be revoked except by order of the City Council, and only then at a hearing provided for such purposes, and the licensee shall receive at least five days' notice prior to such hearing. (Ord. No. 35-599 (part); Ord. No. 49-207, § 7, 2-28-2012)~~

SECTION 7. Section 3.49.245 of the Code of the City of Wichita, Kansas, is hereby repealed as follows:

~~Sec. 3.49.245. - Granting or denial; appeals.~~

~~(a) After completing the investigation, the Chief of Police shall determine whether an operator's certificate shall be granted to the applicant.~~

~~(b) The Chief of Police's grant or denial of an application for an operator's certificate or the renewal thereof shall be based on information provided in the application as well as the results of the background investigation. In addition to the qualifications set for in this chapter, the Chief of Police shall consider any cause that may exist for suspension or revocation of a certificate as set forth in this Code in the determination of the renewal of an operator's certificate. Within ten days~~

~~after issuance of notice by the Chief of Police of the denial of any application, the applicant may submit a written request for a hearing before the City Council regarding the Chief of Police's denial.~~

SECTION 8. Section 3.49.270 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.270. - Appeal procedure for denial, suspension or revocation of emergency wrecker company license or denial, suspension or revocation of operator's certificate

(a) Any applicant or licensee aggrieved by the denial, suspension, modification, revocation or imposition of additional conditions, of an emergency wrecker company license or of an operator's certificate may file with the City Clerk a written notice of appeal to the City Council within ten business days of the decision by the Chief of Police or his/her designee. The Notice of Appeal shall specify:

(1) The name and address of the appellant;

(2) The date of application;

(3) The date of the denial, suspension, modification, revocation or imposition of additional conditions of the operator's certificate;

(4) The factual basis for the appeal.

(b) Upon receipt of a complete and timely filed Notice of Appeal, the City Clerk shall schedule a hearing before the City Council or designated appeals panel, no later than 30 days from the date of the filing of the Notice of Appeal with the City Clerk. Any appeal shall stay the suspension, modification or revocation of the certificate until the matter is heard by the City Council, or any appeals panel thereof.

(c) The City Council, or designated appeals panel, shall conduct a hearing pursuant to Section 2.04.235 of this Code, and may approve the denial, suspension, modification, revocation,

or imposition of additional conditions, overrule the denial, suspension, modification, revocation or imposition of additional conditions or modify the decision of the Chief of Police.

(d) In any hearing before the City Council or designated appeals panel pursuant to this section, a certified copy of a conviction from any local, state, or federal court for any violation alleged is prima facie evidence of such violation alleged. ~~of the provisions of Section 3.30.090 of the Code of the City of Wichita.~~

(e) The Council's or designated appeals panel's decision may be appealed to the Eighteenth Judicial District Court of the State of Kansas pursuant to K.S.A. 60-2101 and any amendments thereto. Any such appeal to the District Court shall not stay the denial, revocation, modification or suspension of the operator's certificate by the City Council or designated appeals panel.

SECTION 9. The original Sections 3.49.010, 3.49.030, 3.49.060, 3.49.070, 3.49.080, 3.49.270, 3.49.090 and 3.49.245 of the Code of the City of Wichita, Kansas, are hereby repealed.

SECTION 10. This ordinance shall be included in the Code of the City of Wichita, Kansas, and shall be effective upon its passage and publication once in the official city paper.

PASSED by the governing body of the City of Wichita, Kansas, this _____ day of _____, 2020.

_____

Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

Approved as to Form:

_____
Jennifer Magaña, City Attorney and
Director of Law

First Published in The Wichita Eagle on October 16, 2020

OCA 083303
CLEAN October 6, 2020

ORDINANCE NO. 51-352

AN ORDINANCE AMENDING SECTIONS 3.49.010, 3.49.030, 3.49.060, 3.49.070, 3.49.080, AND 3.49.270 OF CHAPTER 3.49 OF THE CODE OF THE CITY OF WICHITA, KANSAS PERTAINING TO EMERGENCY WRECKERS AND REPEALING THE ORIGINAL OF SAID SECTIONS AND REPEALING SECTIONS 3.49.090 AND 3.49.245.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

SECTION 1. Section 3.49.010 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.010. - Definitions.

Unless otherwise specified in this Chapter, the following terms, as used in this Chapter, mean as follows:

Accident means any occurrence which renders a vehicle wrecked or disabled as defined in this section.

Authorized public agency means an officer of the police department, the Sedgwick County Sheriff's Office, the Kansas Highway Patrol, an employee for the Sedgwick County or City Fire Department or a dispatcher for the Special Police Information Data Entry and Retrieval Unit (SPIDER) of the police department.

Chief of Police means the Chief of Police for the City of Wichita and his or her designee.

Dispatched service call means an occasion when the dispatcher for the Special Police Information Data Entry and Retrieval Unit (SPIDER) of the Wichita Police Department calls licensed emergency wrecker at the request of the owner or person in charge of a wrecked or disabled vehicle or at the request of a law enforcement officer to remove a vehicle because it is wrecked or disabled.

Emergency wrecker company means a person who owns, controls, or has a financial interest in an emergency wrecker service.

Emergency wrecker service means the business of towing wrecked vehicles from the streets of the City upon request of an authorized public agency.

Heavy tow means the towing of any vehicle with a Gross Vehicle Weight greater than 5,000 pounds and that is on a roadway, level shoulder, or other level surface that can be accessed with a tow truck.

Impounded vehicle means any wrecked or disabled vehicle or any other vehicle which has been towed by order of an authorized public agency and which is not to be released except by authority of an authorized public agency.

Lack of fitness means crimes that would endanger the safety of the public by risk of personal safety or to the safety of a citizen's property.

Licensee means a person licensed to engage in emergency wrecker service.

Moral Turpitude means crimes of intent, including but not limited to: committing fraud, larceny, murder, rape, robbery, arson, theft, assault, kidnapping, embezzlement, burglary, transporting stolen property, extortion, blackmail, forgery, knowingly receiving stolen property, perjury, willful tax evasion, issuing bad checks, bribery, counterfeiting, contributing to the delinquency of a minor, lewdness, human trafficking, prostitution or attempts to engage in any of the above behavior or crimes.

Motor vehicle means every vehicle which is self-propelled, and which has a vehicle identification number.

Owner means any person who holds the legal title of a vehicle or who has the legal right of possession thereof, or the legal right of control of a vehicle.

Street means any street, alley, avenue, lane, public place, square or highway within the corporate limits of the City.

Specialized tow means any tow which requires the up-righting of a vehicle, winching over 30 feet or the removal of a submerged vehicle from a body of water.

Standard tow means the towing of any vehicle with a Gross Vehicle Weight less than 5,000 pounds and that is on a roadway, level shoulder, or other level surface that can be accessed with a tow truck.

Vehicle means every device in, upon or by which any person or property is or may be transported or drawn upon a street, which has a vehicle identification number, except devices moved by human power or used exclusively upon stationary rails or tracks.

Vehicle Identification Number means an identifying number, serial number, engine number, transmission number or other distinguishing number or mark, placed on a vehicle, engine, transmission or other essential part by its manufacturer or by authority of the division of vehicles or Kansas Highway Patrol or in accordance with the laws of another state or county.

Wrecker contractor means the Emergency Wrecker service company or companies who have been awarded a contract by the City of Wichita, after a competitive

selection process, for the impounding of motor vehicles by the Wichita Police Department.

Wrecked vehicle means any vehicle that has been damaged as the result of colliding with another vehicle or object so as to reasonably necessitate that such vehicle be removed by a wrecker.

Wrecker means any motor vehicle designed to be used primarily for removing wrecked or disabled vehicles upon any street.

Wrecker rotation list means a list of wrecker companies licensed on or before March 1 st of each year, maintained by the Chief of Police, as provided for in this Chapter. Such term shall include all wrecker companies properly licensed within ninety days of the passage of this ordinance.

SECTION 2. Section 3.49.030 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.030. - License—Application—Fees—Renewal.

(a) A person desiring to engage in emergency wrecker service in the City shall file with the City Treasurer a written application upon a form provided for that purpose, which must be signed by the applicant or the applicant's authorized agent. The following information is required in the application:

(1) Business name, address and telephone number of the emergency wrecker company;

(2) Number and types of wreckers to be operated;

(3) Vehicle identification number of each wrecker;

(4) The location of the facilities to be owned or leased by the applicant for the purpose of operating the emergency wrecker service;

(5) The name, address and telephone number of the owner of the emergency wrecker company;

(6) An agreement that the applicant will participate in the wrecker rotation list;

(7) Proof that the applicant has secured the payment of compensation to the applicant's employees as set forth in K.S.A. 44-532(b) and amendments thereto;

(8) A maximum fee schedule for standard towing, heavy duty towing, specialized towing storage, mileage, and all other fees including fuel surcharges and any additional administrative fees.

(9) A copy of the wrecker service's certificate of public service from the Kansas Corporation Commission.

(10) A list of all personnel who are employed by the licensee and will, at any time, be required to operate an emergency wrecker. The licensee shall provide the employee's name, date of birth, driver's license number and class of issued driver's license. Drivers are to be

employees of the licensee. Independent contractors are not allowed to operate an emergency wrecker vehicle or tow vehicles pursuant to this Chapter.

(11) A certification, pursuant to Section 3.02.010 of the Code of the City of Wichita, by the applicant that he or she does not owe any personal property taxes, motor vehicle taxes, or real estate taxes to Sedgwick County, Kansas which are delinquent for any real or personal property utilized for the business or storage of vehicles as part of an emergency wrecker company. No license shall be issued to a person owing delinquent taxes or certifying a false statement.

(12) A certification that there is no violation within the last ten years by the licensee or applicant of a city, state, or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services.

(13) A certification that the licensee or applicant has not been arrested within last twelve months for or is currently under indictment or a criminal charge for or convicted of violations of city, state or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services.

(b) A fee of $50.00 for processing the initial application or any renewals thereof must be submitted with the application; this fee accompanying the applicant shall not be refundable.

(c) Every license issued pursuant to this Chapter shall terminate at the expiration of 12 months from the date of issuance, unless sooner revoked, and must be renewed before operation of an emergency wrecker service is allowed to continue. Anyone desiring to renew a license shall follow the procedures in subsection (a) of this Section for an initial application.

(d) Failure to submit a schedule of fees with the annual application will result in utilizing the last schedule of fees submitted by the licensee.

SECTION 3. Section 3.49.060 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.060. - License—Refusal to issue or renew.

(a) The City Treasurer shall refuse to approve issuance or renewal of an emergency wrecker company license for one or more of the following reasons:

(1) The making of any false statement as to any material matter in an application for a license, or a license renewal, or in a hearing concerning the license;

(2) Violation within the last ten years by the licensee, applicant or any employee of the licensee or applicant of a provision of this Chapter;

(3) Violation within the last ten years by the licensee or applicant of a city, state, or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services.

(4) The licensee or applicant has been arrested within last twelve months for or is currently under indictment or a criminal charge for or convicted of violations of city, state or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services.

(5) If the applicant, or any partner or corporate officer of the applicant, has had an emergency wrecker service license issued under this Chapter and the same has been revoked within 18 months prior to the application.

(b) A decision to approve or deny an application for any license issued pursuant to this chapter must be determined within 30 days of submission of a complete application to the City Treasurer.

SECTION 4. Section 3.49.070 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.070. - License—Suspension.

(a) The Chief of Police or designee, upon five days' written notice to the licensee, shall have the authority to suspend an emergency wrecker company license for a period not to exceed ten days for one or more of the following reasons:

(1) Failure of the licensee to maintain such licensee's wrecker or equipment in a good and safe working condition;

(2) Violation by the licensee or an employee of the licensee of a provision of this Chapter;

(3) Violation by an emergency wrecker driver of a provision of the motor vehicle or traffic laws of this state or City while in the scope of his employment in the emergency wrecker service;

(4) Failure of the licensee to comply with the terms and conditions of the City's nondiscrimination and equal opportunity plan;

(5) Failure of the licensee to maintain the required liability and worker's compensation insurance policies as required by this Chapter;

(6) Obtaining the license by fraudulent conduct or false statements;

(7) The wrecker or towing service violated the fee and charge schedule by overcharge or by charging for a service not performed;

(8) The wrecker or towing service consistently refuses to respond to requests for service by the police department or consistently fails to answer telephone calls from the police department at the telephone number supplied by the business for towing services;

(9) The wrecker or towing service responds to the scene of an accident, emergency, or impoundment situation, when not specifically called to do so, and solicits wrecker or towing business;

(10) The City of Wichita is not satisfied with the general services of the owner and/or employees or with the cooperation it has received from such wrecker or towing service or other justifiable cause.

(11) The wrecker or towing service fails to have a valid certificate of public service issued from the Kansas Corporation Commission.

(b) With notification to the licensee by writing or personal communication, the Chief of Police or a designee may immediately suspend an emergency wrecker company license for a period not to exceed 5 days for the following reason:

(1) Violation of a city, state, or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services that occurred since application was filed; or

(2) The licensee or applicant is under indictment or criminal charge or convicted of violations of city, state or federal law for a crime of moral turpitude, financial crime, theft, false writing or felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services.

SECTION 5. Section 3.49.080 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.080. - License—Revocation.

The Chief of Police, or designee, upon five days' written notice to the licensee, shall have the

authority to revoke an emergency wrecker company license for one or more of the following reasons:

a) The making of a false statement as to a material matter in an application for a license or license renewal;

b) Failure of the licensee or any employee of the licensee to comply with the fee schedule provided in this Chapter or charging for a service not performed;

c) Violation of any of the provisions of this Chapter by the licensee or any employee of the licensee;

d) Suspension of the licensee's emergency wrecker company license three times within a 24-month period;

e) Failure of the licensee to comply with Section 3.49.230 of this Code and amendments thereto, relating to nondiscrimination.

f) Violation, by the licensee or applicant, of city, state, or federal law for a crime of moral turpitude, financial crime, theft, false writing and felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services that occurred since application was filed.

g) The licensee or applicant is under indictment or criminal charge or convicted of violations of city, state or federal law for a crime of moral turpitude, financial crime, theft, false writing and felony or misdemeanor crime that indicates a lack of fitness of the applicant to perform emergency wrecker services

SECTION 6. Section 3.49.090 of the Code of the City of Wichita, Kansas, is hereby repealed as follows:

SECTION 7. Section 3.49.245 of the Code of the City of Wichita, Kansas, is hereby repealed as follows:

SECTION 8. Section 3.49.270 of the Code of the City of Wichita, Kansas, is hereby amended to read as follows:

Sec. 3.49.270. -Appeal procedure for denial, suspension or revocation of emergency wrecker company license or denial, suspension or revocation of operator’s certificate

(a) Any applicant or licensee aggrieved by the denial, suspension, modification, revocation or imposition of additional conditions, of an emergency wrecker company license or of an operator's certificate may file with the City Clerk a written notice of appeal to the City Council within ten business days of the decision by the Chief of Police or his/her designee. The Notice of Appeal shall specify:

(1) The name and address of the appellant;

(2) The date of application;

(3) The date of the denial, suspension, modification, revocation or imposition of additional conditions of the operator's certificate;

(4) The factual basis for the appeal.

(b) Upon receipt of a complete and timely filed Notice of Appeal, the City Clerk shall schedule a hearing before the City Council or designated appeals panel, no later than 30 days from the date of the filing of the Notice of Appeal with the City Clerk. Any appeal shall stay the suspension, modification or revocation of the certificate until the matter is heard by the City Council, or any appeals panel thereof.

(c) The City Council, or designated appeals panel, shall conduct a hearing pursuant to Section 2.04.235 of this Code, and may approve the denial, suspension, modification, revocation, or imposition of additional conditions, overrule the denial, suspension, modification, revocation or imposition of additional conditions or modify the decision of the Chief of Police.

(d) In any hearing before the City Council or designated appeals panel pursuant to this section, a certified copy of a conviction from any local, state, or federal court for any violation alleged is prima facie evidence of such violation alleged.

(e) The Council's or designated appeals panel’s decision may be appealed to the Eighteenth Judicial District Court of the State of Kansas pursuant to K.S.A. 60-2101 and any

amendments thereto. Any such appeal to the District Court shall not stay the denial, revocation, modification or suspension of the operator's certificate by the City Council or designated appeals panel.

SECTION 9. The original Sections 3.49.010, 3.49.030, 3.49.060, 3.49.070, 3.49.080, 3.49.270, 3.49.090 and 3.49.245 of the Code of the City of Wichita, Kansas, are hereby repealed.

SECTION 10. This ordinance shall be included in the Code of the City of Wichita, Kansas, and shall be effective upon its passage and publication once in the official city paper.

PASSED by the governing body of the City of Wichita, Kansas, this 13th day of October, 2020.

_____
Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

Approved as to Form:

_____
Jennifer Magaña, City Attorney and
Director of Law

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: ZON2020-00007 – City Zone Change from SF-5 Single-Family Residential to TF-3 Two Family Residential; Located Approximately 1,800 Feet South of West 47th Street South and East of South Seneca Street (District IV)

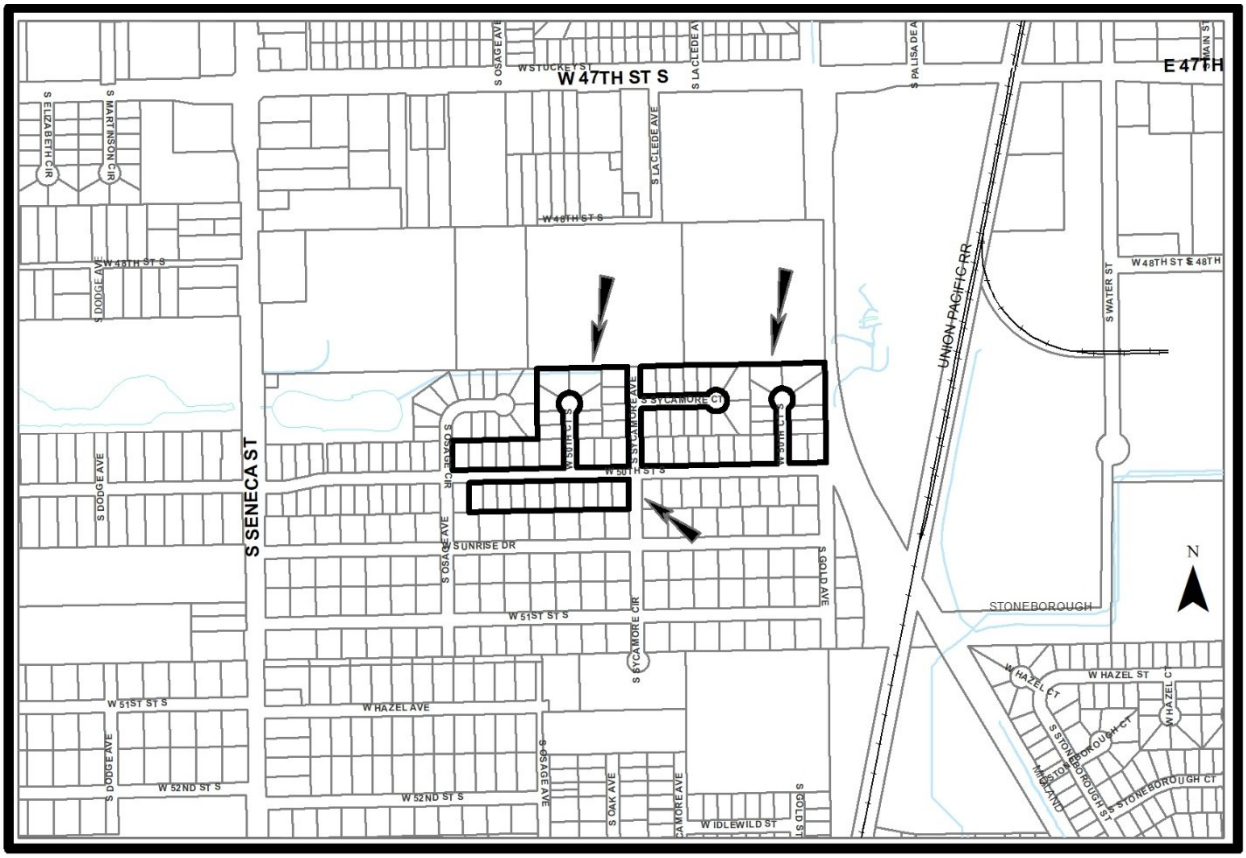
INITIATED BY: Metropolitan Area Planning Department

AGENDA: Planning (Non-Consent)

MAPC Recommendation: Not applicable.

DAB Recommendation: Not applicable.

MAPD Staff Recommendation: Not applicable.



Background: This request is the rezone certain properties in the Sycamore Pond Addition east of South Seneca Street and south of West 47th Street South from SF-5 Single-Family Residential (SF-5) to TF-3 Two-Family Residential (TF-3). Because it has been discovered the legal notification was not published in the Wichita Eagle, as required by statute, the entire case process to date is null and void and the matter has to start from the beginning. This case has been published for public hearing by the Metropolitan Area Planning Commission (MAPC) on November 5, 2020, and is expected to appear on the City Council agenda on December 8, 2020.

Financial Considerations: Not applicable.

Legal Considerations: Not applicable.

Recommendation/Actions: It is recommended the City Council defer consideration of this case until December 8, 2020.

City of Wichita
City Council Meeting
October 6, 2020

TO: Wichita Housing Authority Board

SUBJECT: Public Hearing – 2021 Annual Agency Plan

INITIATED BY: Housing and Community Services Department

AGENDA: Wichita Housing Authority Board (Non-Consent)

Recommendation: Conduct a public hearing on the Wichita Housing Authority (WHA) 2021 Annual Agency Plan. Approve the Plan and authorize the necessary signatures to certify the Annual Agency Plan for submission to the U.S. Department of Housing and Urban Development (HUD).

Background: On October 21, 1998, the Quality Housing and Work Responsibility Act of 1998 (QHWRA) was signed into law as a part of the FY 1999 Appropriations Bill. One provision of the Act is the mandate for Public Housing Authorities to prepare an annual operating plan. The plan governs the Section 9 Public Housing and Section 8 Housing Choice Voucher programs and must include: information on the housing needs of the locality; population served; method of rent determination; general operating policies and procedures; capital improvements; unmet housing needs of families with incomes less than 30 percent of median income; and efforts to coordinate programs.

The WHA is required to obtain input into the plan from the Resident Advisory Board (RAB) and to hold a public hearing. In the event the Housing Authority Board receives written or oral comments from the public that are deemed significant enough to amend the plan, the Housing Authority Board may amend and certify the plan. After the Housing Authority Board considers comments submitted at the hearing and approves the WHA 2021 Annual Plan as prepared or with amendments, the WHA staff will submit it to HUD.

On August 12, 2020, RAB members viewed a PowerPoint presentation of the WHA's 2020 accomplishments and its 2021 PHA Annual Agency Plan. They approved the plan unanimously.

On August 13, 2020, staff made the 2021Annual Plan and 2021 Agency Plan Elements available for public viewing on the City's website. The WHA is a regional housing authority serving Sedgwick, Butler and Harvey Counties with the exception of the City of Newton. Public notices were published in the Harvey County Independent on August 13, the Butler County Times Gazette on August 15, and the Wichita Eagle on August 20, 2020. The 45-day comment period began August 17, and concluded at the end of the day on October 2, 2020.

Analysis:

2020 Accomplishments and Policy Carry-forward

Operation and Management. The WHA revised the Housing Choice Voucher Administration Plan using the Nan McKay model that has current regulations and procedures for the PHA to follow. The Administrative Plan may be viewed at this link https://www.wichita.gov/Housing/Pages/default.aspx.

The Housing Choice Voucher program implemented a Residency Preference and a Homeless Preference in 2020.

Implement Foster Youth to Independence Initiative by collaborating with the Department of Children and Families and Impact ICT – KS502 Continuum of Care.

Asset Management. The WHA is scheduled to close on the Rental Assistance Demonstration conversion 226 multifamily units in February 2021, to WHA RAD Senior, LLC.

The WHA proposes to sell its 352 unit single-family scattered site portfolio rather than pursue converting it to RAD as planned for the last three years. In February 2019, it was determined that per 24 CFR 200.73, 146 of the units were too scattered to qualify for HUD financing. In March 2019, development team staff sent a waiver request for the aforementioned regulation to the Fort Worth Field Office, which was denied the following month. After the denial, developer KBK proposed to restructure the Single Family project into two projects – one with the 206 units that qualified for financing and one with the very scattered 146 units. In June 2019, the equity investor withdrew its letter of intent. From June to December 2019, the developer approached multiple investors without success. Tax credits and bond volume cap expired December 31, 2019. The WHA has been unable to secure necessary financing.

The WHA proposes to use Section 18 Demo/Dispo, Section 18 RAD Blend and possibly Section 22 Voluntary Streamlined Conversion.

Homeownership Programs. As part of the overall repositioning strategy, the WHA may use Section 32 Homeownership as a means to sell any number of its single-family units. If HUD approves selling all units, staff will complete the necessary and required documents for HUD.

New activities for 2021

Mixed Finance Modernization or Development. The WHA may modernize any number of its scattered site single-family Public Housing units. As stated elsewhere in this plan, the WHA proposes to sell all of the single-family units. If close groupings remain unsold, the WHA might choose to keep the units as affordable rental units after modernizing them with a variety of funding sources possibly including, but not limited to RAD, HUD 221 (d)(4) loan, Capital Fund Program, Low Income Housing Tax Credits, and FHLBank Affordable Housing Program.

Demolition and/or Disposition. The WHA proposes to sell all of its scattered site single-family units and maximize the amount of affordable housing in Wichita. If HUD approves, it intends to implement multiple repositioning strategies including Section 18, RAD, Section 22, and mixed financing. Current residents living in the units will have first right of refusal. The WHA will provide residents with permanent relocation through the Housing Choice Voucher program with assistance of relocation coordinator RH Brown & Associates. WHA may provide Project Based Vouchers for single-family units when developers want to maintain them as affordable rental units. Units located in flood plains may be demolished. Twenty-three scattered site single-family units are located in 100-Year Flood Plain.

Conversion of Public Housing units to RAD. The WHA may modernize any number of its scattered site single-family Public Housing units. As stated elsewhere in this plan, the WHA proposes to sell all of the single-family units. If close groupings remain unsold, the WHA might choose to keep the units as affordable rental units after modernizing them with a variety of funding sources possibly including, but not limited to RAD, HUD 221 (d)(4) loan, Capital Fund Program, Low Income Housing Tax Credits, Federal Home Loan Bank Affordable Housing Program.

Project Based Vouchers. The WHA may provide Project Based Vouchers (PBVs) to developers that build new or rehabilitate affordable rental units in Opportunity Zones or other areas of Wichita. It may also provide PBVs to developers that purchase Public Housing single-family units and commit to modernizing and maintaining the properties as affordable rental units for qualified families. The WHA may provide PBVs to any PHA owned or acquired properties.

Financial Considerations: There is no impact to the General Fund with this action.

Legal Considerations: HUD requires PHAs to hold a public hearing to allow community comments on the proposed CFP Annual Budget.

Recommendation/Action: It is recommended that the Wichita Housing Authority Board conduct the public hearing on the Wichita Housing Authority 2021 Annual Agency Plan, approve the Plan and authorize the necessary signatures to certify the Annual Agency Plan for submission to the U.S. Department of Housing and Urban Development.

Attachments:
2021 Annual Agency Plan
2021 Agency Plan Elements
Certifications of Compliance with PHA Plans and Related Regulations HUD-50077-ST-HCV-HP
Civil Rights Certification HUD 50077-CR
Resident Advisory Board Comments

OMB Approval No: 2577-0226
Expires: 08/31/2009

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

City of Wichita Housing Authority Annual Plan Elements for Fiscal Year 2021

Public Supplement

PHA Plan
Agency Identification

PHA Name: City of Wichita Housing Authority **PHA Number:** KS004

Annual PHA Plan
PHA Fiscal Year 2021
[24 CFR Part 903.7]

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1. Eligibility, Selection and Admissions Policies, including Deconcentration and Waiting List Procedures

[24 CFR Part 903.7 9 ©]

1. Public Housing

Exemptions: PHAs that do not administer public housing are not required to complete subcomponent 3A.

(1) Eligibility

1. When does the PHA verify eligibility for admission to public housing? (select all that apply)

☐ When families are within a certain number of being offered a unit: (state number)
☐ When families are within a certain time of being offered a unit: (state time)
☒ Other: subsequent to formal application during Preoccupancy Meeting

b. Which non-income (screening) factors does the PHA use to establish eligibility for admission to public housing (select all that apply)?

☒ Criminal or Drug-related activity
☒ Rental history
☐ Housekeeping
☐ Other (describe)

c. ☒ Yes ☐ No: Does the PHA request criminal records from local law enforcement agencies for screening purposes?

d. ☒ Yes ☐ No: Does the PHA request criminal records from State law enforcement agencies for screening purposes?

e. ☐ Yes ☒ No: Does the PHA access FBI criminal records from the FBI for screening purposes? (Either directly or through an NCIC-authorized source)

(2)Waiting List Organization

1. Which methods does the PHA plan to use to organize its public housing waiting list (select all that apply)

☒ Community-wide list
☐ Sub-jurisdictional lists
☐ Site-based waiting lists
☐ Other (describe)

b. Where may interested persons apply for admission to public housing?

☐ PHA main administrative office (for persons with disabilities if they need assistance)
☐ PHA development site management office
☐ Other – Online via web site: https://wichita.apply4housing.com/

NOTE: WHA Public Housing is not currently taking applications as it is in the process of converting its multifamily units to Section 8 Project Based Rental Assistance under the

Rental Assistance Demonstration Pilot Program. In 2021 WHA will apply to HUD to sell or demolish any number of its scattered site single-family dwelling units.

c. If the PHA plans to operate one or more site-based waiting lists in the coming year, answer each of the following questions; if not, skip to subsection **(3) Assignment**

1. How many site-based waiting lists will the PHA operate in the coming year? None

2. ☐ Yes ☐ No: Are any or all of the PHA's site-based waiting lists new for the upcoming year (that is, they are not part of a previously-HUD-approved site based waiting list plan)?
If yes, how many lists?

3. ☐ Yes ☐ No: May families be on more than one list simultaneously
If yes, how many lists?

4. Where can interested persons obtain more information about and sign up to be on the site-based waiting lists (select all that apply)?
☐ PHA main administrative office
☐ All PHA development management offices
☐ Management offices at developments with site-based waiting lists
☐ At the development to which they would like to apply
☐ Other (list below)

(3) Assignment

1. How many vacant unit choices are applicants ordinarily given before they fall to the bottom of or are removed from the waiting list? (select one)
☐ One (removed from the waiting list)
☐ Two
☒ Three or More

Public housing staff will offer all available size-appropriate dwelling units to groups of applicants that have been selected according to the date and time of their applications and the size of their families. Public housing staff will match the size of the families with the number of bedrooms in the dwelling units. Applicants who do not choose a unit may remain in the offer pool until they select a dwelling or leave the program by their own choosing.

b. ☒ Yes ☐ No: Is this policy consistent across all waiting list types?

c. If answer to b is no, list variations for any other than the primary public housing waiting list/s for the PHA:

NOTE: WHA Public Housing is not currently taking applications as it is in the process of converting its multifamily units to Section 8 Project Based Rental Assistance under the Rental Assistance Demonstration Pilot Program. In 2021 WHA will apply to HUD to sell or demolish any number of its scattered site single-family dwelling units.

(4) Admissions Preferences

1. Income targeting:

☐ Yes ☒ No: Does the PHA plan to exceed the federal targeting requirements by targeting more than 40% of all new admissions to public housing to families at or below 30% of median area income?

b. Transfer policies:

In what circumstances will transfers take precedence over new admissions? (list below)

☒ Emergencies
☒ Overhoused
☒ Underhoused
☒ Medical justification
☒ Administrative reasons determined by the PHA (e.g., to permit modernization work)
☐ Resident choice: (state circumstances below)
☒ Other: (list below)

Violence Against Women Act domestic violence emergency transfers

c. Preferences

1. ☐ Yes ☒ No: Has the PHA established preferences for admission to public housing (other than date and time of application)? (If "no" is selected, skip to subsection (**5) Occupancy**)

2. Which of the following admission preferences does the PHA plan to employ in the coming year? (select all that apply from either former Federal preferences or other preferences)

Former Federal preferences:

☐ Involuntary Displacement (Disaster, Government Action, Action of Housing Owner, Inaccessibility, Property Disposition)
☐ Victims of domestic violence
☐ Substandard housing
☐ Homelessness
☐ High rent burden (rent is > 50 percent of income)

Other preferences: (select below)

☐ Working families and those unable to work because of age or disability
☐ Veterans and veterans' families
☐ Residents who live and/or work in the jurisdiction
☐ Those enrolled currently in educational, training, or upward mobility programs

☐ Households that contribute to meeting income goals (broad range of incomes)
☐ Households that contribute to meeting income requirements (targeting)
☐ Those previously enrolled in educational, training, or upward mobility programs
☐ Victims of reprisals or hate crimes
☐ Other preference(s) (list below)

1. If the PHA will employ admissions preferences, please prioritize by placing a "1" in the space that represents your first priority, a "2" in the box representing your second priority, and so on. If you give equal weight to one or more of these choices (either through an absolute hierarchy or through a point system), place the same number next to each. That means you can use "1" more than once, "2" more than once, etc.

1. Date and Time

Former Federal preferences:
☐ Involuntary Displacement (Disaster, Government Action, Action of Housing
☐ Owner, Inaccessibility, Property Disposition)
☐ Victims of domestic violence
☐ Substandard housing
☐ Homelessness
☐ High rent burden

Other preferences (select all that apply)
☐ Working families and those unable to work because of age or disability
☐ Veterans and veterans' families
☐ Residents who live and/or work in the jurisdiction
☐ Those enrolled currently in educational, training, or upward mobility programs
☐ Households that contribute to meeting income goals (broad range of incomes)
☐ Households that contribute to meeting income requirements (targeting)
☐ Those previously enrolled in educational, training, or upward mobility programs
☐ Victims of reprisals or hate crimes
☐ Other preference(s) (list below)

1. Relationship of preferences to income targeting requirements:
☐ The PHA applies preferences within income tiers
☐ Not applicable: the pool of applicant families ensures that the PHA will meet income targeting requirements

(5) Occupancy

1. What reference materials can applicants and residents use to obtain information about the rules of occupancy of public housing (select all that apply)
☒ The PHA-resident lease

☒ The PHA's Admissions and Continued Occupancy policy
☒ PHA briefing seminars or written materials
☒ Other source: Housekeeping Handout

b. How often must residents notify the PHA of changes in family composition? (select all that apply)
☒ At an annual reexamination and lease renewal
☒ Any time family composition changes
☒ At family request for revision
☐ Other (list)

(6) Deconcentration and Income Mixing

*a. ☐ Yes ☒ No: Does the PHA have any general occupancy (family) public housing developments covered by the deconcentration rule? If no, this section is complete. If yes, continue to the next question.

*b. ☐ Yes ☐ No: Do any of these covered developments have average incomes above or below 85% to 115% of the average incomes of all such developments? If no, this section is complete.

* - New questions added by PIH Notice 2001-4

If yes, list these developments as follows:

Deconcentration Policy for Covered Developments			
Development Name:	**Number of Units**	**Explanation (if any) [see step 4 at §903.2(c)(1)((iv)]**	**Deconcentration policy (if no explanation) [see step 5 at §903.2(c)(1)(v)]**

a. ☐ Yes ☐ No: Did the PHA's analysis of its family (general occupancy) developments to determine concentrations of poverty indicate the need for measures to promote deconcentration of poverty or income mixing?

b. ☐ Yes ☐ No: Did the PHA adopt any changes to its **admissions policies** based on the results of the required analysis of the need to promote deconcentration of poverty or to assure income mixing?

c. If the answer to b was yes, what changes were adopted? (select all that apply)

☐ Adoption of site-based waiting lists
If selected, list targeted developments below:

☐ Employing waiting list "skipping" to achieve deconcentration of poverty or income mixing goals at targeted developments
If selected, list targeted developments below:

☐ Employing new admission preferences at targeted developments
If selected, list targeted developments below:

☐ Other (list policies and developments targeted below)

d. ☐ Yes ☐ No: Did the PHA adopt any changes to **other** policies based on the results of the required analysis of the need for deconcentration of poverty and income mixing?

If the answer to d. was yes, how would you describe these changes? (select all that apply)

☐ Additional affirmative marketing
☐ Actions to improve the marketability of certain developments
☐ Adoption or adjustment of ceiling rents for certain developments
☐ Adoption of rent incentives to encourage deconcentration of poverty and income-mixing
☐ Other (list below)

f. Based on the results of the required analysis, in which developments will the PHA make special efforts to attract or retain higher-income families? (select all that apply)

☐ Not applicable: results of analysis did not indicate a need for such efforts
☐ List (any applicable) developments below:

g. Based on the results of the required analysis, in which developments will the PHA make special efforts to assure access for lower-income families? (select all that apply)

☐ Not applicable: results of analysis did not indicate a need for such efforts
☐ List (any applicable) developments below:

B. Housing Choice Voucher

Exemptions: PHAs that do not administer Housing Choice Voucher are not required to complete sub-component 3B.
Unless otherwise specified, all questions in this section apply only to the tenant-based Housing Choice Voucher assistance program (vouchers, and until completely merged into the voucher program, certificates).

(1) **Eligibility**

1. What is the extent of screening conducted by the PHA? (select all that apply)

☒ Criminal or drug-related activity only to the extent required by law or regulation
☐ Criminal and drug-related activity, more extensively than required by law or regulation
☐ More general screening than criminal and drug-related activity (list factors below)
☐ Other (list below)

b. ☒ Yes ☐ No: Does the PHA request criminal records from local law enforcement agencies for screening purposes?

c. ☒ Yes ☐ No: Does the PHA request criminal records from State law enforcement agencies for screening purposes?

d. ☐ Yes ☒ No: Does the PHA access FBI criminal records from the FBI for screening purposes? (either directly or through an NCIC-authorized source)

Indicate what kinds of information you share with prospective landlords? (select all that apply)

☒ Criminal or drug-related activity
☒ Other – non-payment of rent

(2) Waiting List Organization

With which of the following program waiting lists is the Housing Choice Voucher tenant-based assistance waiting list merged? (select all that apply)

☒ None
☐ Federal public housing
☐ Federal moderate rehabilitation
☐ Federal project-based certificate program
☐ Other federal or local program (list below)

b. Where may interested persons apply for admission to Housing Choice Voucher tenant-based assistance? (select all that apply)

☐ PHA main administrative office
☒ Other: On line via web site https://wichita.apply4housing.com/ when the Section 8 Housing Choice Voucher waitlist is open

(3) Search Time

a. ☒ Yes ☐ No: Does the PHA give extensions on standard 60-day period to search for a unit?

If yes, state circumstances below:

Hard to house (disabled or families needing 3 or more bedrooms), unable to locate dwelling in preferred area.

(4) Admissions Preferences

Income targeting

☐ Yes ☒ No: Does the PHA plan to exceed the federal targeting requirements by targeting more than 75% of all new admissions to the Housing Choice Voucher program to families at or below 30% of median area income?

b. Preferences

1. ☒ Yes ☐ No: Has the PHA established preferences for admission to Housing Choice Voucher tenant-based assistance? (other than date and time of application) (if no, skip to subcomponent **(5) Special purpose Housing Choice Voucher assistance programs**)

2. Which of the following admission preferences does the PHA plan to employ in the coming year? (select all that apply from either former Federal preferences or other preferences)

Former Federal preferences

☐ Involuntary Displacement (Disaster, Government Action, Action of Housing Owner, Inaccessibility, Property Disposition)
☐ Victims of domestic violence
☐ Substandard housing
☒ Homelessness
☐ High rent burden (rent is > 50 percent of income)

Other preferences (select all that apply)

☐ Working families and those unable to work because of age or disability
☐ Veterans and veterans' families
☒ Residents who live and/or work in your jurisdiction
☐ Those enrolled currently in educational, training, or upward mobility programs
☐ Households that contribute to meeting income goals (broad range of incomes)
☐ Households that contribute to meeting income requirements (targeting)
☐ Those previously enrolled in educational, training, or upward mobility programs
☐ Victims of reprisals or hate crimes

☐ Other preference(s) – Family Unification Program eligible participants and Mainstream participants

3. If the PHA will employ admissions preferences, please prioritize by placing a "1" in the space that represents your first priority, a "2" in the box representing your second priority, and so on. If you give equal weight to one or more of these choices (either through an absolute hierarchy or through a point system), place the same number next to each. That means you can use "1" more than once, "2" more than once, etc.

1 Date and Time

Former Federal preferences
☐ Involuntary Displacement (Disaster, Government Action, Action of Housing Owner, Inaccessibility, Property Disposition)
☐ Victims of domestic violence
☐ Substandard housing
2 Homelessness
☐ High rent burden

Other preferences (select all that apply)
☐ Working families and those unable to work because of age or disability
☐ Veterans and veterans' families
2 Residents who live and/or work in your jurisdiction
☐ Those enrolled currently in educational, training, or upward mobility programs
☐ Households that contribute to meeting income goals (broad range of incomes)
☐ Households that contribute to meeting income requirements (targeting)
☐ Those previously enrolled in educational, training, or upward mobility programs
☐ Victims of reprisals or hate crimes
☐ Other preference(s) (list below)

4. Among applicants on the waiting list with equal preference status, how are applicants selected? (select one)
☒ Date and time of application
☐ Drawing (lottery) or other random choice technique

5. If the PHA plans to employ preferences for "residents who live and/or work in the jurisdiction" (select one)
☒ This preference has previously been reviewed and approved by HUD
☐ The PHA requests approval for this preference through this PHA Plan

6. Relationship of preferences to income targeting requirements: (select one)
☐ The PHA applies preferences within income tiers

, Not applicable: the pool of applicant families ensures that the PHA will meet income targeting requirements

(5) Special Purpose Housing Choice Voucher Assistance Programs

1. In which documents or other reference materials are the policies governing eligibility, selection, and admissions to any special-purpose Housing Choice Voucher program administered by the PHA contained? (select all that apply)

☒ The Housing Choice Voucher Administrative Plan
☒ Briefing sessions and written materials
☒ Other – On line via web site

b. How does the PHA announce the availability of any special-purpose Housing Choice Voucher programs to the public?

☒ Through published notices
☒ Other – Direct mail, email, and web site

2. Statement of Financial Resources

[24 CFR Part 903.7 9 (b)]

Financial Resources: Planned Sources and Uses		
Sources	**Planned $**	**Planned Uses**
1. **Federal Grants (FY 2020 grants)**		
a) Public Housing Operating Fund	2,041,818	Operations
b) Public Housing Capital Fund	1,470,462	Modernization
c) HOPE VI Revitalization	0	
d) HOPE VI Demolition	0	
e) Annual Contributions for Housing Choice Voucher Tenant-Based Assistance	18,451,148	Housing Assistance Payments
f) Public Housing Drug Elimination Program (including any Technical Assistance funds)	0	
g) Resident Opportunity and Self-Sufficiency Grants	0	
h) Community Development Block Grant	0	
i) HOME	0	
Other Federal Grants (list below)		

Financial Resources: Planned Sources and Uses		
Sources	**Planned $**	**Planned Uses**
HCV CARES Act	340,734	
Mainstream 5 Year	367,683	
Mainstream CARES Act	8,874	
2. Prior Year Federal Grants (unobligated funds only) (list below)		
Housing Assistance Payments		Rental Assistance
Mainstream 5-Year		Rental Assistance
Public Housing Operating Fund	367,615	Operations
3. Public Housing Dwelling Rental Income	886,288	Operations
Non-dwelling rental (antennas)	58,012	Operations
Non-dwelling rental		
4. Other income (list below)		
Capital Fund Transfer to Operations	325,698	Operations
Investment	8,837	Operations
Tenant charges	16,363	Operations
Late charges	15,959	Operations
Other	6,754	Operations
5. Non-federal sources (list below)		
Total resources	24,366,245	

3. PHA Rent Determination Policies

[24 CFR Part 903.7 9 (d)]

A. Public Housing

Exemptions: PHAs that do not administer public housing are not required to complete sub-component 4A.

(1) Income Based Rent Policies

Describe the PHA's income based rent setting policy/ies for public housing using, including discretionary (that is, not required by statute or regulation) income disregards and exclusions, in the appropriate spaces below.

a. Use of discretionary policies: (select one)

☒ The PHA will not employ any discretionary rent-setting policies for income based rent in public housing. Income-based rents are set at the higher of 30% of adjusted monthly income, 10% of unadjusted monthly income, the welfare rent, or minimum rent (less HUD mandatory deductions and exclusions). (If selected, skip to sub-component (2))

---or---

☐ The PHA employs discretionary policies for determining income based rent (If selected, continue to question b.)

b. Minimum Rent

1. What amount best reflects Public Housing's minimum rent? (select one)
☐ $0
☐ $1-$25
☒ $26-$50

2. ☐ Yes ☒ No: Has the PHA adopted any discretionary minimum rent hardship exemption policies?

3. If yes to question 2, list these policies below**:**

c. Rents set at less than 30% than adjusted income

1. ☐ Yes ☐ No: Does the PHA plan to charge rents at a fixed amount or percentage less than 30% of adjusted income?

2. If yes to above, list the amounts or percentages charged and the circumstances under which these will be used below:

d. Which of the discretionary (optional) deductions and/or exclusions policies does the PHA plan to employ (select all that apply)
☒ For the earned income of a previously unemployed household member
☐ For increases in earned income
☐ Fixed amount (other than general rent-setting policy)
If yes, state amount/s and circumstances below:

☐ Fixed percentage (other than general rent-setting policy)

If yes, state percentage/s and circumstances below:

☒ For household heads
☒ For other family members
☐ For transportation expenses
☐ For the non-reimbursed medical expenses of non-disabled or non-elderly families
☐ Other (describe below)

e. Ceiling rents

1. Do you have ceiling rents? (Rents set at a level lower than 30% of adjusted income) (Select one)

☐ Yes for all developments
☐ Yes but only for some developments
☒ No

2. For which kinds of developments are ceiling rents in place? (select all that apply)

☐ For all developments
☐ For all general occupancy developments (not elderly or disabled or elderly only)
☐ For specified general occupancy developments
☐ For certain parts of developments; e.g., the high-rise portion
☐ For certain size units; e.g., larger bedroom sizes
☐ Other (list below)

3. Select the space or spaces that best describe how you arrive at ceiling rents (select all that apply)

☐ Market comparability study
☐ Fair market rents (FMR)
☐ 95th percentile rents
☐ 75 percent of operating costs
☐ 100 percent of operating costs for general occupancy (family) developments
☐ Operating costs plus debt service
☐ The "rental value" of the unit
☐ Other (list below)

f. Rent re-determinations:

1. Between income reexaminations, how often must tenants report changes in income or family composition to the PHA such that the changes result in an adjustment to rent? (select all that apply)

☐ Never
☐ At family option
☐ Any time the family experiences an income increase

☒ Any time a family experiences an income increase above a threshold amount or percentage: 10%
☐ Other (list below)

g. ☐ Yes ☒ No: Does the PHA plan to implement individual savings accounts for residents (ISAs) as an alternative to the required 12 month disallowance of earned income and phasing in of rent increases in the next year?

(2) Flat Rents

1. In setting the market-based flat rents, what sources of information did the PHA use to establish comparability? (select all that apply.)

☐ The Housing Choice Voucher rent reasonableness study of comparable housing
☐ Survey of rents listed in local newspaper
☐ Survey of similar unassisted units in the neighborhood
☒ Other: 2015 Appropriations Act and HUD Notice PIH 2017-23

B. Housing Choice Voucher Tenant-Based Assistance

Exemptions: PHAs that do not administer Housing Choice Voucher tenant-based assistance are not required to complete sub-component 4B. **Unless otherwise specified, all questions in this section apply only to the tenant-based Housing Choice Voucher assistance program (vouchers, and until completely merged into the voucher program, certificates).**

(1) Payment Standards

Describe the voucher payment standards and policies.

a. What is the PHA's payment standard? (select the category that best describes your standard)

☐ At or above 90% but below100% of FMR
☐ 100% of FMR
☒ Above 100% but at or below 110% of FMR
☐ Above 110% of FMR (if HUD approved; describe circumstances below)

b. If the payment standard is lower than FMR, why has the PHA selected this standard? (select all that apply)

☐ FMRs are adequate to ensure success among assisted families in the PHA's segment of the FMR area
☐ The PHA has chosen to serve additional families by lowering the payment standard
☐ Reflects market or submarket

☐ Other (list below)

c. If the payment standard is higher than FMR, why has the PHA chosen this level? (select all that apply)

☒ FMRs are not adequate to ensure success among assisted families in the PHA's segment of the FMR area
☒ Reflects market or submarket
☒ To increase housing options for families
☐ Other (list below)

d. How often are payment standards reevaluated for adequacy? (select one)

☒ Annually
☐ Other (list below)

e. What factors will the PHA consider in its assessment of the adequacy of its payment standard? (select all that apply)

☐ Success rates of assisted families
☒ Rent burdens of assisted families
☐ Other (list below)

(2) Minimum Rent

a. What amount best reflects the PHA's minimum rent? (select one)

☐ $0
☐ $1-$25
☒ $26-$50

b. ☐ Yes ☒ No: Has the PHA adopted any discretionary minimum rent hardship exemption policies? (if yes, list below)

4. Operations and Management

[24 CFR Part 903.7 9 (e)]

Exemptions from Component 5: High performing and small PHAs are not required to complete this

In December 2020, the City of Wichita Housing Authority (WHA) anticipates converting the multifamily units in AMP KS004000001, (formerly two separate AMPs which included KS004000001 and KS004000002) to Section 8 Project Based Rental Assistance under the Rental Assistance Demonstration project. In 2021 WHA will apply to HUD for approval to sell and/or demolish any number of its scattered site single-family dwellings in AMP KS004000003 (352 units), which is currently under an amended RAD CHAP that combined AMP KS004000003 (193units) and AMP KS004000004 (159 units).

During the early 1990's the WHA had all dwellings tested for lead-based paint and all identified lead-based paint issues were abated with modernization funds. When tenants lease a unit they receive a copy of the booklet *Protect Your Family from Lead in Your Home.* All maintenance and modernization projects are performed in accordance with 24 CFR 35 and updates.

The WHA's conditions, rules and regulations of occupancy are maintained and made available for review at its main administrative office located at 455 N. Main Street – 10th Floor, Wichita, Kansas. The WHA Lease Agreement contains the conditions, rules and regulations of occupancy.

It is the policy of the WHA to ensure that all residential units will be maintained in accordance to the highest Uniform Physical Condition Standards possible.

When WHA started on the path to convert its Public Housing units to RAD, it stopped taking applications and requested that vacant units be taken offline and status changed to Vacant HUD Approved for Modernization. All single-family units in this status are secured and checked regularly by maintenance crews and property managers. Lawns maintenance continues.

In 2013, WHA contracted with EMG to perform its 5-Year Energy Audit and staff are implementing those core energy recommendations annually. The audit was not updated in 2017, because of the anticipated conversion to RAD.

It is also the policy of the WHA to contract with vendors, preferably Section 3 vendors, to perform the necessary actions in accordance with the WHA preventive maintenance program. Preventive maintenance ensures that minor physical needs will be periodically corrected to avoid maintenance emergencies. Preventive and routine maintenance is performed on the chillers and boilers in our high-rise buildings, and fire sprinkler systems.

WHA performs mandatory pest control inspections semi-annually at Greenway Manor and McLean Manor and annually at Bernice Hutcherson and Rosa Gragg apartment complexes. The WHA provides treatment as identified at no expense to the tenants when the annual pest inspection confirms the need. The elderly tenants, at their expense, may request monthly inspections and/or treatments from the WHA vendor at a reduced cost. Single-family dwellings are inspected by WHA Property Managers for pests annually. In the event that a pest infestation is evident and the tenant does not remedy the situation, Property Managers may order treatment at the tenant's expense. The tenant may obtain treatment on a monthly basis at a reduced rate from the WHA vendor. The vendor's treatment will take under consideration all tenant health situations prior to treatment.

WHA seeks to hire Section 3 business concerns whenever possible for dwelling unit rehabilitation, mowing, janitorial and individuals for full-time employment in the day-to-day operations. WHA is a host agency training site for the SER Senior Community Service Employment Program (SCSEP). SER SCSEP participants are low-income

seniors, age 55 and above who want to learn new job skills so they can re-enter the workforce. SER pays the SCSEP participants minimum wage as they train on-the-job 25 hours a week for the host agency. Typical training includes computer skills, word processing, data entry, reception work, and filing.

The Housing Choice Voucher (HCV) program updated its administrative plan with the Nan McKay format. The plan contains all regulations pertinent to the HCV program and states the PHA procedures. HCV implements a homeless preference and a residency preference.

5. PHA Grievance Procedures

[24 CFR Part 903.7 9 (f)]

Exemptions from component 6: High performing PHAs are not required to complete component 6. Housing Choice Voucher-Only PHAs are exempt from sub-component 6A.

A. Public Housing

1. ☐ Yes ☒ No: Has the PHA established any written grievance procedures in addition to federal requirements found at 24 CFR Part 966, Subpart B, for residents of public housing?

If yes, list additions to federal requirements below:

2. Which PHA office should residents or applicants to public housing contact to initiate the PHA grievance process? (select all that apply)

☒ PHA main administrative office
☐ PHA development management offices
☐ Other (list below)

B. Housing Choice Voucher Tenant-Based Assistance

1. ☐ Yes ☒ No: Has the PHA established informal review procedures for applicants to the Housing Choice Voucher tenant-based assistance program and informal hearing procedures for families assisted by the Housing Choice Voucher tenant-based assistance program in addition to federal requirements found at 24 CFR 982?

If yes, list additions to federal requirements below:

2. Which PHA office should applicants or assisted families contact to initiate the informal review and informal hearing processes? (select all that apply)

☒ PHA main administrative office
☐ Other (list below)

6. Designation of Public Housing for Elderly and Disabled Families

[24 CFR Part 903.7 9 (i)]

Exemptions from Component 9; Housing Choice Voucher only PHAs are not required to complete this section.

1. ☒ Yes ☐ No: Has the PHA designated or applied for approval to designate or does the PHA plan to apply to designate any public housing for occupancy only by the elderly families or only by families with disabilities, or by elderly families and families with disabilities or will apply for designation for occupancy by only elderly families or only families with disabilities, or by elderly families and families with disabilities as provided by section 7 of the U.S. Housing Act of 1937 (42 U.S.C. 1437e) in the upcoming fiscal year? (If "No", skip to component 10. If "yes", complete one activity description for each development, unless the PHA is eligible to complete a streamlined submission; PHAs completing streamlined submissions may skip to component 10.)

2. Activity Description

☒ Yes ☐ No: Has the PHA provided all required activity description information for this component in the **optional** Public Housing Asset Management Table? If "yes", skip to component 10. If "No", complete the Activity Description table below.

Designation of Public Housing Activity Description
1a. Development name: High-rise apartments 1b. Development (project) number: KS004000001
2. Designation type: Occupancy by only the elderly ☒ Occupancy by families with disabilities ☐ Occupancy by only elderly families and families with disabilities ☐
3. Application status (select one) Approved; included in the PHA's Designation Plan ☒ Submitted, pending approval☐. Planned application ☐
4. Date this designation was approved, submitted, or planned for submission: (12/01/99)
5. If approved, will this designation constitute a (select one) ☐ New Designation Plan ☒ Revision of a previously-approved Designation Plan
6. Number of units affected: 176 7. Coverage of action (select one) ☐ Part of the development ☒ Total development

Designation of Public Housing Activity Description
1a. Development name: Garden apartments 1b. Development (project) number: KS004000002
2. Designation type: Occupancy by only the elderly ☐ Occupancy by families with disabilities ☐ Occupancy by only elderly families and families with disabilities ☒
3. Application status (select one) **Original project design** Approved; included in the PHA's Designation Plan ☐ Submitted, pending approval ☐ Planned application ☐
4. Date this designation approved, submitted, or planned for submission:
5. If approved, will this designation constitute a (select one) ☐ New Designation Plan ☐ Revision of a previously-approved Designation Plan?
7. Number of units affected: 50 7. Coverage of action (select one) ☐ Part of the development ☒ Total development

7. PHA Community Service and Self-sufficiency

[24 CFR Part 903.7 9 (l)]

Exemptions from Component 12: High performing and small PHAs are not required to complete this component. Housing Choice Voucher-Only PHAs are not required to complete sub-component C.

COMMUNITY SERVICE AND SELF SUFFICIENCY POLICY

In accordance with Section 512 of the *Quality Housing and Work Responsibility Act of 1998* and HUD regulations, non-exempt adults (age 18 and over) will be required to provide to the Public Housing Division written third party documentation that each adult resident of Public Housing contributed eight (8) hours per month of community service, participated in an economic self-sufficiency program for eight (8) hours per month or eight (8) hours per month of combined activities of community service and participation in a self-sufficiency program. This is also a requirement of the Public Housing Lease Agreement.

An exempt adult is an adult household member who:

- Is age 62 or older;
- Has a disability that prevents him/her from being gainfully employed;
- Is the caretaker of a disabled person for at least 15 hours per week;
- Is employed in a work activity for at least 30 hours per week; or
- Is participating in a welfare to work or self-sufficiency program.

The resident's Property Manager must approve any exemption with proper documentation.

The definition of a work activity, as mentioned above, includes:

- Unsubsidized employment;
- Subsidized private-sector or public-sector employment;
- Work experience, including work associated with the refurbishing of publicly assisted housing if sufficient private-sector employment is not available;
- On-the-job training;
- Job-search and job-readiness assistance;
- Community service programs;
- Vocational educational training;
- Job-skills training directly related to employment
- GED classes; or
- Satisfactory attendance in a secondary school or in a course of study leading to a certificate of general equivalence.

Community Service is volunteer work, which is being administered through the United Way of the Plains Volunteer Center. Service opportunities include, but are not limited to work with non-profit organizations such as Boy Scouts, Habitat for Humanity, Kansas African Museum, Kansas Food Bank, Mid-American All-Indian Center, Multiple Sclerosis Society, Salvation Army, United Methodist Urban Ministry, and Wichita Indochinese Center.

Public Housing staff shall verify participation in community service and self-sufficiency programs as a part of the annual recertification process. Noncompliant households will be notified of any noncompliance with the Community Service Requirement and the household's lease will terminate due to the nonrenewal of the annual lease term.

I/We have received a copy of, have read and understand the contents of the WHA's Public Housing Community Service/Self Sufficiency Policy. I/We understand that this is a requirement of the Quality Housing and Work Responsibility Act of 1998 and that if we do not comply with this requirement, our lease will not be renewed.

_____ _____

Resident Date Resident Date

_____

Resident Date

revised 3/17/06

A. PHA Coordination with the Welfare (TANF) Agency

1. Cooperative agreements:

☒ Yes ☐ No: Has the PHA has entered into a cooperative agreement with the TANF Agency, to share information and/or target supportive services (as contemplated by section 12(d)(7) of the Housing Act of 1937)?

If yes, what was the date that agreement was signed?

2. Other coordination efforts between the PHA and TANF agency (select all that apply)

☒ Client referrals
☒ Information sharing regarding mutual clients (for rent determinations and otherwise)
☒ Coordinate the provision of specific social and self-sufficiency services and programs to eligible families
☐ Jointly administer programs
☐ Partner to administer a HUD Welfare-to-Work voucher program
☐ Joint administration of other demonstration program
☐ Other (describe)

B. Services and programs offered to residents and participants

(1) General

a. Self-Sufficiency Policies
Which, if any of the following discretionary policies will the PHA employ to enhance the economic and social self-sufficiency of assisted families in the following areas? (select all that apply)

☒ Public housing rent determination policies
☐ Public housing admissions policies
☐ Housing Choice Voucher admissions policies
☐ Preference in admission to Housing Choice Voucher for certain public housing families
☐ Preferences for families working or engaging in training or education programs for non-housing programs operated or coordinated by the PHA
☐ Preference/eligibility for public housing homeownership option participation
☒ Preference/eligibility for Housing Choice Voucher homeownership option participation
☐ Other policies (list below)

b. Economic and Social self-sufficiency programs

☒ Yes ☐ No: Does the PHA coordinate, promote or provide any programs to enhance the economic and social self-sufficiency of residents? (If "yes", complete the following table; if "no" skip to sub-component 2, Family Self Sufficiency Programs. The position of the table may be altered to facilitate its use.)

Services and Programs				
Program Name & Description (including location, if appropriate)	Estimated Size	Allocation Method (waiting list/random selection/specific criteria/other)	Access (development office / PHA main office / other provider name)	Eligibility (public housing or Housing Choice Voucher participants or both)
Resident Service Coordination				
Greenway Manor	86 units	Open	Development Office	Public Housing
McLean Manor	90 units	Open	Development Office	Public Housing
Rosa Gragg	32 units	Open	Development Office	Public Housing
Bernice Hutcherson	18 units	Open	Development Office	Public Housing

(2) Family Self Sufficiency program/s

a. Participation Description

Family Self Sufficiency (FSS) Participation		
Program	Required Number of Participants (start of FY 2019 Estimate)	Actual Number of Participants (As of: 8/1/18)
Housing Choice Program Vouchers including Home Ownership	85	172

b. ☒ Yes ☐ No: If the PHA is not maintaining the minimum program size required by HUD, does the most recent FSS Action Plan address the steps the PHA plans to take to achieve at least the minimum program size?
If no, list steps the PHA will take below:

C. Welfare Benefit Reductions

1. The PHA is complying with the statutory requirements of section 12(d) of the U.S. Housing Act of 1937 (relating to the treatment of income changes resulting from welfare program requirements) by: (select all that apply)

☒ Adopting appropriate changes to the PHA's public housing rent determination policies and train staff to carry out those policies
☒ Informing residents of new policy on admission and reexamination
☒ Actively notifying residents of new policy at times in addition to admission and reexamination.
☒ Establishing or pursuing a cooperative agreement with all appropriate TANF agencies regarding the exchange of information and coordination of services
☒ Establishing a protocol for exchange of information with all appropriate TANF agencies
☐ Other: (list below)

D. Reserved for Community Service Requirement pursuant to section 12(c) of the U.S. Housing Act of 1937

8. PHA Safety and Crime Prevention

[24 CFR Part 903.7 9 (m)]

Exemptions from Component 13: High performing and small PHAs not participating in PHDEP and Housing Choice Voucher Only PHAs may skip to component 15. High Performing and small PHAs that are participating in PHDEP and are submitting a PHDEP Plan with this PHA Plan may skip to sub-component D.

A. Need for measures to ensure the safety of public housing residents

1. Describe the need for measures to ensure the safety of public housing residents (select all that apply)

☒ High incidence of violent and/or drug-related crime in some or all of the PHA's developments
☒ High incidence of violent and/or drug-related crime in the areas surrounding or adjacent to the PHA's developments
☒ Residents fearful for their safety and/or the safety of their children
☒ Observed lower-level crime, vandalism and/or graffiti
☒ People on waiting list unwilling to move into one or more developments due to perceived and/or actual levels of violent and/or drug-related crime
☐ Other (describe below)

2. What information or data did the PHA use to determine the need for PHA actions to improve safety of residents (select all that apply).

☐ Safety and security survey of residents
☒ Analysis of crime statistics over time for crimes committed "in and around" public housing authority
☒ Analysis of cost trends over time for repair of vandalism and removal of graffiti
☒ Resident reports
☒ PHA employee reports
☒ Police reports
☐ Demonstrable, quantifiable success with previous or ongoing anticrime/anti-drug programs
☐ Other (describe below)

B. Crime and Drug Prevention activities the PHA has undertaken or plans to undertake in the next PHA fiscal year

1. List the crime prevention activities the PHA has undertaken or plans to undertake: (select all that apply)

☐ Contracting with outside and/or resident organizations for the provision of crime- and/or drug-prevention activities
☒ Crime Prevention through Environmental Design
☒ Activities targeted to at-risk youth, adults, or seniors

☐ Volunteer Resident Patrol/Block Watchers Program
☒ Other (describe below)
Timely meetings with Wichita Police Department Officers and Detectives and residents strategizing about how to decrease violent crimes.

2. Which developments are most affected? (list below)

Amended RAD CHAP KS004000003 (formerly KS004000003 and KS004000004)

C. Coordination between PHA and the police

1. Describe the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities: (select all that apply)

☐ Police involvement in development, implementation, and/or ongoing evaluation of drug-elimination plan
☒ Police provide crime data to housing authority staff for analysis and action
☒ Police have established a physical presence on housing authority property (e.g., community policing office, officers in residence)
☒ Police regularly testify in and otherwise support eviction cases
☒ Police regularly meet with the PHA management and residents
☐ Agreement between PHA and local law enforcement agency for provision of above-baseline law enforcement services
☐ Other activities (list below)

2. Which developments are most affected? (list below)
KS004000003 (formerly KS004000003 and KS004000004)

D. Police Occupied Units

The Wichita Housing Authority has five houses that are currently available and occupied by Wichita Police Officers. This occupancy is deemed necessary to increase security and drug elimination for Public Housing residents who live in the five single-family dwelling concentrations. The Police Officers are currently residing in the units on an annual lease for a zero monthly rental amount, with the Officers paying the utilities. The addresses are the following:

1501 E. Arnold
1527 E. Catalina
2642 N. Minnesota
7015 W. Newell
2331 St. Clair

9. Pets

[24 CFR Part 903.7 9 (n)]

OWNERSHIP OF PETS

Single Family Dwellings

The City of Wichita Housing Authority (WHA) will enforce the below Pet Policy in its single family dwelling developments.

1. DEPOSIT

A pet deposit is required for dogs and/or cats kept on the premises of WHA residential units. Deposits for dogs or cats will be $150.00 for the first animal and $100.00 for the second animal. No more than two animals are allowed per residential unit. The pet deposit will be refunded within thirty (30) days of the tenant's exit of the residential unit if there are no pet damages. The pet deposit is in addition to the regular security deposit. Disabled persons, with assistance animals, are exempt from the deposit requirement.

2. HOUSE RULES

A. A WHA tenant shall only keep an authorized pet and is not allowed to keep another person's pet. No pet will be allowed temporarily on the premises with the exception of those assisting the disabled.

B. All City and County required shots and licenses must be current and certified by a practicing veterinarian. An annual registration update will be required at the owner's annual recertification.

C. Owner must provide written notification to the WHA of who will be responsible for their pet during hospitalization or vacations. This information must include the name, address, and phone number of two (2) responsible parties and is to be given at the time the pet is acquired and updated at the owner's annual recertification. Failure to supply complete information is basis for the WHA to refuse to register the pet.

D. Pet owners are required to comply with all ordinances of the City of Wichita relating to the care and control of animals.

E. Any pet that bites any person must be removed permanently from WHA property.

F. The owners are responsible for controlling pet noise and pet odor. Any pet disturbing the peace of neighbors through noise, smell, animal waste, or other nuisance must be removed from the premises. Substantiated written complaints by neighbors or WHA staff will result in the owner being required to permanently remove the pet.

G. Animal Control Officers may enter a unit to transfer any animal that is left unattended for 24 hours. The WHA accepts no responsibility for pets so removed.

3. PET TYPES, BREEDS, AND LIMITATIONS

Pets shall be limited to "common household pets," the definition being a domesticated animal, such as a dog, cat, bird, rodent, fish or turtle, traditionally kept in the home for pleasure rather than commercial purposes. Of the common household pets listed, the pet deposit shall apply to dogs and cats only.

Breeds not allowed are Rottweiler, Pit Bull, German Shepherd, Chow, Doberman Pincher or any mix thereof.

A. Dogs at maturity – 30-inch height and 80-pound weight maximum limits.
B. Cats – 18-inch height and 25-pound weight maximum limits.
C. Birds -
   (1) Limit of two (2) birds per cage.
   (2) No uncaged pole birds.

4. VIOLATION OF PET RULES

A. If the owner is in violation of the Pet Policy, the WHA shall serve written notice of it. The notice will include a statement of the rule(s) allegedly violated, and advise the tenant they have fourteen (14) days from the receipt of said notice to correct the violation or request a meeting. A statement will further be included that failure to correct the violation or request a meeting, or failure to attend a requested meeting may result in initiation of procedures to terminate the tenancy.

B. If the owner requests a meeting, the WHA will establish a mutually agreeable time and place no later than ten (10) days from the receipt of said notice by owner. Upon written request, additional time may be permitted for the owner to correct the violation.

C. If a resolution of the violation is unable to be reached at the meeting, or if WHA determines the pet owner has failed to correct the violation, then the WHA may serve written notice requiring removal of the pet. This notice will include the pet rules(s) that have been violated, a statement that the pet owner must remove the pet within fourteen (14) days from the service of said notice, and a statement that failure to remove the pet may result in initiation of procedures to terminate the tenancy.

D. Violation of the Pet Policy of the WHA is a violation of the WHA Dwelling Lease Agreement and will constitute grounds for the termination of the lease pursuant to the Dwelling Lease Agreement.

E. The provisions of this Pet Policy are hereby incorporated as a part of the Dwelling Lease Agreement.

5. LIABILITY

The Wichita Housing Authority, the City of Wichita and their representatives will not be held responsible for any accident or injury involving tenants or visitors to a dwelling unit as a result of allowing pets in the projects.

6. SERVICE OR ASSISTANCE ANIMALS

WHA tenants with disabilities are permitted to have assistance animals if such animals are necessary as a reasonable accommodation for the tenant's disabilities. Tenants or potential tenants who need an assistance animal as a reasonable accommodation must request the accommodation in writing, and in accordance with the WHA's reasonable accommodation policy. The WHA will require the following documentation to qualify an animal as an assistance animal:

A. The tenant or prospective tenant certifies in writing that the tenant or prospective tenant or a member of his or her family is a person with a disability as defined under the Americans With Disabilities Act, and this certification shall be subject to independent evaluation and confirmation by the WHA's designated third party evaluator at the WHA's expense;

B. The animal has been trained to assist persons with that specific disability; and

C. The animal actually assists the person with a disability to accomplish one or more major life activities.

Assistance animals will not be subject to the requirements 24 CFR Part 5.303, and also the following provisions of the WHA Pet Policy, regardless of whether an animal resides with a WHA tenant or is with a visitor: Section 1, Section 3A, Section 3B, Section 4C and Section 4E. These exclusions for assistance animals apply only if the animal has been qualified by the WHA as an assistance animal when the animal resides with a tenant, or if the animal is with a visitor, upon production of an identification card or written certification that the animal is trained to assist the person with the person's specific disability, and as set forth in Kansas Statutes Annotated 39-1111(a) and amendments thereto.

Tenant	Date	WHA Property Manager	Date

10. Civil Rights Certifications

[24 CFR Part 903.7 9 (o)]

Civil rights certifications are included in the PHA Plan Certifications of Compliance with the PHA Plans and Related Regulations.

The City of Wichita Housing Authority (WHA) will carry out all grant activities in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, Section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.

Specifically, the WHA will continue to work with individuals and/or agencies that provide education, outreach, and mitigation programs and services for tenants and landlords. Additionally, the WHA will refer community residents who request assistance in resolving matters of alleged discrimination to the Urban League of Kansas or Housing and Credit Counseling, Inc. WHA tenants and clients will be directed to the HUD Regional Office of Fair Housing and Equal Opportunity should they wish to file a discrimination complaint, which could not be resolved locally.

The WHA will also maintain waiting lists in accordance with federal requirements as specified in 24 CFR part 903.7(b)(2), and will assign housing or housing vouchers to persons from those lists without regard to race or ethnicity, but in accordance with HUD-approved administrative plans. Fair housing rights and choice will be promoted through annual fair housing month activities, including public service announcements made in partnership with the Urban League of Kansas.

The WHA will regularly examine its programs or proposed programs, identify any impediments to fair housing choice within those programs, and will address those impediments in a reasonable fashion in view of the resources available. The WHA will also work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the WHA's involvement. The WHA shall take reasonable measures to assure that program waiting lists are consistent with civil rights laws.

Specifically, the WHA will market its programs through minority, faith based, disability services, senior organizations, community fairs, and publications. WHA hangs Fair Housing posters in several languages in its lobby and in multifamily residential buildings that instruct readers how to file fair housing complaints.

Other compliance certifications of the Wichita Housing Authority include: compliance with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975; compliance with the Architectural Barriers Act of 1968 and 24 CFR Part 41, and Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped. The WHA will also comply with the requirements of Section 3 of the Housing and Urban Development Act

of 1968 by marketing employment opportunities for low or very-low income persons through annual notices in newsletters and other public information.

11. Fiscal Audit

[24 CFR Part 903.7 9 (p)]

1. ☒ Yes ☐ No: Is the PHA required to have an audit conducted under section 5(h)(2) of the U.S. Housing Act of 1937 (42 U S.C. 1437c(h))? (If no, skip to component 17.)
2. ☒ Yes ☐ No: Was the most recent fiscal audit submitted to HUD?
3. ☒ Yes ☐ No: Were there any findings as the result of that audit?
4. ☐ Yes ☒ No: If there were any findings, do any remain unresolved? If yes, how many unresolved findings remain?
5. ☐ Yes ☐ No: Have responses to any unresolved findings been submitted to HUD? If not, when are they due (state below)?

12. PHA Asset Management

[24 CFR Part 903.7 9 (q)]

Exemptions from component 17: Housing Choice Voucher Only PHAs are not required to complete this component. High performing and small PHAs are not required to complete this component.

1. ☐ Yes ☒ No: Is the PHA engaging in any activities that will contribute to the long-term asset management of its public housing stock, including how the Agency will plan for long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs that have **not** been addressed elsewhere in this PHA Plan?

2. What types of asset management activities will the PHA undertake? (select all that apply)

☐ Not applicable
☐ Private management
☒ Development-based accounting
☒ Comprehensive stock assessment
☒ Other: (list below)

Demolition and Disposition
Section 18, Section 18 RAD, Section 22, and possibly Section 32

3. Public Housing Asset Management Table

13. Violence Against Women Act (VAWA)

[24 CFR Part 903.7 9 (r)]

WHA VAWA Policy as seen in our Public Housing Dwelling Lease Agreement
Domestic Violence, Dating Violence, Stalking

The following provisions are applicable to situations involving actual or threatened domestic violence, dating violence or stalking, as those terms are defined in Section 6(u)(3) of the United States Housing Act of 1937, as amended, (42 U.S.C. §1437d(u)(3)) and in the Violence Against Women Act (VAWA) Policy. To the extent any provision of this section shall vary from or contradict any other provision of this lease, the provisions of this section shall prevail.

A. Termination of Tenancy.

1) An incident or incidents of actual or threatened domestic violence, dating violence or stalking shall not constitute a serious or repeated violation of the lease by the victim of such violence; and
2) Criminal activity directly relating to domestic violence, dating violence or stalking, engaged in by a member of the Tenant's household, a guest, or other person under the Tenant's control, shall not be cause for termination of tenancy or occupancy rights, if the Tenant or any member of the Tenant's family is a victim of that domestic violence, dating violence or stalking.
3) Notwithstanding anything to the contrary contained in this agreement, the WHA may terminate Tenant's tenancy under this lease if it can demonstrate an actual and imminent threat that may result to other tenants or to those employed at or providing service to the property in which the unit is located, if the Tenant's tenancy is not terminated.
4) Further, nothing in this section shall prohibit the WHA from terminating tenancy under this lease based on a violation of this lease not premised on an act or acts of domestic violence, dating violence or stalking against the Tenant or a member of the Tenant's household for which protection against termination of tenancy is given in this agreement. However, in taking any such action to terminate tenancy, the WHA shall not apply a more demanding standard than is applied to other Tenants.

B. **Bifurcation of Lease**. Under the authority provided in Section 6(l)(6)(B) of the United States Housing Act of 1937, as amended (42 U.S.C. §1437d(l)(6)(B)), the WHA may bifurcate this lease in order to evict, remove, or terminate assistance to any individual who is a Tenant or a lawful occupant under this lease and who engages in criminal acts of physical violence against family members or others. The WHA may take such action without evicting, removing, terminating assistance to, or otherwise penalizing a victim of such violence who is the Tenant or a lawful occupant under this lease.

C. Certification. If the Tenant or another lawful occupant of the household, as a defense to termination of tenancy or an action to evict, claims protection under this section against such action, the WHA may request the individual to provide a certification. The certification may be provided in one of the following forms:

1) A HUD-approved form ,supplied upon request by the WHA, attesting that the individual is a victim of domestic violence, dating violence or stalking and that the

incident(s) in question are bona fide incidents of such actual or threatened abuse and meet the requirements of this section, or

2) Documentation signed by an employee, agent or volunteer of a victim service provider, an attorney, or a medical professional, from whom the victim has sought assistance in addressing domestic violence, dating violence or stalking or the effects of the abuse, in which the professional attests under penalty of perjury to the professional's belief that the
incident(s) in question are bona fide incidents of abuse, and the victim has signed or attested to the documentation, or

3) A federal, state, tribal, or local police report or court record, describing the incident(s).
The certification must be delivered to the WHA Property Manager within 14 days after the request for Certification is received. If the certification is not delivered within the 14-day period allowed, the provisions of this section will not apply and the WHA may elect to terminate tenancy and evict without regard to the protections provided in this section.

D. Confidentiality. Information provided to the WHA concerning incident(s) of domestic violence, dating violence or stalking shall be retained in confidence and disclosed only as permitted by applicable law.

E. Emergency Transfer Policy

The WHA is concerned about the safety of its tenants, and such concern extends to tenants who are victims of domestic violence, dating violence, sexual assault, or stalking. In accordance with the Violence Against Women Act (VAWA),[1] the WHA allows tenants who are victims of domestic violence, dating violence, sexual assault, or stalking to request an emergency transfer from the tenant's current unit to another unit. The ability to request a transfer is available regardless of sex, gender identity, or sexual orientation.[2] The ability of the WHA to honor such request for tenants currently receiving assistance, however, may depend upon a preliminary determination that the tenant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, and on whether the WHA has another dwelling unit that is available and is safe to offer the tenant for temporary or more permanent occupancy.

This plan identifies tenants who are eligible for an emergency transfer, the documentation needed to request an emergency transfer, confidentiality protections, how an emergency transfer may occur, and guidance to tenants on safety and security. This plan is based on a model emergency transfer plan published by the U.S.

[1] Despite the name of this law, VAWA protection is available to all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation.
[2] Housing providers cannot discriminate on the basis of any protected characteristic, including race, color, national origin, religion, sex, familial status, disability, or age. HUD-assisted and HUD-insured housing must be made available to all otherwise eligible individuals regardless of actual or perceived sexual orientation, gender identity, or marital status.

Department of Housing and Urban Development (HUD), the Federal agency that oversees that the WHA is in compliance with VAWA.

F. Eligibility for Emergency Transfers

A tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking, as provided in HUD's regulations at 24 CFR part 5, subpart L is eligible for an emergency transfer, if: the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant remains within the same unit. If the tenant is a victim of sexual assault, the tenant may also be eligible to transfer if the sexual assault occurred on the premises within the 90-calendar-day period preceding a request for an emergency transfer.

A tenant requesting an emergency transfer must expressly request the transfer in accordance with the procedures described in this plan.

Tenants who are not in good standing may still request an emergency transfer if they meet the eligibility requirements in this section.

G. Emergency Transfer Request Documentation

To request an emergency transfer, the tenant shall notify the WHA's management office and submit a written request for a transfer to the WHA**.** The WHA will provide reasonable accommodations to this policy for individuals with disabilities. The tenant's written request for an emergency transfer should include either:

1. A statement expressing that the tenant reasonably believes that there is a threat of imminent harm from further violence if the tenant were to remain in the same dwelling unit assisted under the WHA's program; OR
2. A statement that the tenant was a sexual assault victim and that the sexual assault occurred on the premises during the 90-calendar-day period preceding the tenant's request for an emergency transfer.

H. Emergency Transfer Timing and Availability

The WHA cannot guarantee that a transfer request will be approved or how long it will take to process a transfer request. The WHA will, however, act as quickly as possible to move a tenant who is a victim of domestic violence, dating violence, sexual assault, or stalking to another unit, subject to availability and safety of a unit. If a tenant reasonably believes a proposed transfer would not be safe, the tenant may request a transfer to a different unit. If a unit is available, the transferred tenant must agree to abide by the terms and conditions that govern occupancy in the unit to which the tenant has been transferred. The WHA may be unable to transfer a tenant to a particular unit if the tenant has not or cannot establish eligibility for that unit.

If the WHA has no safe and available units for which a tenant who needs an emergency is eligible, the WHA will assist the tenant in identifying other housing providers who may have safe and available units to which the tenant could move. At the tenant's request, the WHA will also assist tenants in contacting the local

organizations offering assistance to victims of domestic violence, dating violence, sexual assault, or stalking that are attached to this plan.

I. Safety and Security of Tenants

Pending processing of the transfer and the actual transfer, if it is approved and occurs, the tenant is urged to take all reasonable precautions to be safe.

Tenants who are or have been victims of domestic violence are encouraged to contact the National Domestic Violence Hotline at 1-800-799-7233, or a local domestic violence shelter, for assistance in creating a safety plan. For persons with hearing impairments, that hotline can be accessed by calling 1-800-787-3224 (TTY).

Tenants who have been victims of sexual assault may call the Rape, Abuse & Incest National Network's National Sexual Assault Hotline at 800-656-HOPE, or visit the online hotline at https://ohl.rainn.org/online/.

Tenants who are or have been victims of stalking seeking help may visit the National Center for Victims of Crime's Stalking Resource Center at https://www.victimsofcrime.org/our-programs/stalking-resource-center.

Attachment: Local organizations offering assistance to victims of domestic violence, dating violence, sexual assault, or stalking.

J. Confidentiality

The WHA will keep confidential any information that the tenant submits in requesting an emergency transfer, and information about the emergency transfer, unless the tenant gives the WHA written permission to release the information on a time limited basis, or disclosure of the information is required by law or required for use in an eviction proceeding or hearing regarding termination of assistance from the covered program. This includes keeping confidential the new location of the dwelling unit of the tenant, if one is provided, from the person(s) that committed an act(s) of domestic violence, dating violence, sexual assault, or stalking against the tenant. See the Notice of Occupancy Rights under the Violence Against Women Act For All Tenants for more information about the WHA's responsibility to maintain the confidentiality of information related to incidents of domestic violence, dating violence, sexual assault, or stalking.

14. Public Housing Smoke-Free Housing Policy

Amended Smoke Free Housing Policy
24 CFR Parts 965 and 966
Enforcement Date: July 30, 2018

1. Department of Housing and Urban Development Rule
On November 29, 2016, the Department of Housing and Urban Development (HUD) adopted Rule RIN 2577-AC97, effective on February 3, 2017, which requires every Public Housing Agency (PHA) administering public housing to implement a smoke free policy. Specifically, no later than 18 months from the effective date of the rule, each PHA must implement a ''smoke free'' policy banning the use of "prohibited tobacco products" in all public housing living units, indoor common areas in public housing, and in PHA administrative office buildings. The smoke free policy must also extend to all outdoor areas up to 25 feet from the public housing and administrative office buildings.

2. Prohibited Tobacco Products
Prohibited tobacco products are defined as (1) items that involve the ignition and burning of tobacco leaves, such as (but not limited to) cigarettes, cigars, and pipes, and (2) to the extent not covered by (1), water pipes (hookahs), and (3) electronic vaping devices, meaning any product containing or delivering nicotine or any other substance intended for human consumption that can be used by a person to simulate smoking through inhalation or vapor or aerosol from the product; the term includes any such device, whether manufactured, distributed, marketed or sold as an e-cigarette, e-cigar, e-pipe, e-hookah, or vape pen or under any other product name or descriptor.

NOTE: The E-cigarette ban will become effective on October 31, 2018.

3. Purpose of Policy
This smoke free policy is intended to benefit the Housing Authority and all of its public housing tenants, visitors, and staff by mitigating (i) the irritation and known adverse health effects of secondhand smoke; (ii) the increased maintenance, cleaning, and redecorating costs from smoking; (iii) the increased risk of fire from smoking; and (iv) the higher costs of fire insurance for a non-smoke-free dwelling unit. This policy is in effect for all Wichita Public Housing units, including multifamily and single family units.

4. All Buildings and Dwelling Units To Be Smoke Free
All public housing buildings, dwelling units, single-family homes and administrative offices shall be smoke free. Smoking is prohibited in all living units, including any associated balconies, decks, or patios, and in the common areas of the buildings, including, but not limited to, community rooms, community bathrooms, lobbies, reception areas, hallways, laundry rooms, stairways, offices, and elevators.

5. Smoking on Grounds of Buildings and Dwelling Units
Smoking is prohibited within 25 feet of public housing dwelling units, single-family homes, and public housing administrative buildings, and common areas including but not limited to entryways, patios, parking lots, and yards or on the grounds adjoining public housing and public housing administrative buildings. Smoking is only permitted on property grounds past the 25 feet threshold.

6. Applicability of Policy
This Policy is applicable to all tenants, Housing Authority employees, visitors, contractors, volunteers, and vendors.

7. Responsibilities of Tenants
Tenants and household members shall be responsible to inform and enforce this Policy to their guests, invitees, and visitors to their residential units. Further, a Tenant may provide the Housing Authority a written statement of any incident where tobacco smoke is migrating into the Tenant's unit, single-family home or common space element. Property Managers will investigate the complaint and take appropriate action.

8. Violations of Policy
A violation of this smoke free Policy shall be considered a material breach of the Tenant's Lease and grounds for enforcement actions, including eviction, by the Housing Authority. A Tenant who violates the Policy shall also be liable to the Housing Authority for the costs of repair to the Tenant's apartment unit or single-family home due to damage from smoke odors or residue.

Should the Housing Authority find any Tenant in violation of this Policy, the following enforcement steps shall take place:

1. First, a verbal warning will be communicated to the Tenant. Documentation that a verbal warning was communicated will be recorded in the Tenant's file.
2. Second, a 14-day Written Notice will be provided to the Tenant and placed in the Tenant's file. This notice gives the Tenant 14 days to come into compliance with the policy.
3. Third, a 30-day Written Notice will be provided to the Tenant, providing that the policy has been violated again and that the Housing Authority is moving forward with Lease Termination and Eviction. The 30-day Notice will be documented in the Tenants file.
4. After the 30-day Notice has been provided, the Tenant has an opportunity to exercise the grievance procedure in accordance with the lease.

Smoke Free Housing Policy
Lease Addendum
24 CFR Parts 965 and 966
Enforcement Date: July 30, 2018

Date: _____ Property Name: _____ Apartment/Unit Number: _____

Tenant Name(s):
_____

Tenant Address:
_____

Tenant and all members of Tenant's family or household are parties to a written Lease with Housing Authority. This Lease Addendum states the following additional terms, conditions, and rules, which are hereby incorporated into the Lease, effective July 30, 2018. A breach of this Lease Addendum shall give each party all the rights contained herein, as well as the rights in the Lease.

1. **Purpose and application of Smoke free Policy** The parties desire to mitigate (i) the irritation and known adverse health effects of secondhand smoke; (ii) the increased maintenance, cleaning, and redecorating costs from smoking; (iii) the increased risk of fire from smoking; and (iv) the higher costs of fire insurance for a non-smoke free building. Tenant acknowledges that the smoke free policy established by this Lease Addendum is applicable as in all properties owned or managed by the Housing Authority.

2. **Definitions** Prohibited tobacco products are defined as (1) items that involve the ignition and burning of tobacco leaves, such as (but not limited to) cigarettes, cigars, and pipes, and (2) to the extent not covered by (1), water pipes (hookahs), and (3) electronic vaping devices, meaning any product containing or delivering nicotine or any other substance intended for human consumption that can be used by a person to simulate smoking through inhalation or vapor or aerosol from the product; the term includes any such device, whether manufactured, distributed, marketed or sold as an e-cigarette, e-cigar, e-pipe, e-hookah, or vape pen or under any other product name or descriptor.

3. **Smoke Free Buildings and Dwelling Units** Tenant agrees and acknowledges that the premises to be occupied by Tenant and members of Tenant's household shall be designated as a smoke free living environment. Tenant and members of Tenant's household shall not smoke anywhere in the unit/single-family home rented by Tenant, including any associated balconies, decks, or patios; in the common areas of the building where the Tenant's dwelling is located, including, but not limited to, community rooms, community bathrooms, lobbies, reception areas, hallways, laundry rooms, stairways, offices, and elevators; or in any of the common areas of

such building. The Tenant shall not permit any guests or visitors under the control of Tenant to do so.

4. **Smoking on Grounds of Buildings and Dwelling Units** The tenant shall not smoke within 25 feet of public housing dwelling units, single-family homes, and public housing administrative buildings and common areas, including but not limited to entryways, patios, parking lots, and yards or on the grounds adjoining public housing and public housing administrative buildings. The Tenant shall not permit any guests or visitors under the control of Tenant to do so. The Tenant acknowledges that smoking is only permitted on property grounds past the 25 feet threshold.

5. **Tenant to Promote Smoke free Policy** Tenant shall inform Tenant's guests of the smoke free policy. Further, Tenant may give the Housing Authority a written statement of any incident where tobacco or marijuana smoke, or vapor from an electronic cigarette, is migrating into the Tenant's unit or single-family home, or common space element from sources within the 25 feet threshold.

6. **Effect of Breach and Right to Terminate Lease** A breach of this Lease Addendum shall give each party all the rights contained herein, as well as the rights in the Lease. A material breach of this Lease Addendum shall be considered a material breach of the Lease and grounds for enforcement actions, including eviction, by the Housing Authority. Tenant acknowledges that a breach of this Lease Addendum shall also render Tenant liable to Housing Authority for the costs of repair to Tenant's apartment unit due to damage from smoke odors or residue. Housing Authority will follow enforcement steps outlined in the Policy.

_____

WICHITA HOUSING AUTHORITY – Signature Date

x_____

Head of Household please sign on line above Date

x_____

Household member 18 yrs. + please sign on line above Date

x_____

Household member 18 yrs. + please sign on line above Date

x_____

Household member 18 yrs. + please sign on line above Date

x_____

Household member 18 yrs. + please sign on line above Date

15. Other Information Required by HUD

Use this section to provide any additional information requested by HUD.

Significant Amendment or Modification to the Annual Plan – as referenced in the *Quality Housing and Work Responsibility Act of 1998, Section 511, (g),* a significant amendment or modification to the annual plan may not be adopted, other than at a duly called meeting of the governing board of the public housing agency that is open to the public after a 45 day public notice; and be implemented, until notification of the amendment or modification is provided to the Secretary of HUD and approved. Amendments or modifications, which are **not** defined as being significant and will not be subject to a public meeting with a 45-day public notice and notification to the Secretary of HUD will be the following amendments or modifications:

1. Policy changes resulting from HUD or other federal agency mandates, regulations, or directives; and
2. Any changes in the Housing Choice Voucher Administrative Plan or Public Housing Admissions and Continued Occupancy Policy, which are not specifically described in the HUD 50075 PHA Plan.

Attachments

Use this section to provide any additional attachments referenced in the Plans.

Optional Public Housing Asset Management Table

See Technical Guidance for instructions on the use of this table, including information to be provided.

Public Housing Asset Management								
Development Identification		**Activity Description**						
Name, Number, and Location	Number and Type of units	Capital Fund Program Parts II and III *Component 7a*	Development Activities *Component 7b*	Demolition / disposition *Component 8*	Designated housing *Component 9*	Conversion *Component 10*	Home-ownership *Component 11a*	Other (describe) *Component 17*
~~KS004000001~~	~~176~~	~~X~~			~~X~~	~~Elderly~~		
~~High-rise~~	~~Apartments~~							
~~KS004000002~~	~~50~~	~~X~~			~~X~~	~~Elderly/disabled~~		
~~Garden~~	~~Apartments~~							
KS004000003	193	X		X		Assessment*		
Scattered-site	Single-family							
KS004000004	159	X		X		Assessment*		
Scattered-site	Single-family							

*****The assessment has been concluded for non-elderly and non-disabled developments and consideration has been given to the implications of converting the WHA's Public Housing units to tenant-based assistance. It has been determined that the conversion of all applicable developments will be inappropriate. Voluntary conversion would adversely affect the availability of affordable and low-income housing in the City of Wichita.

Certifications of Compliance with PHA Plans and Related Regulations *(Standard, Troubled, HCV-Only, and High Performer PHAs)*	**U.S. Department of Housing and Urban Development** Office of Public and Indian Housing **OMB No. 2577-0226** **Expires 02/29/2016**

PHA Certifications of Compliance with the PHA Plan and Related Regulations including Required Civil Rights Certifications

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the___ 5-Year and/or X Annual PHA Plan for the PHA fiscal year beginning 01/01/2021_, hereinafter referred to as" the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
3. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Resident Advisory Board or Boards in developing the Plan, including any changes or revisions to the policies and programs identified in the Plan before they were implemented, and considered the recommendations of the RAB (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
4. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
5. The PHA certifies that it will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
6. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identifying any impediments to fair housing choice within those programs, addressing those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and by maintaining records reflecting these analyses and actions.
7. For PHA Plans that includes a policy for site based waiting lists:
   - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2010-25);
   - The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
   - Adoption of a site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
   - The PHA shall take reasonable measures to assure that such a waiting list is consistent with affirmatively furthering fair housing;
   - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7(c)(1).
8. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
9. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
10. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
11. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

12. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
13. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
14. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
15. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
16. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
17. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments), 2 CFR Part 225, and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
18. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
19. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
22. The PHA certifies that it is in compliance with applicable Federal statutory and regulatory requirements, including the Declaration of Trust(s).

The City of Wichita Housing Authority
PHA Name

KS004
PHA Number/HA Code

__X__ Annual PHA Plan for Fiscal Year 2021

_____ 5-Year PHA Plan for Fiscal Years 20____ - 20____

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Name of Authorized Official Brandon J. Whipple	Title Mayor and Chairman of the Wichita Housing Authority Board
Signature	Date 10/06/2020

Civil Rights Certification *(Qualified PHAs)*	**U.S. Department of Housing and Urban Development** Office of Public and Indian Housing **OMB Approval No. 2577-0226** **Expires 02/29/2016**

Civil Rights Certification

Annual Certification and Board Resolution

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official, I approve the submission of the 5-Year PHA Plan for the PHA of which this document is a part, and make the following certification and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the public housing program of the agency and implementation thereof:

The PHA certifies that it will carry out the public housing program of the agency in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990, and will affirmatively further fair housing by examining their programs or proposed programs, identifying any impediments to fair housing choice within those program, addressing those impediments in a reasonable fashion in view of the resources available and working with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and by maintaining records reflecting these analyses and actions.

The City of Wichita Housing Authority	KS004
PHA Name	PHA Number/HA Code

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official Brandon J. Whipple	Title Mayor and Chairman of the Wichita Housing Authority Board
Signature	Date 10/06/2020

Annual PHA Plan *(Standard PHAs and Troubled PHAs)*	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 02/29/2016

Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Applicability. Form HUD-50075-ST is to be completed annually by **STANDARD PHAs or TROUBLED PHAs**. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

Definitions.

(1) ***High-Performer PHA*** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
(2) ***Small PHA*** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
(3) ***Housing Choice Voucher (HCV) Only PHA*** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
(4) ***Standard PHA*** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
(5) ***Troubled PHA*** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
(6) ***Qualified PHA*** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined, and is not PHAS or SEMAP troubled.

A.	PHA Information.
A.1	**PHA Name**: The City of Wichita Housing Authority **PHA Code**: KS004 **PHA Type:** ☒ Standard PHA ☐ Troubled PHA **PHA Plan for Fiscal Year Beginning**: (MM/YYYY): 01/2021 **PHA Inventory** (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) **Number of Public Housing (PH) Units 352 Number of Housing Choice Vouchers (HCVs) 3,187 Total Combined Units/Vouchers _____** **PHA Plan Submission Type:** ☒ Annual Submission ☐ Revised Annual Submission **Availability of Information.** PHAs must have the elements listed below in sections B and C readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans.

☐ **PHA Consortia**: (Check box if submitting a Joint PHA Plan and complete table below)

Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program	
				PH	HCV
Lead PHA:					

B. Annual Plan Elements

B.1 Revision of PHA Plan Elements.

(a) Have the following PHA Plan elements been revised by the PHA?

Y	N	
☐	☒	Statement of Housing Needs and Strategy for Addressing Housing Needs
☐	☒	Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.
☒	☐	Financial Resources.
☐	☒	Rent Determination.
☒	☐	Operation and Management.
☐	☒	Grievance Procedures.
☒	☐	Homeownership Programs.
☐	☒	Community Service and Self-Sufficiency Programs.
☐	☒	Safety and Crime Prevention.
☐	☒	Pet Policy.
☒	☐	Asset Management.
☐	☒	Substantial Deviation.
☐	☒	Significant Amendment/Modification

(b) If the PHA answered yes for any element, describe the revisions for each revised element(s):

Financial Resources. The WHA staff updated the financial resources estimate for 2021.

Operation and Management. The WHA revised the Housing Choice Voucher Administration Plan using the Nan McKay model that has current regulations and procedures for the PHA to follow. The Administrative Plan may be viewed at this link https://www.wichita.gov/Housing/Pages/default.aspx.

The Housing Choice Voucher program implemented a Residency Preference and a Homeless Preference in 2020.

Implement Foster Youth to Independence Initiative by collaborating with the Department of Children and Families and Impact ICT – KS502 Continuum of Care.

Asset Management. The WHA is scheduled to close on the Rental Assistance Demonstration conversion 226 multifamily units in December 2020, to WHA RAD Senior LLC.

The WHA proposes to sell its 352 unit single-family scattered site portfolio rather than pursue converting it RAD as planned for the last three years. In February 2019, it was determined that per 24 CFR 200.73, 146 of the units were too scattered to qualify for HUD financing. In March 2019, development team staff sent a waiver request for the aforementioned regulation to the Fort Worth Field Office, which was denied the following month. After the denial, developer KBK proposed to restructure the Single Family project into two projects – one with the 206 units that qualified for financing and one with the very scattered 146 units. In June 2019, the equity investor withdrew its letter of intent. From June to December 2019, the developer approached multiple investors without success. Tax credits and bond volume cap expired December 31, 2019. The WHA has been unable to secure necessary financing.

The WHA proposes to use Section 18 Demo/Dispo, Section 18 RAD Blend and possibly Section 22 Voluntary Streamlined Conversion.

Homeownership Programs. As part of the overall repositioning strategy, the WHA may use Section 32 Homeownership as a means to sell any number of its single-family units. If HUD approves selling all units, staff will complete necessary and required documents for HUD.

(c) The PHA must submit its Deconcentration Policy for Field Office review.

B.2 **New Activities.**

(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?

Y	N	
☐	☒	Hope VI or Choice Neighborhoods.
☒	☐	Mixed Finance Modernization or Development.
☒	☐	Demolition and/or Disposition.
☐	☒	Designated Housing for Elderly and/or Disabled Families.
☐	☒	Conversion of Public Housing to Tenant-Based Assistance.
☒	☐	Conversion of Public Housing to Project-Based Assistance under RAD.
☐	☒	Occupancy by Over-Income Families.
☐	☒	Occupancy by Police Officers.
☐	☒	Non-Smoking Policies.
☒	☐	Project-Based Vouchers.
☒	☐	Units with Approved Vacancies for Modernization.

	☐ ☒ Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants). (b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project based units and general locations, and describe how project basing would be consistent with the PHA Plan. Mixed Finance Modernization or Development. The WHA may modernize any number of its scattered site single-family Public Housing units. As stated elsewhere in this plan, the WHA proposes to sell all of the single-family units. If close groupings remain unsold, the WHA might choose to keep the units as affordable rental units after modernizing them with a variety of funding sources possibly including, but not limited to RAD, HUD 221 (d)(4) loan, Capital Fund Program, Low Income Housing Tax Credits, FHLBank Affordable Housing Program. Demolition and/or Disposition. The WHA proposes to sell all of its scattered site single-family units and maximize the amount of affordable housing in Wichita. If HUD approves, it intends to implement multiple repositioning strategies including Section 18, RAD, Section 22, and mixed financing. Current residents living in the units will have first right of refusal. The WHA will provide residents with permanent relocation through the Housing Choice Voucher program with assistance of relocation coordinator RH Brown & Associates. WHA may provide Project Based Vouchers for single-family units when developers want to maintain them as affordable rental units. Units located in flood plains may be demolished. 23 units located in 100-Year Flood Plain: One – two bedroom units 19 - three bedroom units Two – four bedroom units One – five bedroom units Conversion of Public Housing units to RAD. The WHA may modernize any number of its scattered site single-family Public Housing units. As stated elsewhere in this plan, the WHA proposes to sell all of the single-family units. If close groupings remain unsold, the WHA might choose to keep the units as affordable rental units after modernizing them with a variety of funding sources possibly including, but not limited to RAD, HUD 221 (d)(4) loan, Capital Fund Program, Low Income Housing Tax Credits, Federal Home Loan Bank Affordable Housing Program. Project Based Vouchers. The WHA may provide Project Based Vouchers (PBVs) to developers that build new affordable rental units in Opportunity Zones or other areas of Wichita. It may also provide PBVs to developers that purchase Public Housing single-family units and commit to modernizing and maintaining the properties as affordable rental units for qualified families. Units with Approved Vacancies for Modernization. The WHA will maintain its vacant Public Housing units that have been approved for modernization as long as those units are covered by a CHAP. If HUD approves WHAs proposal to sell any number of its public housing single-family units it will relinquish the CHAP. At some point in the disposition and demolition process the WHA may request that some units be taken off line for modernization.
B.3	**Civil Rights Certification.**

	Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*, must be submitted by the PHA as an electronic attachment to the PHA Plan. This form is in the submittal zip folder.
B.4	**Most Recent Fiscal Year Audit**. (a) Were there any findings in the most recent FY Audit? Y N ☒ ☐ If yes, please describe: **Finding #: 2019-001 (Significant Deficiency), repeat of finding 2018-002** CFDA # and Title: **14.871/14.879, Section 8 Housing Choice Vouchers** Federal Award # and Year: **All open grant awards** Name of Federal Agency: **U.S. Department of Housing and Urban Development** Name of Pass-Thru Agency: **N/A** **Criteria** (specific requirement upon which the audit finding is based, including the statutory, regulatory or other citation): Under 24 CFR 982 Section 517(d), the PHA must use the appropriate utility allowance for the lesser of the size of dwelling unit actually leased by the family or the family unit size as determined under the PHA subsidy standards. In cases where the unit size leased exceeds the family unit size as determined under the PHA subsidy standards as a result of a reasonable accommodation, the PHA must use the appropriate utility allowance for the size of the dwelling unit actually leased by the family. **Condition** (nature of the issue, including facts that support the deficiency identified in the audit finding): There were five instances of participants utility allowance calculations being miscalculated during recertification. **Questioned Costs** (or likely questioned costs, including how they were computed or identified; must be identified by applicable CFDA numbers and Federal award numbers): None were noted. **Context** (Information to put the finding in perspective for judging the prevalence and consequences of the audit findings, such as whether the audit finding represents an isolated instance or a systemic problem. Where appropriate, the instances identified should be related to the universe and the number of cases examined and be quantified in terms of the dollar value. The auditor should report whether the sampling was a statistically valid sample.): Out of sixty participants selected for testing, five participants' utility allowance was miscalculated for the following reasons: two were due to the number of bedrooms being entered incorrectly in the City's system, one was due to the tenant utility responsibility being entered incorrectly and two had no supporting document for what was entered into the City's system. The sample size was determined based upon guidelines provided by the AICPA which was not a statistically valid sample. **Cause** (reason or explanation for the condition or the factors responsible for the condition, if known): Review of the utility allowance is automatically calculated based on the information that that the Housing Department enters for each participant and this information was not properly being reviewed. **Effect** (what could go wrong as a result of this situation / possible impact): Not properly reviewing data entry into the City's system may allow for participants to receive an incorrect amount of utility allowance payments and/or housing assistance payments.

	Finding #: 2019-002 (Significant Deficiency) If Repeat Finding from the immediate prior year, the PY Finding #: **N/A** CFDA # and Title: **14.850, Public and Indian Housing** Federal Award # and Year: **All open grant awards** Name of Federal Agency: **U.S. Department of Housing and Urban Development** Name of Pass-Thru Agency: **N/A** **Criteria** (specific requirement upon which the audit finding is based, including the statutory, regulatory or other citation): Under 24 CFR 990 Section 280(d), when a Public Housing Authority (PHA) chooses to centralize functions that directly support a project (e.g., central maintenance), it must charge each project using a fee-for-service approach. Each project shall be charged for the actual services received and only to the extent that such amounts are reasonable. **Condition** (nature of the issue, including facts that support the deficiency identified in the audit finding): There were three instances where hours charged for centralized services did not agree to the employee time records. **Questioned Costs** (or likely questioned costs, including how they were computed or identified; must be identified by applicable CFDA numbers and Federal award numbers): The overall impact of the three items inappropriately charged was an overcharge of $220, which consisted of overcharges of $350 and an under charge of $130. **Context** (Information to put the finding in perspective for judging the prevalence and consequences of the audit findings, such as whether the audit finding represents an isolated instance or a systemic problem. Where appropriate, the instances identified should be related to the universe and the number of cases examined and be quantified in terms of the dollar value. The auditor should report whether the sampling was a statistically valid sample.): Out of the fifteen centralized service fees tested, three transactions did not agree to the underlying employee time records. Two of the transactions overcharged hours and one transaction undercharged hours when compared to actual hours per the time records. The sample size was determined based upon guidelines provided by the AICPA which was not a statistically valid sample. **Cause** (reason or explanation for the condition or the factors responsible for the condition, if known): Review of the monthly transactions for centralized service fees was not being completed. **Effect** (what could go wrong as a result of this situation / possible impact): Not properly reviewing the monthly transactions for centralized service fees could cause the City to charge projects for centralized service fees that were not actually received. **Recommendations**: We recommend the City implement controls to ensure that the monthly transactions for centralized services fees are properly reviewed with the employee time records prior to charging the grant projects.
B.5	**Progress Report.** Provide a description of the PHA's progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan. **Mission:** To promote adequate and affordable housing, economic opportunities, and suitable living environments free from discrimination. Goals • **Expand the affordable housing supply** WHA applied for VASH vouchers when they were available and currently has 208 • **Maintain good housing management scores** The HCV program is a High Performer and the PH program is a Standard Performer

	• **Promote Self-Sufficiency** ▪ The HCV Family Self-Sufficiency has 127 participants with 47 total graduates. By the end of 2020, two participants anticipate becoming first-time homebuyers. ▪ Public Housing has had Resident Opportunities and Self-Sufficiency Service Coordinator grants throughout the five-year period. The Service Coordinator served the senior and senior/persons with disabilities living in WHA's multifamily apartments. The service coordinator arranged for commodities, helped residents find housekeeping services that enabled them to age in place rather than lose their housing due to lease violations, and provide education on a variety of topics. One of the agencies that provided socialization services as an in-kind match for the ROSS-SC grants hosted group meals near holidays. ▪ Individual and Family Development is a program designed to help participants become financially literate and save money. 63 HCV families participated and 42 Public Housing residents. ▪ Summer Youth Employment. The Way to Work (TWTW) has been a very successful program for youth between the ages of 14-17. Most are youth whose parents or guardians receive housing assistance from WHA. An average of 105 youth per summer become City of Wichita Housing Authority employees for about six weeks. In addition to working in age-appropriate jobs, they receive remedial education course work that helps them function in the workforce and in school when they return in the fall. TWTW teaches participants soft employment skills including, but not limited to, how to write a resume, how to interview, and on-the-job behavior.
B.6	**Resident Advisory Board (RAB) Comments.** (a) Did the RAB(s) provide comments to the PHA Plan? Y N ☒ ☐ (b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations. **RAB Meeting – 8/12/2020**. After WHA staff presented the proposed 2021 PHA Annual Plan RAB members asked if WHA Public Housing scattered site single-family units were at or near full capacity. Director Stang responded and explained that while PH was in RAD application status, WHA was prevented from leasing vacant units. She explained that the single-family units needed 40-60 thousand dollars of rehabilitation, but they each only have an assessed value of approximately $30,000 or less. We could not get financing for that kind of a project. WHA is talking with non- and for-profit developer interested in working with small groups of the units. WHA is looking at one-to-one replacement of the units that sell or get demolished. A second questioner asked how the WHA's Five Year Plan budget would to be affected by the City cutting the housing budget [due to COVID-19 economic crisis]. Director Stang explained that the administrative fees from new HUD funding would help offset those losses.
B.7	**Certification by State or Local Officials.**

	Form HUD 50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. This certification is part of the submittal packet.
B.8	**Troubled PHA.** (a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place? Y N N/A ☐ ☒ ☐ (b) If yes, please describe:
C.	**Statement of Capital Improvements**. Required for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).
C.1	**Capital Improvements.** Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD. According to the HUD's Energy and Performance Information Center (EPIC) WHA's 2018-2022 Five-Year Action Plan was approved on August 13, 2018. Proposed 2021 Capital Fund Program Budget based on 2020 CFP grant Based on 2020 Award $1,470,462 Operations @ 25% 367,615 Administration @ 10% 147,046 Fees & Costs 100,000 Rehab/Demo/Dispo 427,900 Temporary Relocation 427,901

Instructions for Preparation of Form HUD-50075-ST
Annual PHA Plan for Standard and Troubled PHAs

A. PHA Information. All PHAs must complete this section.

A.1 Include the full **PHA Name**, **PHA Code**, **PHA Type**, **PHA Fiscal Year Beginning** (MM/YYYY), **PHA Inventory, Number of Public Housing Units and or Housing Choice Vouchers (HCVs), PHA Plan Submission Type**, and the **Availability of Information**, specific location(s) of all information relevant to the public hearing and proposed PHA Plan. (24 CFR §903.23(4)(e))

PHA Consortia: Check box if submitting a Joint PHA Plan and complete the table. (24 CFR §943.128(a))

B. Annual Plan. All PHAs must complete this section.

B.1 Revision of PHA Plan Elements. PHAs must:

Identify specifically which plan elements listed below that have been revised by the PHA. To specify which elements have been revised, mark the "yes" box. If an element has not been revised, mark "no." (24 CFR §903.7)

☐ **Statement of Housing Needs and Strategy for Addressing Housing Needs.** Provide a statement addressing the housing needs of low-income, very low-income and extremely low-income families and a brief description of the PHA's strategy for addressing the housing needs of families who reside in the jurisdiction served by the PHA. The statement must identify the housing needs of (i) families with incomes below 30 percent of area median income (extremely low-income), (ii) elderly families and families with disabilities, and (iii) households of various races and ethnic groups residing in the jurisdiction or on the waiting list based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location. (24 CFR §903.7(a)(1)) Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. (24 CFR §903.7(a)(2)(ii))

☐ **Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions**. PHAs must submit a Deconcentration Policy for Field Office review. For additional guidance on what a PHA must do to deconcentrate poverty in its development and comply with fair housing requirements, see 24 CFR 903.2. (24 CFR §903.23(b)) Describe the PHA's admissions policy for deconcentration of poverty and income mixing of lower-income families in public housing. The Deconcentration Policy must describe the PHA's policy for bringing higher income tenants into lower income developments and lower income tenants into higher income developments. The deconcentration requirements apply to general occupancy and family public housing developments. Refer to 24 CFR §903.2(b)(2) for developments not subject to deconcentration of poverty and income mixing requirements. (24 CFR §903.7(b)) Describe the PHA's procedures for maintain waiting lists for admission to public housing and address any site-based waiting lists. (24 CFR §903.7(b)). A statement of the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV. (24 CFR §903.7(b)) Describe the unit assignment policies for public housing. (24 CFR §903.7(b))

☒ **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA operating, capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources. (24 CFR §903.7(c))

☐ **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units, including applicable public housing flat rents, minimum rents, voucher family rent contributions, and payment standard policies. (24 CFR §903.7(d))

☒ **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance and management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA. (24 CFR §903.7(e))

☐ **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants. (24 CFR §903.7(f))

☒ **Homeownership Programs**. A description of any Section 5h, Section 32, Section 8y, or HOPE I public housing or Housing Choice Voucher (HCV) homeownership programs (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval. (24 CFR §903.7(k))

☐ **Community Service and Self Sufficiency Programs**. Describe how the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. (24 CFR §903.7(l)) A description of: **1)** Any programs relating to services and amenities provided or offered to assisted families; and **2)** Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS. (24 CFR §903.7(l))

☐ **Safety and Crime Prevention.** Describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must provide development-by-development or jurisdiction wide-basis: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities. (24 CFR §903.7(m)) A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families. (24 CFR §903.7(m)(5))

☐ **Pet Policy.** Describe the PHA's policies and requirements pertaining to the ownership of pets in public housing. (24 CFR §903.7(n))

☒ **Asset Management.** State how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory. (24 CFR §903.7(q))

☐ **Substantial Deviation.** PHA must provide its criteria for determining a "substantial deviation" to its 5-Year Plan. (24 CFR §903.7(r)(2)(i))

☒ **Significant Amendment/Modification**. PHA must provide its criteria for determining a "Significant Amendment or Modification" to its 5-Year and Annual Plan. Should the PHA fail to define 'significant amendment/modification', HUD will consider the following to be 'significant amendments or modifications': a) changes to rent or admissions policies or organization of the waiting list; b) additions of non-emergency CFP work items (items not included in the current CFP Annual Statement or CFP 5-Year Action Plan) or change in use of replacement reserve funds under the Capital Fund; or c) any change with regard to demolition or disposition, designation, homeownership programs or conversion activities. See guidance on HUD's website at: Notice PIH 1999-51. (24 CFR §903.7(r)(2)(ii))

If any boxes are marked "yes", describe the revision(s) to those element(s) in the space provided.

B.2 New Activities. If the PHA intends to undertake any new activities related to these elements in the current Fiscal Year, mark "yes" for those elements, and describe the activities to be undertaken in the space provided. If the PHA does not plan to undertake these activities, mark "no."

☐ **Hope VI or Choice Neighborhoods. 1)** A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Choice Neighborhoods; and **2)** A timetable for the submission of applications or proposals. The application and approval process for Hope VI or Choice Neighborhoods is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm. (Notice PIH 2010-30)

☒ **Mixed Finance Modernization or Development. 1)** A description of any housing (including project number (if known) and unit count) for which the PHA will apply for Mixed Finance Modernization or Development; and **2)** A timetable for the submission of applications or proposals. The application and approval process for Mixed Finance Modernization or Development is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm. (Notice PIH 2010-30)

☒ **Demolition and/or Disposition.** Describe any public housing projects owned by the PHA and subject to ACCs (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed as described in the PHA's last Annual and/or 5-Year PHA Plan submission. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm. (24 CFR §903.7(h))

☐ **Designated Housing for Elderly and Disabled Families.** Describe any public housing projects owned, assisted or operated by the PHA (or portions thereof), in the upcoming fiscal year, that the PHA has continually operated as, has designated, or will apply for designation for occupancy by elderly and/or disabled families only. Include the following information: **1**) development name and number; **2**) designation type; **3**) application status; **4**) date the designation was approved, submitted, or planned for submission, and; **5**) the number of units affected. **Note**: The application and approval process for such designations is separate from the PHA Plan process, and PHA Plan approval does not constitute HUD approval of any designation. (24 CFR §903.7(i)(C))

☐ **Conversion of Public Housing.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA is required to convert or plans to voluntarily convert to tenant-based assistance; **2)** An analysis of the projects or buildings required to be converted; and **3)** A statement of the amount of assistance received to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/conversion.cfm. (24 CFR §903.7(j))

☒ **Conversion of Public Housing.** Describe any public housing building(s) (including project number and unit count) owned by the PHA that the PHA plans to voluntarily convert to project-based assistance under RAD. See additional guidance on HUD's website at: Notice PIH 2012-32

☐ **Occupancy by Over-Income Families.** A PHA that owns or operates fewer than two hundred fifty (250) public housing units, may lease a unit in a public housing development to an over-income family (a family whose annual income exceeds the limit for a low income family at the time of initial occupancy), if all the following conditions are satisfied: (1) There are no eligible low income families on the PHA waiting list or applying for public housing assistance when the unit is leased to an over-income family; (2) The PHA has publicized availability of the unit for rental to eligible low income families, including publishing public notice of such availability in a newspaper of general circulation in the jurisdiction at least thirty days before offering the unit to an over-income family; (3) The over-income family rents the unit on a month-to-month basis for a rent that is not less than the PHA's cost to operate the unit; (4) The lease to the over-income family provides that the family agrees to vacate the unit when needed for rental to an eligible family; and (5) The PHA gives the over-income family at least thirty days notice to vacate the unit when the unit is needed for rental to an eligible family. The PHA may incorporate information on occupancy by over-income families into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: Notice PIH 2011-7. (24 CFR 960.503) (24 CFR 903.7(b))

☐ **Occupancy by Police Officers.** The PHA may allow police officers who would not otherwise be eligible for occupancy in public housing, to reside in a public housing dwelling unit. The PHA must include the number and location of the units to be occupied by police officers, and the terms and conditions of their tenancies; and a statement that such occupancy is needed to increase security for public housing residents. A "police officer" means a person determined by the PHA to be, during the period of residence of that person in public housing,

employed on a full-time basis as a duly licensed professional police officer by a Federal, State or local government or by any agency of these governments. An officer of an accredited police force of a housing agency may qualify. The PHA may incorporate information on occupancy by police officers into its PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. See additional guidance on HUD's website at: Notice PIH 2011-7. (24 CFR 960.505) (24 CFR 903.7(b))

☐ **Non-Smoking Policies.** The PHA may implement non-smoking policies in its public housing program and incorporate this into its PHA Plan statement of operation and management and the rules and standards that will apply to its projects. See additional guidance on HUD's website at: Notice PIH 2009-21. (24 CFR §903.7(e))

☒ **Project-Based Vouchers.** Describe any plans to use Housing Choice Vouchers (HCVs) for new project-based vouchers, which must comply with PBV goals, civil rights requirements, Housing Quality Standards (HQS) and deconcentration standards, as stated in 983.57(b)(1) and set forth in the PHA Plan statement of deconcentration and other policies that govern eligibility, selection, and admissions. If using project-based vouchers, provide the projected number of project-based units and general locations, and describe how project-basing would be consistent with the PHA Plan. (24 CFR §903.7(b))

☒ **Units with Approved Vacancies for Modernization.** The PHA must include a statement related to units with approved vacancies that are undergoing modernization in accordance with 24 CFR §990.145(a)(1).

☐ **Other Capital Grant Programs** (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants).

For all activities that the PHA plans to undertake in the current Fiscal Year, provide a description of the activity in the space provided.

B.3 Civil Rights Certification. Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulation*, must be submitted by the PHA as an electronic attachment to the PHA Plan. This includes all certifications relating to Civil Rights and related regulations. A PHA will be considered in compliance with the AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction. (24 CFR §903.7(o))

B.4 Most Recent Fiscal Year Audit. If the results of the most recent fiscal year audit for the PHA included any findings, mark "yes" and describe those findings in the space provided. (24 CFR §903.7(p))

B.5 Progress Report. For all Annual Plans following submission of the first Annual Plan, a PHA must include a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year PHA Plan. (24 CFR §903.7(r)(1))

B.6 Resident Advisory Board (RAB) comments. If the RAB provided comments to the annual plan, mark "yes," submit the comments as an attachment to the Plan and describe the analysis of the comments and the PHA's decision made on these recommendations. (24 CFR §903.13(c), 24 CFR §903.19)

B.7 Certification by State of Local Officials. Form HUD-50077-SL, *Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan*, must be submitted by the PHA as an electronic attachment to the PHA Plan. (24 CFR §903.15). Note: A PHA may request to change its fiscal year to better coordinate its planning with planning done under the Consolidated Plan process by State or local officials as applicable.

B.8 Troubled PHA. If the PHA is designated troubled, and has a current MOA, improvement plan, or recovery plan in place, mark "yes," and describe that plan. If the PHA is troubled, but does not have any of these items, mark "no." If the PHA is not troubled, mark "N/A." (24 CFR §903.9)

C. Statement of Capital Improvements. PHAs that receive funding from the Capital Fund Program (CFP) must complete this section. (24 CFR 903.7 (g))

C.1 Capital Improvements. In order to comply with this requirement, the PHA must reference the most recent HUD approved Capital Fund 5 Year Action Plan.

PHAs can reference the form by including the following language in Section C. 8.0 of the PHA Plan Template: "See HUD Form- 50075.2 approved by HUD on XX/XX/XXXX."

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced the 5-Year and Annual PHA Plan.

Public reporting burden for this information collection is estimated to average 9.2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

Wichita Housing Authority
Resident Advisory Board Comments

2021 PHA Annual Agency Plan Review
August 12, 2020

On August 12, 2020, staff presented the 2021 PHA Annual Agency Plan to the Wichita Housing Authority (WHA) Resident Advisory Board (RAB). The meeting was held online with Microsoft Teams format due to COVID-19. After WHA staff presented the proposed 2021 PHA Annual Plan RAB members asked if WHA Public Housing scattered site single-family units were at or near full capacity. Director Stang responded and explained that while PH was in RAD application status, WHA was prevented from leasing vacant units. She explained that the single-family units needed 40-60 thousand dollars of rehabilitation, but they each only have an assessed value of approximately $30,000 or less. We could not get financing for that kind of a project. WHA is talking with non- and for-profit developer interested in working with small groups of the units. WHA is looking at one-to-one replacement of the units that sell or get demolished.

A second questioner asked how the WHA's Five Year Plan budget would to be affected by the City cutting the housing budget [due to COVID-19 economic crisis]. Director Stang explained that the administrative fees from new HUD funding would help offset those losses.

The RAB unanimously approved the 2021 PHA Annual Agency Plan.

Housing & Community Services Department
455 N. Main Street, Tenth Floor
Wichita, Kansas 67202
(T) 316.462.3700 ♦ (F) 316.337.9103
www.wichita.gov

CMB'S FOR October 6, 2020

Renew	2020	Consumption On Premises
Dallas Raymundo	The Goat Restaurant**	124 E. 21st ST N
New	2020	Consumption On Premises
Andrew Franco	Dusty Boot Saloon, LLC**	353 S. Rock Rd
William Crites	Buenos' Dillas**	410 N. Hillside Suite 500
Renew	2020	Consumption Off Premises
Venkata Padamati	R S Smoke Shop & Grocery***	5701 E. Lincoln St
Irfan Badibanga	Family Dollar Store #21826***	1546 S. Broadway St

** General/Restaurant (need 50% or more gross revenue from sale of food)
*** Retailer (Grocery stores, convenience stores, etc.)

THE CITY OF WICHITA
Department of Public Works

Wichita, Kansas

PRELIMINARY ESTIMATES
FOR CITY COUNCIL OCTOBER 6, 2020

a. Water Distribution System Phase 2 to serve RF Addition (south of 31st Street South, east of Rock Road) (448-2019-005514/E0034(810027)/47112220) Does not affect existing traffic. (District II) - $89,640.00

b. Sanitary Sewer Phase 2 to serve RF Addition (south of 31st Street South, east of Rock Road) (468-2019-005517/E0035(810028)/47261820) Does not affect existing traffic. (District II) - $237,000.00

c. Trail Improvements to Pawnee Prairie Park (west of Tyler, south of Harry) (482-11023/R0005 (810002)/44001920) Does not affect existing traffic. (District IV) - $133,235.00

d. 2020 Sanitary Sewer Reconstruction Phase 3 (north of Pawnee, east of Broadway (various locations) (468-2020-023779/S0022/53200020) Traffic to be maintained during construction using flagpersons and barricades. (District I,III) - $90,000.00

448-2019-005514 E0034(810027) 47112220 District II

To be Bid: August 21, 2020

PRELIMINARY ESTIMATE of the cost of:
Water Distribution System, Phase 2 to serve RF Addition
(south of 31th Street South, east of Rock Rd)

All work done and all materials furnished to be in accordance with plans and specifications on file in the office of the City Engineer.

	LUMP SUM BID ITEMS - E0034 - Group 1			
1	Maintain Existing BMPs	1	LS	
2	Seeding	1	LS	
3	Site Clearing	1	LS	
4	Site Restoration	1	LS	
	MEASURED QUANTITY BID ITEMS - E0034 - Group 1			
5	Pipe, WL 8"	1,793	lf	
6	Pipe, DICL 8"	22	lf	
7	Fire Hydrant Assembly	2	ea	
8	Valve Assembly, Blowoff 2"	2	ea	
9	Valve Assembly, 8"	1	ea	
10	Valve Assembly, Anchored 8", Special	2	ea	
	Construction Subtotal			
	Design Fee			
	Engineering & Inspection			
	Administration			
	Publication			
	Total Estimated Cost			$89,640.00

CITY OF WICHITA)
STATE OF KANSAS) SS

I do solemnly swear that the above amount is correct, reasonable and just.

Gary Janzen, P.E., City Engineer

Sworn to and subscribed before me this _____.
(DATE)

City Clerk

47112220 E0034(810027) 448-2019-005514
Page _____ EXHIBIT _____

468-2019-005517 E0035(810028) 47261820 District II

To be Bid: August 21, 2020

PRELIMINARY ESTIMATE of the cost of:
Sanitary Sewer Phase 2 to serve RF Addition
(south of 31th Street South, east of Rock Rd)

All work done and all materials furnished to be in accordance with plans and specifications on file in the office of the City Engineer.

	LUMP SUM BID ITEMS - E0035 - Group 2		
1	Maintain Existing BMPs	1	LS
2	Seeding	1	LS
3	Site Clearing	1	LS
4	Site Restoration	1	LS
	MEASURED QUANTITY BID ITEMS - E0035 - Group 2		
5	Pipe, SS 8"	2,141	lf
6	Pipe Stub, 8"	4	ea
7	Riser Assembly 4", Manhole Stub	9	ea
8	Riser Assembly 4", Vertical	15	ea
9	MH, Standard SS (4')	7	ea
10	MH, Standard SS (5')	3	ea
11	Fill, Flowable	33	lf
12	Air Testing, SS Pipe	2,141	lf
13	MH, Joint Wrap	37	lf
14	MH Adjusted, SS	1	ea
15	Fill, Sand (Flushed & Vibrated)	1,337	lf
16	BMP, Construction Entrance	1	ea

Construction Subtotal _____

Design Fee
Engineering & Inspection
Administration
Publication

Total Estimated Cost $237,000.00

CITY OF WICHITA)
STATE OF KANSAS) SS

I do solemnly swear that the above amount is correct, reasonable and just.

Gary Janzen, P.E., City Engineer

Sworn to and subscribed before me this _____.
(DATE)

City Clerk

47261820 E0035(810028) 468-2019-005517
Page _____ EXHIBIT _____

468-2020-023779 S0022 53200020 Districts I, III

To be Bid: September 18, 2020

PRELIMINARY ESTIMATE of the cost of:
2020 Sanitary Sewer Reconstruction Phase 3
(north of Pawnee, east of Broadway (various locations)

All work done and all materials furnished to be in accordance with plans and specifications on file in the office of the City Engineer.

	LUMP SUM BID ITEMS		
1	Site Clearing	1	LS
2	Site Restoration	1	LS
	MEASURED QUANTITY BID ITEMS		
3	Pipe, SS 8"	390	lf
4	Pipe Removed	390	lf
5	MH Removed	2	ea
6	MH, Standard, SS (4')	2	ea
7	Service Reconnection, Sewer (4")	8	ea
8	Service Reconnection, Sewer (6")	1	ea
9	BMP, Back of Curb Protection	20	lf
10	BMP, Erosion Control Mat	44	sy

Construction Subtotal _____

Engineering & Inspection
Administration
Publication

Total Estimated Cost $90,000.00

CITY OF WICHITA)
STATE OF KANSAS) SS

I do solemnly swear that the above amount is correct, reasonable and just.

Gary Janzen, P.E., City Engineer

Sworn to and subscribed before me this _____.
(DATE)

City Clerk

53200020 S0022 468-2020-023779
Page _____

EXHIBIT _____

482-11023 R0005(810002) 44001920 District IV

To be Bid: September 18, 2020

PRELIMINARY ESTIMATE of the cost of:
Trail Improvements to Pawnee Prairie Park
(west of Tyler, south of Harry)

All work done and all materials furnished to be in accordance with plans and specifications on file in the office of the City Engineer.

	LUMP SUM BID ITEMS		
1	Mobilization	1	LS
2	Site Clearing	1	LS
3	Site Restoration	1	LS
4	Seeding, Buffalo w/ mulch	760	sy
5	Grading (Playground Area)	1	LS
6	Contractor Construction Staking	1	LS
	MEASURED QUANTITY BID ITEMS - PAVING		
7	Concrete Sidewalk (5") (Reinforced)	489	sf
	MEASURED QUANTITY BID ITEMS - EROSION CONTROL		
8	BMP, Drop Inlet Protection	4	ea
	MEASURED QUANTITY BID ITEMS - STORM WATER		
9	Concrete Sidewalk Removed & Replaced	160	sf
10	Pipe, SWS 15" (RCP)	193	lf
11	Pipe, SWS 12" (RCP)	199	lf
12	Rip-Rap, Light Stone	28	sy
13	Inlet, Backyard	4	ea
14	Grading, Ditch	125	lf

Construction Subtotal _____

Design Fee (Baughman)
Engineering & Inspection
Administration
Publication

Total Estimated Cost $133,235.00

CITY OF WICHITA)
STATE OF KANSAS) SS

I do solemnly swear that the above amount is correct, reasonable and just.

Gary Janzen, P.E., City Engineer

Sworn to and subscribed before me this _____.
(DATE)

City Clerk

44001920 R0005(810002) 482-11023
Page _____ EXHIBIT _____

Agenda Item No. II-3a

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Revised Petitions for Improvements to Serve Brookfield Addition (District II)

INITIATED BY: Department of Public Works & Utilities

AGENDA: Consent

Recommendation: Approve the revised petitions and revised budget, and adopt the amending resolutions.

Background: On February 7, 2017, the City Council approved petitions for water, sewer, and paving improvements to serve Brookfield Addition. The developer has submitted revised petitions to expand the improvement district. The improvement district is valid per Kansas Statute 12-6a01 and signatures on the petitions represent 100% of the improvement district.

Analysis: The projects will provide water and paving improvements required for a new residential development located east of Greenwich, south of 37th Street North.

Financial Considerations: The revised petition total for the water improvements is $112,000, an increase of $6,000. The revised petition total for the paving improvements is $479,000, an increase of $2,000. The funding source for the project is 100% special assessment.

Legal Considerations: The Law Department has reviewed and approved the petitions and amending resolutions as to form.

Recommendations/Actions: It is recommended that the City Council approve the revised petitions and revised budget, adopt the amending resolution, and authorize the necessary signatures.

Attachments: Revised petitions and amending resolutions.

Revised

PETITION 448-2020-018392
(Phase 2B - WATER IMPROVEMENTS – BROOKFIELD ADDITION, WICHITA, SEDGWICK COUNTY, KANSAS)

TO: The Mayor and City Council (the "Governing Body")
City of Wichita, Kansas

1. The undersigned, being the owners of record of more than one-half of the area liable for assessment set forth below for the proposed improvements of the City of Wichita, Kansas (the "City"), do hereby request that said improvements be made in the manner provided by K.S.A. 12-6a01 *et seq.* (the "Act").

(a) The improvements proposed to be made are as follows (the "Improvements"):

Construction of a water distribution system, including necessary water mains, pipes, valves, hydrants, and appurtenances to serve the Improvement District defined below.

The Improvements shall be constructed in accordance with City standards and plans and specifications prepared or approved by the City Engineer.

(b) The estimated or probable cost of the proposed Improvements is $38,000.00, exclusive of interest on financing and administrative and financing costs; said estimated amount to be increased at the pro rata rate of 1 percent per month from and after the date of submission of this Petition to the City. If expenses have been incurred for the Improvements and construction has not started within two years of the initial design contract, the Improvements will be deemed abandoned and expenses incurred to date will be assessed against property in the Improvement District defined below in accordance with the provisions hereof.

(c) The extent of the proposed improvement district (the "Improvement District") to be assessed for the costs of the proposed Improvements is:

BROOKFIELD ADDITION
Lots 2 through 14, Block A

(d) The proposed method of assessment is: equally per lot.

In the event all or part of the lots or parcels in the proposed Improvement District are reconfigured before or after assessments have been levied, the assessments against the replatted area shall be recalculated on a square foot basis.

(e) The proposed apportionment of the cost of the Improvements, between the Improvement District and the City at large, is: 100% to be assessed against the Improvement District and 0% to be paid by the City-at-large.

(f) The payment of assessments proposed to be imposed hereunder may be indefinitely deferred against those property owners eligible for deferral pursuant to the City's Special Assessment Deferral Program.

(g) The undersigned acknowledge that property within the proposed Improvement District is subject to benefit fees to be imposed as a result of previously constructed water main improvements that benefit the property within the proposed Improvement District. Such benefit fees shall be imposed pursuant

to K.S.A. 12-6a19, in the following manner: $12,122.00, assessed equally among all property within the proposed Improvement District equally per lot.

2. It is further requested that the proposed Improvements be made without notice and hearing as required by the Act.

3. If the Improvements are: (i) abandoned, altered and/or constructed privately, in part or whole, precluding the building of the Improvement under the authority of this Petition and the Act; or (ii) it is necessary for the City to redesign, repair or reconstruct the Improvements after its initial design and/or construction because the design and/or construction does not meet the requirements of City code provisions; any costs incurred by the City as a result of submission of this Petition shall be assessed to property within the proposed Improvement District in accordance with the provisions hereof.

4. Names may not be withdrawn from this Petition by the signers hereof after the Governing Body commences consideration of this Petition, or, later than seven (7) days after the filing hereof, whichever occurs first.

5. The Governing Body is further requested to proceed with adoption of a resolution authorizing the Improvements and establishing the Improvement District in accordance with the Act and the construction of the Improvements in an expeditious manner.

Signature	**Dated**	**Property Owned Within Proposed Improvement District**
37th & Greenwich, LLC By: Ritchie Development Corporation, Manager By: _____ Kevin M. Mullen, President	8 / 13 / 2020	**BROOKFIELD ADDITION** Lots 2 through 14, Block A

****

THIS PETITION was filed in my office on 08/18/2020.

_____
Deputy City Clerk

BROOKFIELD ADDITION

Wichita, Sedgwick County, Kansas

WATER PETITION - PHASE 2B

Benefit District: (13 Lots)
Lots 2 through 14, Block A

Cost Estimate

Item	*Quantity*	Unit	Unit Price	Amount
8" Pipe	650	L.F.	$25.00	$16,250.00
Fire Hydrants	1	EA.	$3,500.00	$3,500.00
Blowoff	1	EA.	$1,000.00	$1,000.00
Seeding & Erosion Control	1	L.S.	$1,000.00	$1,000.00
Site Clearing and Restoration	1	L.S.	$5,000.00	$5,000.00
Subtotal				$26,750.00
+ 40% Design, Insp., & *Administration*				$10,700.00
Total				$37,450.00

Petition Amount	**$38,000**	
Water Main B.F. @ $.044/Sq.Ft.	**$12,122**	
Total Project	**$50,122**	
Average Cost Per Lot	**$3,856**	
Average Monthly Assessment	**$29**	**(Based on 15 years @ 4%)**
Average Monthly Assessment	**$23**	**(Based on 20 years @ 4%)**

Revised

PETITION 448-2020-018386
(Phase 2A - WATER IMPROVEMENTS – BROOKFIELD ADDITION, WICHITA, SEDGWICK COUNTY, KANSAS)

TO: The Mayor and City Council (the "Governing Body")
City of Wichita, Kansas

1. The undersigned, being the owners of record of more than one-half of the area liable for assessment set forth below for the proposed improvements of the City of Wichita, Kansas (the "City"), do hereby request that said improvements be made in the manner provided by K.S.A. 12-6a01 *et seq.* (the "Act").

(a) The improvements proposed to be made are as follows (the "Improvements"):

Construction of a water distribution system, including necessary water mains, pipes, valves, hydrants, and appurtenances to serve the Improvement District defined below.

The Improvements shall be constructed in accordance with City standards and plans and specifications prepared or approved by the City Engineer.

(b) The estimated or probable cost of the proposed Improvements is 74,000.00, exclusive of interest on financing and administrative and financing costs; said estimated amount to be increased at the pro rata rate of 1 percent per month from and after the date of submission of this Petition to the City. If expenses have been incurred for the Improvements and construction has not started within two years of the initial design contract, the Improvements will be deemed abandoned and expenses incurred to date will be assessed against property in the Improvement District defined below in accordance with the provisions hereof.

(c) The extent of the proposed improvement district (the "Improvement District") to be assessed for the costs of the proposed Improvements is:

BROOKFIELD ADDITION
Lots 1, 15, 18 through 34, Block A
Lots 22 through 26, Block B

(d) The proposed method of assessment is: equally per lot.

In the event all or part of the lots or parcels in the proposed Improvement District are reconfigured before or after assessments have been levied, the assessments against the replatted area shall be recalculated on a square foot basis.

(e) The proposed apportionment of the cost of the Improvements, between the Improvement District and the City at large, is: 100% to be assessed against the Improvement District and 0% to be paid by the City-at-large.

(f) The payment of assessments proposed to be imposed hereunder may be indefinitely deferred against those property owners eligible for deferral pursuant to the City's Special Assessment Deferral Program.

(g) The undersigned acknowledge that property within the proposed Improvement District is subject to benefit fees to be imposed as a result of previously constructed water main improvements that

benefit the property within the proposed Improvement District. Such benefit fees shall be imposed pursuant to K.S.A. 12-6a19, in the following manner: $22,379.00, assessed equally among all property within the proposed Improvement District equally per lot.

2. It is further requested that the proposed Improvements be made without notice and hearing as required by the Act.

3. If the Improvements are: (i) abandoned, altered and/or constructed privately, in part or whole, precluding the building of the Improvement under the authority of this Petition and the Act; or (ii) it is necessary for the City to redesign, repair or reconstruct the Improvements after its initial design and/or construction because the design and/or construction does not meet the requirements of City code provisions; any costs incurred by the City as a result of submission of this Petition shall be assessed to property within the proposed Improvement District in accordance with the provisions hereof.

4. Names may not be withdrawn from this Petition by the signers hereof after the Governing Body commences consideration of this Petition, or, later than seven (7) days after the filing hereof, whichever occurs first.

5. The Governing Body is further requested to proceed with adoption of a resolution authorizing the Improvements and establishing the Improvement District in accordance with the Act and the construction of the Improvements in an expeditious manner.

Signature	**Dated**	**Property Owned Within Proposed Improvement District**
37th & Greenwich, LLC By: Ritchie Development Corporation, Manager By: _____ Kevin M. Mullen, President	8 / 13 / 2020	**BROOKFIELD ADDITION** Lots 1, 15, 18 through 34, Block A Lots 22 through 26, Block B

****

THIS PETITION was filed in my office on 08/18/2020.

_____
Deputy City Clerk

BROOKFIELD ADDITION

Wichita, Sedgwick County, Kansas

WATER PETITION - PHASE 2A

Benefit District: (24 Lots)
Lots 1, 15, 18 through 34, Block A
Lots 22 through 26, Block B

Cost Estimate

Item	Quantity	Unit	Unit Price	Amount
8" Pipe	1650	L.F.	$22.00	$36,300.00
Fire Hydrants	2	EA.	$3,500.00	$7,000.00
Blowoff	2	EA.	$1,000.00	$2,000.00
Valves	2	EA.	$1,000.00	$2,000.00
Seeding & Erosion Control	1	L.S.	$2,000.00	$2,000.00
Site Clearing and Restoration	1	L.S.	$5,000.00	$5,000.00
Subtotal				$54,300.00
+ 35% Design, Insp., & Administration				$19,005.00
Total				$73,305.00

Petition Amount	**$74,000**	
Water Main B.F. @ $.044/Sq.Ft.	**$22,379**	
Total Project	**$96,379**	
Average Cost Per Lot	**$4,016**	
Average Monthly Assessment	**$30**	**(Based on 15 years @ 4%)**
Average Monthly Assessment	**$24**	**(Based on 20 years @ 4%)**

Revised

PETITION 472-2020-085623
(Phase 2A - PAVING IMPROVEMENTS – BROOKFIELD ADDITION, WICHITA, SEDGWICK COUNTY, KANSAS)

TO: The Mayor and City Council (the "Governing Body")
City of Wichita, Kansas

1. The undersigned, being the owners of record of more than one-half of the area liable for assessment set forth below for the proposed improvements of the City of Wichita, Kansas (the "City"), do hereby request that said improvements be made in the manner provided by K.S.A. 12-6a01 *et seq.* (the "Act").

(a) The improvements proposed to be made are as follows (the "Improvements"):

Construction of pavement on Crest and Fairfax from the northwesterly line of Lot 35, Block A, north and northeasterly to the southeasterly line of Lot 17, Block A, with drainage to be installed where necessary.

That said pavement between aforesaid limits be constructed for a width of thirty (30) feet from gutter line to gutter line, and each gutter to be two (2) feet in width, making a total roadway width of thirty four (34) feet with plans and specifications to be furnished by the City Engineer of the City of Wichita, Kansas.

That sidewalk be constructed on one side of Crest, and Fairfax, with plans and specifications to be furnished by the City Engineer of the City of Wichita, Kansas.

and

Construction of pavement on Winston Cir. from the west line of Bristol, west to the west line of Lot 15, Block A; on Crest Cir. (Lots 23 through 33, Block A) from the west line of Crest northwesterly to and including the cul-de-sac; and on Fairfax Ct. (Lots 18 through 22, Block A) from the north line of Fairfax, north to and including the cul-de-sac, with drainage to be installed when necessary.

That said pavement between aforesaid limits be constructed for a width of twenty four (24) feet from gutter line to gutter line, and each gutter to be two (2) feet in width, making a total roadway width of twenty eight (28) feet with plans and specifications to be furnished by the City Engineer of the City of Wichita, Kansas.

The Improvements shall be constructed in accordance with City standards and plans and specifications prepared or approved by the City Engineer.

(b) The estimated or probable cost of the proposed Improvements is: $343,000.00, exclusive of interest on financing and administrative and financing costs; said estimated amount to be increased at the pro rata rate of 1 percent per month from and after the date of submission of this Petition to the City. If expenses have been incurred for the Improvements and construction has not started within two years of the initial design contract, the Improvements will be deemed abandoned and expenses incurred to date will be assessed against property in the Improvement District defined below in accordance with the provisions hereof.

(c) The extent of the proposed improvement district (the "Improvement District") to be assessed for the costs of the proposed Improvements is:

BROOKFIELD ADDITION
Lots 15, 18 through 34, Block A
Lots 22 through 26, Block B

(d) The proposed method of assessment is: equally per lot.

In the event that the driveway approaches and curb cuts are not included within the scope of the Improvements and the estimated cost thereof as set forth in subsection (b) above, the costs of such driveway approaches and curb cuts so constructed shall be directly assessed to the property benefitted thereby in addition to the assessments levied for the Improvements.

In the event all or part of the lots or parcels in the proposed Improvement District are reconfigured before or after assessments have been levied, the assessments against the replatted area shall be recalculated on a square foot basis.

(e) The proposed apportionment of the cost of the Improvements, between the Improvement District and the City at large, is: 100% to be assessed against the Improvement District and 0% to be paid by the City-at-large.

(f) The payment of assessments proposed to be imposed hereunder may be indefinitely deferred against those property owners eligible for deferral pursuant to the City's Special Assessment Deferral Program.

2. It is further requested that the proposed Improvements be made without notice and hearing as required by the Act.

3. If the Improvements are: (i) abandoned, altered and/or constructed privately, in part or whole, precluding the building of the Improvement under the authority of this Petition and the Act; or (ii) it is necessary for the City to redesign, repair or reconstruct the Improvements after its initial design and/or construction because the design and/or construction does not meet the requirements of City code provisions; any costs incurred by the City as a result of submission of this Petition shall be assessed to property within the proposed Improvement District in accordance with the provisions hereof.

4. Names may not be withdrawn from this Petition by the signers hereof after the Governing Body commences consideration of this Petition, or, later than seven (7) days after the filing hereof, whichever occurs first.

5. The Governing Body is further requested to proceed with adoption of a resolution authorizing the Improvements and establishing the Improvement District in accordance with the Act and the construction of the Improvements in an expeditious manner.

Signature	Dated	Property Owned Within Proposed Improvement District
37th & Greenwich, LLC By: Ritchie Development Corporation, Manager By: _____ Kevin M. Mullen, President	8 / 13 /2020	**BROOKFIELD ADDITION** Lots 15, 18 through 34, Block A Lots 22 through 26, Block B

****

THIS PETITION was filed in my office on 08/18/2020.

Deputy City Clerk

BROOKFIELD ADDITION

Wichita, Sedgwick County, Kansas

PAVING PETITION - PHASE 2A

Benefit District: (23 Lots)
Lots 15, 18 through 34, Block A
Lots 22 through 26, Block B

Cost Estimate

Item	Quantity	Unit	Unit Price	Amount
A.C. Pavement	4400	S.Y.	$38.00	$167,200.00
6" Drive Pavement with base	2150	S.F.	$7.00	$15,050.00
Wheelchair Ramp	1	EA.	$1,200.00	$1,200.00
Sidewalk	3000	S.F.	$3.00	$9,000.00
15" Pipe	150	L.F.	$40.00	$6,000.00
18" Pipe	250	L.F.	$50.00	$12,500.00
End Section	1	E.A.	$1,000.00	$1,000.00
Curb Inlets	2	EA.	$5,000.00	$10,000.00
Drop Inlets	1	EA.	$4,000.00	$4,000.00
Sand Backfill	50	L.F.	$20.00	$1,000.00
Rip Rap	40	S.Y.	$70.00	$2,800.00
Seeding	1	L.S.	$3,000.00	$3,000.00
Easement Grading/Signage	1	L.S.	$5,000.00	$5,000.00
Erosion Control	1	L.S.	$4,000.00	$4,000.00
Site Clearing & Restoration	1	L.S.	$12,000.00	$12,000.00
Subtotal				$253,750.00
+ 35% Design, Insp., & Administration				$88,812.50
Total				$342,562.50

Petition Amount	**$343,000**	
Average Cost Per Lot	**$14,913**	
Average Monthly Assessment	**$110**	**(Based on 15 years @ 4%)**
Average Monthly Assessment	**$90**	**(Based on 20 years @ 4%)**

Revised

PETITION 472-2020-085624
(Phase 2B - PAVING IMPROVEMENTS – BROOKFIELD ADDITION, WICHITA, SEDGWICK COUNTY, KANSAS)

TO: The Mayor and City Council (the "Governing Body")
City of Wichita, Kansas

1. The undersigned, being the owners of record of more than one-half of the area liable for assessment set forth below for the proposed improvements of the City of Wichita, Kansas (the "City"), do hereby request that said improvements be made in the manner provided by K.S.A. 12-6a01 *et seq.* (the "Act").

(a) The improvements proposed to be made are as follows (the "Improvements"):

Construction of pavement on Winston Cir. from west line of Lots 15, Block A, west to and including the cul-de-sac (Lots 2 through 14, Block A), with drainage to be installed when necessary.

That said pavement between aforesaid limits be constructed for a width of twenty four (24) feet from gutter line to gutter line, and each gutter to be two (2) feet in width, making a total roadway width of twenty eight (28) feet with plans and specifications to be furnished by the City Engineer of the City of Wichita, Kansas.

The Improvements shall be constructed in accordance with City standards and plans and specifications prepared or approved by the City Engineer.

(b) The estimated or probable cost of the proposed Improvements is: $136,000.00, exclusive of interest on financing and administrative and financing costs; said estimated amount to be increased at the pro rata rate of 1 percent per month from and after the date of submission of this Petition to the City. If expenses have been incurred for the Improvements and construction has not started within two years of the initial design contract, the Improvements will be deemed abandoned and expenses incurred to date will be assessed against property in the Improvement District defined below in accordance with the provisions hereof.

(c) The extent of the proposed improvement district (the "Improvement District") to be assessed for the costs of the proposed Improvements is:

BROOKFIELD ADDITION
Lots 2 through 14, Block A

(d) The proposed method of assessment is: equally per lot.

In the event that the driveway approaches and curb cuts are not included within the scope of the Improvements and the estimated cost thereof as set forth in subsection (b) above, the costs of such driveway approaches and curb cuts so constructed shall be directly assessed to the property benefitted thereby in addition to the assessments levied for the Improvements.

In the event all or part of the lots or parcels in the proposed Improvement District are reconfigured before or after assessments have been levied, the assessments against the replatted area shall be recalculated on a square foot basis.

(e) The proposed apportionment of the cost of the Improvements, between the Improvement District and the City at large, is: 100% to be assessed against the Improvement District and 0% to be paid by the City-at-large.

(f) The payment of assessments proposed to be imposed hereunder may be indefinitely deferred against those property owners eligible for deferral pursuant to the City's Special Assessment Deferral Program.

2. It is further requested that the proposed Improvements be made without notice and hearing as required by the Act.

3. If the Improvements are: (i) abandoned, altered and/or constructed privately, in part or whole, precluding the building of the Improvement under the authority of this Petition and the Act; or (ii) it is necessary for the City to redesign, repair or reconstruct the Improvements after its initial design and/or construction because the design and/or construction does not meet the requirements of City code provisions; any costs incurred by the City as a result of submission of this Petition shall be assessed to property within the proposed Improvement District in accordance with the provisions hereof.

4. Names may not be withdrawn from this Petition by the signers hereof after the Governing Body commences consideration of this Petition, or, later than seven (7) days after the filing hereof, whichever occurs first.

5. The Governing Body is further requested to proceed with adoption of a resolution authorizing the Improvements and establishing the Improvement District in accordance with the Act and the construction of the Improvements in an expeditious manner.

Signature	Dated	Property Owned Within Proposed Improvement District
37th & Greenwich, LLC By: Ritchie Development Corporation, Manager By: _____ Kevin M. Mullen, President	8 / 13 /2020	**BROOKFIELD ADDITION** Lots 2 through 14, Block A

****

THIS PETITION was filed in my office on 08/18/2020.

_____
Deputy City Clerk

BROOKFIELD ADDITION

Wichita, Sedgwick County, Kansas

PAVING PETITION - PHASE 2B

Benefit District: (13 Lots)
Lots 2 through 14, Block A

Cost Estimate

Item	Quantity	Unit	Unit Price	Amount
A.C. Pavement	1550	S.Y.	$38.00	$58,900.00
15" Pipe	170	L.F.	$40.00	$6,800.00
18" Pipe	50	L.F.	$50.00	$2,500.00
24" Pipe	200	L.F.	$60.00	$12,000.00
Sand Backfill	50	L.F.	$20.00	$1,000.00
Seeding	1	L.S.	$2,000.00	$2,000.00
Easement Grading/Signage	1	L.S.	$4,000.00	$4,000.00
Erosion Control	1	L.S.	$3,000.00	$3,000.00
Site Clearing & Restoration	1	L.S.	$10,000.00	$10,000.00
Subtotal				$100,200.00
+ 35% Design, Insp., & Administration				$35,070.00
Total				$135,270.00

Petition Amount	**$136,000**	
Average Cost Per Lot	**$10,462**	
Average Monthly Assessment	**$1,006**	**(Based on 15 years @ 4%)**
Average Monthly Assessment	**$63**	**(Based on 20 years @ 4%)**

132019

(Published in the ***Wichita Eagle***, on October 9, 2020)

RESOLUTION NO. 20-310

A RESOLUTION DETERMINING THE ADVISABILITY OF THE MAKING OF CERTAIN INTERNAL IMPROVEMENTS IN THE CITY OF WICHITA, KANSAS; MAKING CERTAIN FINDINGS WITH RESPECT THERETO; AND AUTHORIZING AND PROVIDING FOR THE MAKING OF THE IMPROVEMENTS IN ACCORDANCE WITH SUCH FINDINGS (PHASE 2A WATER IMPROVEMENTS – BROOKFIELD ADDITION/SOUTH OF 37TH, EAST OF GREENWICH) (448-2020-018386).

WHEREAS, the City of Wichita, Kansas (the "City") is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, the City Council of the City (the "Governing Body") has heretofore by **Resolution No. 20-212** of the City (the "Prior Resolution) authorized certain internal improvements; and

WHEREAS, **the estimated or probable cost of the proposed improvements and the proposed improvement district authorized by the Prior Resolution has changed; and**

WHEREAS, pursuant to the receipt of a new petition (the "Petition"), it is necessary to authorize the improvements requested therein by the adoption of a new resolution of the City and repeal the Prior Resolution; and

WHEREAS, a petition (the "Petition") was filed with the City Clerk of the City of Wichita, Kansas (the "City") proposing certain internal improvements; and said Petition sets forth: (a) the general nature of the proposed improvements; (b) the estimated or probable cost of the proposed improvements; (c) the extent of the proposed improvement district to be assessed for the cost of the proposed improvements; (d) the proposed method of assessment; (e) the proposed apportionment of the cost between the improvement district and the City at large; and (f) a request that such improvements be made without notice and hearing as required by K.S.A. 12-6a01 *et seq.* (the "Act"); and

WHEREAS, K.S.A. 12-6a19 provides that whenever the construction of any water, stormwater, sanitary sewer or arterial street improvement is initiated by petition pursuant to the Act, the City may require the imposition of a benefit fee on property which is benefitted by such improvements but was not included within the original improvement district established for the levy of special assessments for such improvements; and

WHEREAS, the Petition contains a request that the City create an area for which benefit fees will be imposed pursuant to K.S.A. 12-6a19; and

WHEREAS, the City Council (the "Governing Body") of the City hereby finds and determines that said Petition was signed by **the owners of record of more than one-half of the area** liable for assessment for the proposed improvements, and is therefore sufficient in accordance with the provisions of the Act.

THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

Section 1. **Repealer**. The Prior Resolution is hereby repealed.

Section 2. **Findings of Advisability**. The Governing Body hereby finds and determines that:

(a) The improvements proposed to be made are as follows (the "Improvements"):

Construction of a water distribution system, including necessary water mains, pipes, valves, hydrants, and appurtenances to serve the Improvement District defined below.

(b) The estimated or probable cost of the proposed Improvements is: **$74,000.00,** exclusive of interest on financing and administrative and financing costs; said estimated amount to be increased at the pro rata rate of 1 percent per month from and after the date of submission of the Petition to the City. If expenses have been incurred for the Improvements and construction has not started within two years of the initial design contract, the Improvements will be deemed abandoned and expenses incurred to date will be assessed against property in the Improvement District defined below in accordance with the provisions hereof.

(c) The extent of the proposed improvement district (the "Improvement District") to be assessed for the costs of the proposed Improvements is:

BROOKFIELD ADDITION
Lots 1, 15, 18 through 34, Block A
Lots 22 through 26, Block B

(d) The proposed method of assessment is: **equally per lot.**

In the event all or part of the lots or parcels in the proposed Improvement District are reconfigured before or after assessments have been levied, the assessments against the replatted area shall be recalculated on a square foot basis.

(e) The apportionment of the cost of the Improvements, between the Improvement District and the City at large, is: **100%** to be assessed against the Improvement District and **0%** to be paid by the City-at-large.

(f) The payment of assessments to be imposed hereunder may be indefinitely deferred against those property owners eligible for deferral pursuant to the City's Special Assessment Deferral Program.

(g) The property within the proposed Improvement District is subject to benefit fees to be imposed as a result of previously constructed **water main** improvements that benefit the property within the proposed Improvement District. Such benefit fees shall be imposed pursuant to K.S.A. 12-6a19, in the following manner: **$22,379.00, assessed equally among all property within the proposed Improvement District equally per lot.**

Section 3. **Authorization of Improvements**. The Improvements are hereby authorized and ordered to be made in accordance with the findings of the Governing Body as set forth in ***Section 2*** of this Resolution.

Section 4. **Plans and Specifications**. The City Engineer shall prepare plans and specifications for said Improvements and a preliminary estimate of cost therefore, which plans, specifications and estimate shall be presented to the Governing Body for its approval.

Section 5. **Bond Authority; Reimbursement**. The Act provides for the Improvements to be paid by the issuance of general obligation bonds or special obligation bonds of the City (the "Bonds"). The Bonds may be issued to reimburse expenditures made on or after the date which is 60 days before the date of this Resolution, pursuant to Treasury Regulation § 1.150-2.

Section 6. **Effective Date**. This Resolution shall be effective upon adoption. This Resolution shall be published one time in the official City newspaper, and shall also be filed of record in the office of the Register of Deeds of Sedgwick County, Kansas.

ADOPTED by the City Council of the City of Wichita, Kansas, on October 6, 2020.

(SEAL)

_____
Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____
Jennifer Magaña, City Attorney and Director of Law

132019

(Published in the ***Wichita Eagle***, on October 9, 2020)

RESOLUTION NO. 20-311

A RESOLUTION DETERMINING THE ADVISABILITY OF THE MAKING OF CERTAIN INTERNAL IMPROVEMENTS IN THE CITY OF WICHITA, KANSAS; MAKING CERTAIN FINDINGS WITH RESPECT THERETO; AND AUTHORIZING AND PROVIDING FOR THE MAKING OF THE IMPROVEMENTS IN ACCORDANCE WITH SUCH FINDINGS (PHASE 2B WATER IMPROVEMENTS – BROOKFIELD ADDITION/SOUTH OF 37TH, EAST OF GREENWICH) (448-2020-018392).

WHEREAS, the City of Wichita, Kansas (the "City") is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, the City Council of the City (the "Governing Body") has heretofore by **Resolution No. 20-213** of the City (the "Prior Resolution) authorized certain internal improvements; and

WHEREAS, **the estimated or probable cost of the proposed improvements and the proposed improvement district authorized by the Prior Resolution has changed; and**

WHEREAS, pursuant to the receipt of a new petition (the "Petition"), it is necessary to authorize the improvements requested therein by the adoption of a new resolution of the City and repeal the Prior Resolution; and

WHEREAS, a petition (the "Petition") was filed with the City Clerk of the City of Wichita, Kansas (the "City") proposing certain internal improvements; and said Petition sets forth: (a) the general nature of the proposed improvements; (b) the estimated or probable cost of the proposed improvements; (c) the extent of the proposed improvement district to be assessed for the cost of the proposed improvements; (d) the proposed method of assessment; (e) the proposed apportionment of the cost between the improvement district and the City at large; and (f) a request that such improvements be made without notice and hearing as required by K.S.A. 12-6a01 *et seq.* (the "Act"); and

WHEREAS, K.S.A. 12-6a19 provides that whenever the construction of any water, stormwater, sanitary sewer or arterial street improvement is initiated by petition pursuant to the Act, the City may require the imposition of a benefit fee on property which is benefitted by such improvements but was not included within the original improvement district established for the levy of special assessments for such improvements; and

WHEREAS, the Petition contains a request that the City create an area for which benefit fees will be imposed pursuant to K.S.A. 12-6a19; and

WHEREAS, the City Council (the "Governing Body") of the City hereby finds and determines that said Petition was signed by **the owners of record of more than one-half of the area** liable for assessment for the proposed improvements, and is therefore sufficient in accordance with the provisions of the Act.

THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

Section 1. **Repealer**. The Prior Resolution is hereby repealed.

Section 2. **Findings of Advisability**. The Governing Body hereby finds and determines that:

(a) The improvements proposed to be made are as follows (the "Improvements"):

Construction of a water distribution system, including necessary water mains, pipes, valves, hydrants, and appurtenances to serve the Improvement District defined below.

(b) The estimated or probable cost of the proposed Improvements is: **$38,000.00,** exclusive of interest on financing and administrative and financing costs; said estimated amount to be increased at the pro rata rate of 1 percent per month from and after the date of submission of the Petition to the City. If expenses have been incurred for the Improvements and construction has not started within two years of the initial design contract, the Improvements will be deemed abandoned and expenses incurred to date will be assessed against property in the Improvement District defined below in accordance with the provisions hereof.

(c) The extent of the proposed improvement district (the "Improvement District") to be assessed for the costs of the proposed Improvements is:

BROOKFIELD ADDITION
Lots 2 through 14, Block A

(d) The proposed method of assessment is: **equally per lot.**

In the event all or part of the lots or parcels in the proposed Improvement District are reconfigured before or after assessments have been levied, the assessments against the replatted area shall be recalculated on a square foot basis.

(e) The apportionment of the cost of the Improvements, between the Improvement District and the City at large, is: **100%** to be assessed against the Improvement District and **0%** to be paid by the City-at-large.

(f) The payment of assessments to be imposed hereunder may be indefinitely deferred against those property owners eligible for deferral pursuant to the City's Special Assessment Deferral Program.

(g) The property within the proposed Improvement District is subject to benefit fees to be imposed as a result of previously constructed **water main** improvements that benefit the property within the proposed Improvement District. Such benefit fees shall be imposed pursuant to K.S.A. 12-6a19, in the following manner: **$12,122.00, assessed equally among all property within the proposed Improvement District equally per lot.**

Section 3. **Authorization of Improvements**. The Improvements are hereby authorized and ordered to be made in accordance with the findings of the Governing Body as set forth in ***Section 2*** of this Resolution.

Section 4. **Plans and Specifications**. The City Engineer shall prepare plans and specifications for said Improvements and a preliminary estimate of cost therefore, which plans, specifications and estimate shall be presented to the Governing Body for its approval.

Section 5. **Bond Authority; Reimbursement**. The Act provides for the Improvements to be paid by the issuance of general obligation bonds or special obligation bonds of the City (the "Bonds"). The Bonds may be issued to reimburse expenditures made on or after the date which is 60 days before the date of this Resolution, pursuant to Treasury Regulation § 1.150-2.

Section 6. **Effective Date**. This Resolution shall be effective upon adoption. This Resolution shall be published one time in the official City newspaper, and shall also be filed of record in the office of the Register of Deeds of Sedgwick County, Kansas.

ADOPTED by the City Council of the City of Wichita, Kansas, on October 6, 2020.

(SEAL)

_____
Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____
Jennifer Magaña, City Attorney and Director of Law

132019

(Published in the ***Wichita Eagle***, on October 9, 2020)

RESOLUTION NO. 20-312

A RESOLUTION DETERMINING THE ADVISABILITY OF THE MAKING OF CERTAIN INTERNAL IMPROVEMENTS IN THE CITY OF WICHITA, KANSAS; MAKING CERTAIN FINDINGS WITH RESPECT THERETO; AND AUTHORIZING AND PROVIDING FOR THE MAKING OF THE IMPROVEMENTS IN ACCORDANCE WITH SUCH FINDINGS (PHASE 2A PAVING IMPROVEMENTS–BROOKFIELD ADDITION/SOUTH OF 37TH, EAST OF GREENWICH) (472-2020-085623).

WHEREAS, the City of Wichita, Kansas (the "City") is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, the City Council of the City (the "Governing Body") has heretofore by **Resolution No. 20-217** of the City (the "Prior Resolution) authorized certain internal improvements; and

WHEREAS, **the estimated or probable cost of the proposed improvements and the extent of the proposed improvement district authorized by the Prior Resolution has changed;**

WHEREAS, pursuant to the receipt of a new petition (the "Petition"), it is necessary to authorize the improvements requested therein by the adoption of a new resolution of the City and repeal the Prior Resolution; and

WHEREAS, the Petition was filed with the City Clerk proposing certain internal improvements; and said Petition sets forth: (a) the general nature of the proposed improvements; (b) the estimated or probable cost of the proposed improvements; (c) the extent of the proposed improvement district to be assessed for the cost of the proposed improvements; (d) the proposed method of assessment; (e) the proposed apportionment of the cost between the improvement district and the City at large; and (f) a request that such improvements be made without notice and hearing as required by K.S.A. 12-6a01 *et seq* (the "Act"); and

WHEREAS, the Governing Body hereby finds and determines that said Petition was signed by **the owners of record of more than one-half of the area** liable for assessment for the proposed improvements, and is therefore sufficient in accordance with the provisions of the Act.

THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

Section 1. **Repealer**. The Prior Resolution is hereby repealed.

Section 2. **Findings of Advisability**. The Governing Body hereby finds and determines that:

(a) The improvements proposed to be made are as follows (the "Improvements"):

Construction of pavement on <u>Crest</u> and <u>Fairfax</u> from the northwesterly line of Lot 35, Block A, north and northeasterly to the southeasterly line of Lot 17, Block A, with drainage to be installed where necessary.

That said pavement between aforesaid limits be constructed for a width of thirty (30) feet from gutter line to gutter line, and each gutter to be two (2) feet in width, making a total roadway width of thirty-four (34) feet with plans and specifications to be furnished by the City Engineer of the City of Wichita, Kansas.

That sidewalk be constructed on one side of Crest, and Farfax, with plans and specifications to be furnished by the City Engineer of the City of Wichita, Kansas.

and

Construction of pavement on Winston Cir. From the west line of Bristol, west to the west line of Lot 15, Block A; on Crest Cir. (Lots 23 through 33, Block A) from the west line of Crest northwesterly to and including the cul-de-sac; and on Fairfax Ct. (Lots 18 through 22, Block A) from the north line of Fairfax, north to and including the cul-de-sac, with drainage to be installed when necessary.

That said pavement between aforesaid limits be constructed for a width of twenty four (24) feet from gutter line to gutter line, and each gutter to be two (2) feet in width, making a total roadway width of twenty eight (28) feet with plans and specifications to be furnished by the City Engineer of the City of Wichita, Kansas.

(b) The estimated or probable cost of the proposed Improvements is: **$343,000.00**, exclusive of interest on financing and administrative and financing costs; said estimated amount to be increased at the pro rata rate of 1 percent per month from and after the date of submission of the Petition to the City. If expenses have been incurred for the Improvements and construction has not started within two years of the initial design contract, the Improvements will be deemed abandoned and expenses incurred to date will be assessed against property in the Improvement District defined below in accordance with the provisions hereof.

(c) The extent of the proposed improvement district (the "Improvement District") to be assessed for the costs of the proposed Improvements is:

BROOKFIELD ADDITION
Lots 15, 18 through 34, Block A
Lots 22 through 26, Block B

(d) The proposed method of assessment is **equally per lot.**

In the event that the driveway approaches and curb cuts are not included within the scope of the Improvements and estimated cost thereof as set forth in subsection (b) above, the costs of such driveway approaches and curb cuts so constructed shall be directly assessed to the property benefitted thereby in addition to the assessments levied for the Improvements.

In the event all or part of the lots or parcels in the proposed Improvement District are reconfigured before or after assessments have been levied, the assessments against the replatted area shall be recalculated on a square foot basis.

(e) The proposed apportionment of the cost of the Improvements, between the Improvement District and the City at large, is: **100%** to be assessed against the Improvement District and **0%** to be paid by the City-at-large.

(f) The payment of assessments to be imposed hereunder may be indefinitely deferred against those property owners eligible for deferral pursuant to the City's Special Assessment Deferral Program.

Section 3. **Authorization of Improvements**. The Improvements are hereby authorized and ordered to be made in accordance with the findings of the Governing Body as set forth in ***Section 2*** of this Resolution.

Section 4. **Plans and Specifications**. The City Engineer shall prepare plans and specifications for said Improvements and a preliminary estimate of cost therefore, which plans, specifications and estimate shall be presented to the Governing Body for its approval.

Section 5. **Bond Authority; Reimbursement**. The Act provides for the Improvements to be paid by the issuance of general obligation bonds or special obligation bonds of the City (the "Bonds"). The Bonds may be issued to reimburse expenditures made on or after the date which is 60 days before the date of adoption of the Prior Resolution, and 60 days before the date of adoption of this Resolution, to the extent of the increased authorization contained herein, all pursuant to Treasury Regulation § 1.150-2.

Section 6. **Effective Date**. This Resolution shall be effective upon adoption. This Resolution shall be published one time in the official City newspaper, and shall also be filed of record in the office of the Register of Deeds of Sedgwick County, Kansas.

ADOPTED by the City Council of the City of Wichita, Kansas, on October 6, 2020.

(SEAL)

_____
Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____
Jennifer Magaña, City Attorney
and Director of Law

132019

(Published in the ***Wichita Eagle***, on October 9, 2020)

RESOLUTION NO. 20-313

A RESOLUTION DETERMINING THE ADVISABILITY OF THE MAKING OF CERTAIN INTERNAL IMPROVEMENTS IN THE CITY OF WICHITA, KANSAS; MAKING CERTAIN FINDINGS WITH RESPECT THERETO; AND AUTHORIZING AND PROVIDING FOR THE MAKING OF THE IMPROVEMENTS IN ACCORDANCE WITH SUCH FINDINGS (PHASE 2B PAVING IMPROVEMENTS–BROOKFIELD ADDITION/SOUTH OF 37TH, EAST OF GREENWICH) (472-2020-085624).

WHEREAS, the City of Wichita, Kansas (the "City") is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, the City Council of the City (the "Governing Body") has heretofore by **Resolution No. 20-218** of the City (the "Prior Resolution) authorized certain internal improvements; and

WHEREAS, **the estimated or probable cost of the proposed improvements and the extent of the proposed improvement district authorized by the Prior Resolution has changed;**

WHEREAS, pursuant to the receipt of a new petition (the "Petition"), it is necessary to authorize the improvements requested therein by the adoption of a new resolution of the City and repeal the Prior Resolution; and

WHEREAS, the Petition was filed with the City Clerk proposing certain internal improvements; and said Petition sets forth: (a) the general nature of the proposed improvements; (b) the estimated or probable cost of the proposed improvements; (c) the extent of the proposed improvement district to be assessed for the cost of the proposed improvements; (d) the proposed method of assessment; (e) the proposed apportionment of the cost between the improvement district and the City at large; and (f) a request that such improvements be made without notice and hearing as required by K.S.A. 12-6a01 *et seq* (the "Act"); and

WHEREAS, the Governing Body hereby finds and determines that said Petition was signed by **the owners of record of more than one-half of the area** liable for assessment for the proposed improvements, and is therefore sufficient in accordance with the provisions of the Act.

THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS:

Section 1. **Repealer**. The Prior Resolution is hereby repealed.

Section 2. **Findings of Advisability**. The Governing Body hereby finds and determines that:

(a) The improvements proposed to be made are as follows (the "Improvements"):

Construction of pavement on Winston Cir. From the west line of Lot 15, Block A, west to and including the cul-de-sac (Lots 2 through 14, Block A), with drainage to be installed when necessary.

That said pavement between aforesaid limits be constructed for a width of twenty four (24) feet from gutter line to gutter line, and each gutter to be two (2) feet in width, making a total roadway width of twenty eight (28) feet with plans and specifications to be furnished by the City Engineer of the City of Wichita, Kansas.

(b) The estimated or probable cost of the proposed Improvements is: **$136,000.00**, exclusive of interest on financing and administrative and financing costs; said estimated amount to be increased at the pro rata rate of 1 percent per month from and after the date of submission of the Petition to the City. If expenses have been incurred for the Improvements and construction has not started within two years of the initial design contract, the Improvements will be deemed abandoned and expenses incurred to date will be assessed against property in the Improvement District defined below in accordance with the provisions hereof.

(c) The extent of the proposed improvement district (the "Improvement District") to be assessed for the costs of the proposed Improvements is:

BROOKFIELD ADDITION
Lots 2 through 14, Block A

(d) The proposed method of assessment is **equally per lot.**

In the event that the driveway approaches and curb cuts are not included within the scope of the Improvements and estimated cost thereof as set forth in subsection (b) above, the costs of such driveway approaches and curb cuts so constructed shall be directly assessed to the property benefitted thereby in addition to the assessments levied for the Improvements.

In the event all or part of the lots or parcels in the proposed Improvement District are reconfigured before or after assessments have been levied, the assessments against the replatted area shall be recalculated on a square foot basis.

(e) The proposed apportionment of the cost of the Improvements, between the Improvement District and the City at large, is: **100%** to be assessed against the Improvement District and **0%** to be paid by the City-at-large.

(f) The payment of assessments to be imposed hereunder may be indefinitely deferred against those property owners eligible for deferral pursuant to the City's Special Assessment Deferral Program.

Section 3. **Authorization of Improvements**. The Improvements are hereby authorized and ordered to be made in accordance with the findings of the Governing Body as set forth in ***Section 2*** of this Resolution.

Section 4. **Plans and Specifications**. The City Engineer shall prepare plans and specifications for said Improvements and a preliminary estimate of cost therefore, which plans, specifications and estimate shall be presented to the Governing Body for its approval.

Section 5. **Bond Authority; Reimbursement**. The Act provides for the Improvements to be paid by the issuance of general obligation bonds or special obligation bonds of the City (the "Bonds"). The Bonds may be issued to reimburse expenditures made on or after the date which is 60 days before the date of adoption of the Prior Resolution, and 60 days before the date of adoption of this Resolution, to the extent of the increased authorization contained herein, all pursuant to Treasury Regulation § 1.150-2.

Section 6. **Effective Date**. This Resolution shall be effective upon adoption. This Resolution shall be published one time in the official City newspaper, and shall also be filed of record in the office of the Register of Deeds of Sedgwick County, Kansas.

ADOPTED by the City Council of the City of Wichita, Kansas, on October 6, 2020.

(SEAL)

_____
Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____
Jennifer Magaña, City Attorney
and Director of Law

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Supplemental Design Agreement No. 1 for Improvements to Chalet Ridge Addition (District II)

INITIATED BY: Department of Public Works & Utilities

AGENDA: Consent

Recommendation: Approve Supplemental Design Agreement No. 1.

Background: On January 21, 2020, the City Council approved petitions for water, sewer, and paving improvements to serve Chalet Ridge Addition, located north of Pawnee, west of Webb Road.

Analysis: The proposed Supplemental Design Agreement No. 1 provides for inspection services. The Engineering Division has worked closely with the development community to create an effective partnership and business model for project management. As engineering field staff's workload is currently at its optimal efficiency for production and cost, Supplemental Design Agreement No. 1 has been prepared for Garver, LLC to provide the additional services. Garver, LLC, as the platting engineer for the developer, can provide the greatest quality service and expertise, as a supplement to City staff.

Financial Considerations: The design service fee to date is $104,410. The cost of Supplemental Design Agreement No. 1 is $96,624, which brings the total design fee to $201,034. Funding is available within the existing budget approved by the City Council on January 21, 2020 and is funded by 100% special assessment.

Legal Considerations: Supplemental Design Agreement No. 1 has been reviewed and approved as to form by the Law Department.

Recommendation/Action: It is recommended that the City Council approve Supplemental Design Agreement No. 1 and authorize the necessary signatures.

Attachment: Supplemental Design Agreement No. 1.

SUPPLEMENTAL AGREEMENT NO. 1

TO THE

AGREEMENT FOR PROFESSIONAL SERVICES DATED MARCH 3, 2020

BETWEEN

THE CITY OF WICHITA, KANSAS

PARTY OF THE FIRST PART, HEREINAFTER CALLED THE

"CITY"

AND

GARVER, LLC

PARTY OF THE SECOND PART, HEREINAFTER CALLED THE

"ENGINEER"

WITNESSETH:

WHEREAS, there now exists a Contract (dated March 3, 2020) between the two parties covering engineering services to be provided by the ENGINEER in conjunction with the construction of improvements to **CHALET RIDGE ADDITION** (north of Pawnee, west of Webb Road).

WHEREAS, Paragraph IV. B. of the above referenced Contract provides that additional work be performed and additional compensation be paid on the basis of a Supplemental Agreement duly entered into by the parties, and

WHEREAS, it is the desire of both parties that the ENGINEER provide additional services required for the PROJECT and receive additional compensation (as revised herein):

NOW THEREFORE, the parties hereto mutually agree as follows:

A. PROJECT DESCRIPTION

The description of the improvements that the CITY intends to construct and thereafter called the "PROJECT" as stated on page 1 of the above referenced agreement is hereby amended to include the following:

Inspection Services

(as per the City of Wichita Standard Construction Engineering Practices)

WATER DISTRIBUTION SYSTEM serving Lots 1 through 55, Block 1; Lots 1 through 16, Block 2, Chalet Ridge Addition; Project No. E0007-47111820-525000 (formerly 448-2019-025026).

ANNABELLE serving Lots 1 through 55, Block 1; Lots 1 through 16, Block 2, Chalet Ridge Addition; Project No. E0005-47465020-525000 (formerly 472-2019-085590).

B. PAYMENT PROVISIONS

The fee in Section IV. A. shall be amended to include the following:

Payment to the ENGINEER for the performance of the professional services as outlined in this supplemental agreement shall be made on the basis of the not to exceed fee amount specified below:

Project No. 448 2019 025025	$13,112.00
Project No. 472 2019 085590	$83,512.00
TOTAL:	**$96,624.00**

C. COMPLETION

The ENGINEER agrees to complete and deliver the field notes, preliminary and final plans (including final tracings), specifications and estimates to the CITY by July, 2020;

EXCEPT that the ENGINEER shall not be responsible or held liable for delays occasioned by the actions of inactions of the CITY or other agencies, or for other unavoidable delays beyond the control of the ENGINEER.

D. PROVISIONS OF THE ORIGINAL CONTRACT

The parties hereunto mutually agree that all provisions and requirements of the original Contract, not specifically modified by this Supplemental Agreement, are hereby ratified and confirmed.

IN WITNESS WHEREOF, the CITY and the ENGINEER have executed this Supplemental Agreement as of this _____ day of _____, 2020.

CITY OF WICHITA

_____

Brandon J. Whipple, Mayor

ATTEST:

_____

Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____

Jennifer Magana, City Attorney and Director of Law

GARVER, LLC

_____

Christopher Bohm, Sr. Project Manager

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Supplemental Design Agreement No. 1 for Improvements to Emerald Bay 3rd and 4th Addition (District VI)

INITIATED BY: Department of Public Works & Utilities

AGENDA: Consent

Recommendation: Approve Supplemental Design Agreement No. 1.

Background: On June 25, 2019, the City Council approved petitions for sewer, drainage, and paving improvements to serve Emerald Bay 3rd and 4th Additions, located north of 21st Street North, east of Hoover Road.

Analysis: The proposed Supplemental Design Agreement No. 1 provides for inspection services. The Engineering Division has worked closely with the development community to create an effective partnership and business model for project management. As engineering field staff's workload is currently at its optimal efficiency for production and cost, Supplemental Design Agreement No. 1 has been prepared for Garver, LLC to provide the additional services. Garver, LLC, as the platting engineer for the developer, can provide the greatest quality service and expertise, as a supplement to City staff.

Financial Considerations: The design service fee to date is $58,300. The cost of Supplemental Design Agreement No. 1 is $55,273, which brings the total design fee to $113,573. Funding is available within the existing budget approved by the City Council on June 25, 2019, and is funded by 100% special assessment.

Legal Considerations: Supplemental Design Agreement No. 1 has been reviewed and approved as to form by the Law Department.

Recommendation/Action: It is recommended that the City Council approve Supplemental Design Agreement No. 1 and authorize the necessary signatures.

Attachment: Supplemental Design Agreement No. 1.

SUPPLEMENTAL AGREEMENT NO. 1

TO THE

AGREEMENT FOR PROFESSIONAL SERVICES DATED APRIL 14, 2020

BETWEEN

THE CITY OF WICHITA, KANSAS

PARTY OF THE FIRST PART, HEREINAFTER CALLED THE

"CITY"

AND

GARVER, LLC

PARTY OF THE SECOND PART, HEREINAFTER CALLED THE

"ENGINEER"

WITNESSETH:

WHEREAS, there now exists a Contract (dated April 14, 2020) between the two parties covering engineering services to be provided by the ENGINEER in conjunction with the construction of improvements to **EMERALD BAY ESTATES 3RD & 4TH ADDITIONS, PHASE 2**.

WHEREAS, Paragraph IV. B. of the above referenced Contract provides that additional work be performed and additional compensation be paid on the basis of a Supplemental Agreement duly entered into by the parties, and

WHEREAS, it is the desire of both parties that the ENGINEER provide additional services required for the PROJECT and receive additional compensation (as revised herein):

NOW THEREFORE, the parties hereto mutually agree as follows:

A. PROJECT DESCRIPTION

The description of the improvements that the CITY intends to construct and thereafter called the "PROJECT" as stated on page 1 of the above referenced agreement is hereby amended to include the following:

INSPECTION SERVICES

(as per the City of Wichita Standard Construction Engineering Practices)

STORM WATER DRAIN NO. 456 serving Lots 1 through 10, Block 1; Lots 16 through 22, Block 2, Emerald Bay Estates 3rd Addition; and Lots 1 through 29 and 31 through 40, Block 1, Emerald Bay Estates 4th Addition (north of 21st Street North, east of Hoover Road) (Project No. E9005-47306719_468-2019-085424).

LATERAL SANITARY SEWER serving Lots 1 through 10, Block 1; Lots 16 through 22, Block 2, Emerald Bay Estates 3rd Addition; and Lots 1 through 29 and 31 through 40, Block 1, Emerald Bay Estates 4th Addition (north of 21st Street North, east of Hoover Road) (Project No. E9113-47261619_468-2019-007807).

B. PAYMENT PROVISIONS

The fee in Section IV. A. shall be amended to include the following:

Payment to the ENGINEER for the performance of the professional services as outlined in this supplemental agreement shall be made on the basis of the not to exceed fee amount specified below:

Project No. E9005-47307719		$ 33,164.00
Project No. E9113-47261619		$ 22,109.00
	TOTAL	**$ 55,273.00**

Payments will be reviewed by the CITY upon presentment, and the undisputed sums will be paid according to the CITY's regular accounting procedures typically made within 30 days of approval.

C. COMPLETION

The ENGINEER agrees to complete and deliver the field notes, preliminary and final plans (including final tracings), specifications and estimates to the CITY by 12/18/2020;

EXCEPT that the ENGINEER shall not be responsible or held liable for delays occasioned by the actions of inactions of the CITY or other agencies, or for other unavoidable delays beyond the control of the ENGINEER.

D. PROVISIONS OF THE ORIGINAL CONTRACT

The parties hereunto mutually agree that all provisions and requirements of the original Contract, not specifically modified by this Supplemental Agreement, are hereby ratified and confirmed.

IN WITNESS WHEREOF, the CITY and the ENGINEER have executed this Supplemental Agreement as of this _____ day of _____, 2020.

CITY OF WICHITA

_____

Brandon J. Whipple, Mayor

ATTEST:

_____

Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____

Jennifer Magaña, City Attorney
and Director of Law

GARVER, LLC

_____

Christopher M. Bohm - Senior Project Manager

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Supplemental Design Agreement No. 2 for Improvements to Casa Bella 2nd Addition (District II)

INITIATED BY: Department of Public Works & Utilities

AGENDA: Consent

Recommendation: Approve Supplemental Design Agreement No. 2.

Background: On January 21, 2020, the City Council approved petitions for water, sewer, and paving improvements to serve Casa Bella 2nd Addition, located south of Central Avenue, west of 127th Street East.

Analysis: The proposed Supplemental Design Agreement No. 2 provides for inspection services. The Engineering Division has worked closely with the development community to create an effective partnership and business model for project management. As engineering field staff's workload is currently at its optimal efficiency for production and cost, Supplemental Design Agreement No. 2 has been prepared for Garver, LLC to provide the additional services. Garver, LLC, as the platting engineer for the developer, can provide the greatest quality service and expertise, as a supplement to City staff.

Financial Considerations: The design service fee to date is $73,600. The cost of Supplemental Design Agreement No. 2 is $29,100, which brings the total design fee to $102,700. Funding is available within the existing budget approved by the City Council on January 21, 2020, and is funded by 100% special assessment.

Legal Considerations: Supplemental Design Agreement No. 2 has been reviewed and approved as to form by the Law Department.

Recommendation/Action: It is recommended that the City Council approve Supplemental Design Agreement No. 2 and authorize the necessary signatures.

Attachment: Supplemental Design Agreement No. 2.

SUPPLEMENTAL AGREEMENT NO. 2

TO THE

AGREEMENT FOR PROFESSIONAL SERVICES DATED MARCH 10, 2020

BETWEEN

THE CITY OF WICHITA, KANSAS

PARTY OF THE FIRST PART, HEREINAFTER CALLED THE

"CITY"

AND

GARVER, LLC

PARTY OF THE SECOND PART, HEREINAFTER CALLED THE

"ENGINEER"

WITNESSETH:

WHEREAS, there now exists a Contract (dated March 10, 2020) between the two parties covering engineering services to be provided by the ENGINEER in conjunction with the construction of improvements to **CASA BELLA 2ND ADDITION, PHASE 7**.

WHEREAS, Paragraph IV. B. of the above referenced Contract provides that additional work be performed and additional compensation be paid on the basis of a Supplemental Agreement duly entered into by the parties, and

WHEREAS, it is the desire of both parties that the ENGINEER provide additional services required for the PROJECT and receive additional compensation (as revised herein):

NOW THEREFORE, the parties hereto mutually agree as follows:

A. PROJECT DESCRIPTION

The description of the improvements that the CITY intends to construct and thereafter called the "PROJECT" as stated on page 1 of the above referenced agreement is hereby amended to include the following:

INSPECTION SERVICES

(as per the City of Wichita Standard Construction Engineering Practices)

TARA FALLS to serve Lots 1-16 Block 1, and Lots 1-12 Block 2; Jackson Heights Addition (south of Central, west of 127th Street East) (Project No. E0008-47465220_472-2019-085589)

B. PAYMENT PROVISIONS

The fee in Section IV. A. shall be amended to include the following:

Payment to the ENGINEER for the performance of the professional services as outlined in this supplemental agreement shall be made on the basis of the not to exceed fee amount of **$29,100.** Payments will be reviewed by the CITY upon presentment, and the undisputed sums will be paid according to the CITY's regular accounting procedures typically made within 30 days of approval.

C. COMPLETION

The ENGINEER agrees to complete and deliver the field notes, preliminary and final plans (including final tracings), specifications and estimates to the CITY by October 31, 2020 ;

EXCEPT that the ENGINEER shall not be responsible or held liable for delays occasioned by the actions of inactions of the CITY or other agencies, or for other unavoidable delays beyond the control of the ENGINEER.

D. PROVISIONS OF THE ORIGINAL CONTRACT

The parties hereunto mutually agree that all provisions and requirements of the original Contract, not specifically modified by this Supplemental Agreement, are hereby ratified and confirmed.

IN WITNESS WHEREOF, the CITY and the ENGINEER have executed this Supplemental Agreement as of this _____ day of _____, 2020.

CITY OF WICHITA

_____
Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____
Jennifer Magaña, City Attorney
and Director of Law

GARVER, LLC

_____
Christopher M. Bohm
Senior Project Manager

Visit Wichita
Monthly Financial Report
Aug-20

Revenues	Actuals Month	Actuals Year to Date
City Funds:		
Transit Guest Tax	169,039	1,648,136
City Matching Funds	-	-
Contingency	-	7,529
TOTAL REVENUES	**169,039**	**1,655,665**

Expenditures	Actuals Month	Actuals Year to Date
Salaries and Benefits	**64,423**	**627,401**
Office Expenses		
Rent	16,748	118,012
Utilities	-	-
Computer/Technology	2,253	27,905
Office Supplies	14	5,313
Other	2,710	25,685
TOTAL OFFICE EXPENSES	**21,725**	**176,915**
Professional Dev, Meetings	**397**	**7,353**
Printing and Photocopying	**879**	**6,731**
Professional Fees	**3,427**	**35,280**
Other		
Dues, Subscriptions, Tickets	670	15,880
Research	-	19,864
Retention Efforts	-	-
Marketing and Program Efforts	9,343	148,832
Program Support	-	7,529
Diversification	-	-
All Other Expenses	854	5,237
TOTAL OTHER	**10,867**	**197,342**
Total Expenditures	**101,718**	**1,051,022**
Revenues Over (Under) Expenditures	**67,321**	**604,643**

Submitted By: Susie Lanto

Date: 9/24/2020

Visit Wichita Marketing
Monthly Financial Report

Expenditures	Actuals Month	Actuals Year to Date
Salaries and Benefits	**34,832**	**432,469**
Office Expenses		
Rent	-	-
Utilities	-	-
Computer/Technology	158	8,596
Office Supplies	-	640
Other	885	8,664
TOTAL OFFICE EXPENSES	**1,043**	**17,900**
Professional Dev, Meetings	**199**	**1,277**
Printing and Photocopying	**-**	**-**
Professional Fees	**-**	**-**
Other		
Dues, Subscriptions, Tickets	670	4,043
Research	-	19,864
Retention Efforts		-
Marketing and Program Efforts	9,343	148,493
Program Support	-	7,529
Diversification	-	-
All Other Expenses	50	384
TOTAL OTHER	**10,063**	**180,313**
Total Expenditures	**46,137**	**631,959**

Visit Wichita Operations
Monthly Financial Report

Expenditures	Actuals Month	Actuals Year to Date
Salaries and Benefits	**29,591**	**194,932**
Office Expenses		
Rent	16,748	118,012
Utilities	-	-
Computer/Technology	2,095	19,309
Office Supplies	14	4,673
Other	1,825	17,021
TOTAL OFFICE EXPENSES	**20,682**	**159,015**
Professional Dev, Meetings	**198**	**6,076**
Printing and Photocopying	**879**	**6,731**
Professional Fees	**3,427**	**35,280**
Other		
Dues, Subscriptions, Tickets	-	11,837
Research	-	-
Retention Efforts	-	-
Marketing and Program Efforts	-	339
Program Support	-	-
Diversification	-	-
All Other Expenses	804	4,853
TOTAL OTHER	**804**	**17,029**
Total Expenditures	**55,581**	**419,063**

2nd QUARTER
PERFORMANCE REPORT

June 30, 2020

Visit Wichita
2020 Goals, Performance Indicators, and Activities Dashboard
2nd Quarter Performance Report

Goals:

	2020 YTD	2019 YTD	2020 vs. 2019	2020 Goal	% of Goal
1. Drive Economic Impact:					
a. Future Group Bookings[1]	$ 3,019,537	$ 5,541,556	$ (2,522,020)	$ 13,630,600	22.2%
b. Future Group Booking Repeated/Serviced[1]	$ 3,192,789	$ 9,548,953	$ (6,356,164)	$ 37,663,484	8.5%
c. Incremental Leisure Visitors[2,3]	na	na	na	$ 90,000,000	na
2. Financial Stewardship:					
a. Return on Total Operating Costs[4]	na	na	na	$ 23.29	na
b. Return on TBID Group Incremental RNs[2]	na	na	na	$ 8.08	na
c. Return on TBID Leisure Marketing[2]	na	na	na	$ 62.00	na

Performance Indicators:

		2020 YTD	2019 YTD	2020 vs. 2019	Original 2020 Estimate	Progress to Estimate
Revenue	City-wide Transient Guest Tax Revenue	$ 2,698,452	$ 3,691,904	$ (993,452)	$ 8,013,400	33.7%
	Tourism Business Improvement District (TBID) Revenue received by Visit Wichita	$ 1,203,410	$ 1,318,185	$ (114,775)	$ 3,300,000	36.5%
Future Group Bookings	Future Group Bookings - #	25	57	(32)	79	31.6%
	Future Group Bookings Room Nights[5]	8,418	15,449	(7,031)	38,000	22.2%
	Future Group Repeated/Service - #	70	155	(85)	455	15.4%
	Future Group Repeated/Service Room Nights	8,901	26,621	(17,720)	105,000	8.5%

Activities:

		2020 YTD	2019 YTD	2020 vs. 2019	Original 2020 Estimate	
Future Group Activities	Sales Leads Sent to Hotels	79	92	(13)	154	
	Lost Sales Leads *(Includes 10 lost due to COVID-19)*	31	43	(12)	85	
	Lost Room Nights *(Includes 7072 lost to COVID-19)*	19,102	29,466	(10,364)	87,533	
Cancelled Events	2020 Cancelled Events due to COVID-19	164				
	2020 Cancelled Room Nights due to COVID-19	50,593				
	Economic Impact of Cancelled Events[1]	$18,147,709				
Conventions Held	Groups Hosted - #	109	269	(160)		
	Groups Hosted - Rm nights	43,211	84,652	(41,441)		
	Economic Impact of Hosted Groups[1]	$15,499,786	$30,364,672	$(14,864,887)		
Partnership	Number of Partners[6]	467	459	8	465	
	Partner Retention[6]	98.07%	94.05%	4.02%	90.00%	

1 Economic Impact formula based on DMAI convention spending data survey (Room nights booked x average guest per rooms x estimated direct spending per guest)

2 Goal approved by City Council in April 2019 with the 2020 TBID Scope of Services

3 Based on annual research done by Strategic Marketing & Research Insights, LLC

4 Economic Impact divided by Visit Wichita total TGT and TBID expenses

5 Does not include adjustments for cancellations due to COVID-19

6 There were no ratifications and cancellations of partners during Q2 due to COVID-19.

Visit Wichita
Performance Indicators
June 30, 2020

TGT Revenue	1st Qtr.	2nd Qtr.	3rd. Qtr.	4th. Qtr.	YTD	Annual
2020	1,818,550	879,902			2,698,452	2,698,452
2019	1,509,225	2,182,679	2,174,216	2,110,253	3,691,904	7,976,372
2018	1,546,875	2,017,532	2,047,106	1,902,299	3,564,407	7,513,811
2017	1,441,849	1,833,766	1,914,625	1,799,281	3,275,615	6,989,521
2016	1,629,995	1,926,304	1,834,196	1,874,934	3,556,299	7,265,429
2015	1,350,506	1,942,504	2,061,844	1,787,903	3,293,010	7,142,758
2014	1,444,867	1,728,894	1,713,784	1,900,185	3,173,761	6,787,730
2013	1,121,466	1,637,918	1,861,108	1,886,353	2,759,384	6,506,845
2012	1,278,920	1,606,547	1,576,045	1,720,168	2,885,467	6,181,680
2011	1,327,630	1,672,543	1,643,290	1,638,333	3,000,173	6,281,796
YOY Change	20.5%	-59.7%			-26.9%	

Transient Guest Tax is shown as reported by the KS Dept of Revenue. There is a two month lag between tax collection and KDOR reporting. Transient Guest Tax is collected by hotels at time of stay, paid to the state the following month, and reported by the KDOR the next month.

TBID Revenue	1st Qtr.	2nd Qtr.	3rd. Qtr.	4th. Qtr.	YTD	Annual
2020	767,749	435,661			1,203,410	1,426,258
2019	593,975	724,210	960,110	822,996	1,318,185	3,101,291
2018	723,962	834,072	839,687	805,967	1,558,034	3,203,687
2017	658,098	641,645	833,777	743,212	1,299,744	2,876,733
2016	678,306	702,353	756,380	816,968	1,380,659	2,954,008
2015	140,948	757,911	847,027	729,058	898,860	2,474,945
2014	-	-	-	-	-	-
2013	-	-	-	-	-	-
2012	-	-	-	-	-	-
2011	-	-	-	-	-	-
YOY Change	29.3%	-39.8%			-8.7%	

TBID Revenue is shown as collected by Visit Wichita. There is a two month lag between collection and receipt by Visit Wichita. TBID fess are collected by hotels at time of stay, paid to the City the following month, and received by Visit Wichita the next month.

Agenda Item No. II-7

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Donation for Sherwood Glen Park Improvements (District VI)

INITIATED BY: Department of Park & Recreation

AGENDA: Consent

Recommendation: Accept the donation, approve the project budget increase and adopt the amended bonding resolution.

Background: On January 14, 2020, the City Council approved the design and construction of improvements to Sherwood Glen Park, located at 37th Street North and Womer. The project is financed with $150,000 in General Obligation bond funding. This new park land, dedicated to the City by Catholic Charities, will include a playground and multi-purpose sport court. The playground vendor was selected and approved by the City Council on September 1, 2020 and the sport court is under design in-house.

Analysis: The majority of the 2020 Sherwood Glen Park Capital Improvement Project (CIP) improvement funding has been dedicated to the new playground construction. The Sherwood Glen Neighborhood Association (SGNA) has raised $10,000 to contribute to other park improvements. SGNA's first priority is to supplement remaining CIP funds to finance the multi-purpose sport court. Any unused SGNA funds following court construction will go towards smaller items such as benches, picnic tables, connecting paths or other agreed upon park amenities. A Memorandum of Understanding (MOU) has been prepared, which formalizes this agreement.

Financial Considerations: The 2020 Sherwood Glen Park Improvements CIP project budgeted is currently $150,000. To incorporate the donation include the project budget, staff recommends increase the project budget and the bonding resolution amount to $160,000. The playground contract has been awarded for $131,000 and $14,000 has been set aside for the multi-purpose sport court. The SGNA donation of $10,000 will supplement CIP funds to provide adequate funding for construction of the multi-purpose sport court. Any remaining SGNA funds will be utilized as outlined above.

Legal Considerations: The Memorandum of Understanding and the bonding resolution have been approved as to form.

Recommendations/Actions: It is recommended that the City Council accept the donation, authorize the increased project budget, approve the amending bonding resolution, and authorize the necessary signatures.

Attachments: Memorandum of Understanding, bonding resolution

MEMORANDUM OF UNDERSTANDING

By and Between

THE CITY OF WICHITA, KANSAS
DEPARTMENT OF PARK AND RECREATION (Park)

AND THE

SHERWOOD GLEN NEIGHBORHOOD ASSOCIATION (SGNA)

WITNESSETH:

Whereas SGNA has been an active neighborhood association for many years, dedicated to enhancing the livability and improving the quality of life in northwest Wichita; and

Whereas SGNA has developed a partnership with Park to help fulfill this mission; and

Whereas SGNA has donated $10,000 to improve the new Sherwood Glen Park to support this goal; and

Whereas the Board of Park Commissioners and the City Council of the City of Wichita have endorsed and taken action to accept said donation;

NOW THEREFORE, the parties do hereby agree as follows:

1. SGNA has provided $10,000 for Sherwood Glen Park, to be used to construct a multi-purpose sport court; along with plans, drawings, and other documentation for such improvements. If surplus funds remain following court construction, they will be used to further improve Sherwood Glen Park as to be agreed upon by SGNA and Park.

2. Park and the City of Wichita agrees to accept the donation, construct the improvements and provide necessary maintenance and upkeep.

3. All permanent improvements, alterations, changes, and appliances shall be and remain the property of the City of Wichita upon termination of this MOU or completion of the improvements provided pursuant to this MOU.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in their names the day and year first above written.

DRAFT

SHERWOOD GLEN NEIGHBORHOOD ASSOCIATION

_____ _____
William I. Washburn, President Date

DEPARTMENT OF PARK AND RECREATION

_____ _____ Troy
Houtman, Director Date

THE CITY OF WICHITA, KANSAS

_____ _____
Brandon J. Whipple, Mayor Date

APPROVED AS TO FORM:

_____ _____
Jennifer Magana, City Attorney Date
and Director of Law

ATTEST:

_____ _____
Karen Sublett, City Clerk Date

DRAFT

RESOLUTION NO. 20-314

A RESOLUTION AMENDING AND SUPPLEMENTING RESOLUTION NO. 20-004 OF THE CITY OF WICHITA, KANSAS WHICH AUTHORIZED THE ISSUANCE OF GENERAL OBLIGATION BONDS TO PAY THE COSTS OF CERTAIN PUBLIC IMPROVEMENTS IN THE CITY.

WHEREAS, the City of Wichita, Kansas (the "City") is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, the Governing Body is authorized, pursuant to K.S.A. 13-1024c, as amended by Charter Ordinance No. 156 of the City (the "Act") to issue general obligation bonds of the City without an election for the purpose of paying for the construction, purchase or improvement of any public improvement, including the land necessary therefore, and for the purpose of rebuilding, adding to or extending the same as the necessities of the City may require and for the purpose of paying for certain personal property therefore; and

WHEREAS, the Governing Body hereby finds and determines that it is necessary and advisable to make certain public improvements described as follows:

Labor, material and equipment for playground construction, along with site preparation and corresponding amenities at Sherwood Glen Park.

(the "Project") and to provide for the payment of all or a portion of the costs thereof by the issuance of general obligation bonds of the City pursuant to the Act.

BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF WICHITA, KANSAS, AS FOLLOWS:

Section 1. **Amendment**. ***Sections 1 and 2*** of **Resolution No. 20-004** are hereby amended to read as follows:

> **Section 1**. **Project Authorization**. It is hereby authorized, ordered and directed that the Project be acquired and/or constructed at an estimated cost of **$160,000** in accordance with plans and specifications therefor prepared under the direction of the City Engineer and approved by the Governing Body; said plans and specifications to be placed on file in the office of the City Engineer.
>
> **Section 2**. **Project Financing**. All or a portion of the costs of the Project, interest on financing and administrative and financing costs shall be financed with the proceeds of general obligation bonds of the City (the "Bonds"). The Bonds may be issued to reimburse expenditures made on or after the date which is 60 days before **January 14, 2020** to the extent of Bonds authorized under the original version of **20-004,** and 60 days before the date of adoption of this Resolution, to the extent of the increased authorization contained herein, all pursuant to Treasury Regulation §1.150-2.

Section 2. **Repealer; Ratification**. ***Sections 1 and 2*** of the **Resolution No. 20-004** are hereby repealed; and the rest and remainder thereof is hereby ratified and confirmed.

Section 3. **Effective Date**. This Resolution shall be in full force and effect from and after its adoption by the Governing Body.

ADOPTED by the City Council of the City of Wichita, Kansas, on October 6, 2020.

(SEAL)

_____
Brandon J. Whipple, Mayor

ATTEST:

_____
Karen Sublett, City Clerk

APPROVED AS TO FORM:

_____
Jennifer Magaña, City Attorney and Director of Law

Agenda Item No. II-8

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

SUBJECT: Wichita Retirement Systems' Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2019

INITIATED BY: Department of Finance

AGENDA: Consent

Recommendation: Receive and file the Comprehensive Annual Financial Report.

Background: Since 1998, Pension Management has prepared the Comprehensive Annual Financial Report (CAFR) of the Wichita Employees' Retirement and Police and Fire Retirement Systems. The CAFR is designed to provide information to interested parties regarding the financial and investment positions, results of operations, and actuarial positions of the Wichita Retirement Systems (WRS).

Analysis: The financial statements presented in the CAFR for the year ended December 31, 2019, have been audited by the independent certified public accounting firm of Allen, Gibbs & Houlik, L.C. (AGH). An unmodified opinion has been issued stating that the financial statements present fairly, in all material respects, the financial position of the WRS and the changes in the WRS' financial position, in accordance with accounting principles generally accepted in the United States of America.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the WRS for the year ended December 31, 2018. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, with content that conforms to program standards. The 2018 award represents the 20th consecutive year the WRS earned this award. Staff has submitted the application for this recognition and believes that the 2019 CAFR continues to meet GFOA standards for certification.

Financial Considerations: None

Legal Considerations: None

Recommendations/Actions: It is recommended that the City Council receive and file the Wichita Retirement Systems' Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019.

Attachment: Wichita Retirement Systems, *Comprehensive Annual Financial Report* for the fiscal year ended December 31, 2019.

2019 Comprehensive Annual Financial Report

Pension Trust Funds of the

CITY OF WICHITA
wichita.gov
KANSAS

Fiscal Year Ended December 31, 2019

WICHITA RETIREMENT SYSTEMS

- Police & Fire Retirement System of Wichita, Kansas
- Wichita Employees' Retirement System
- Wichita Employees' Retirement System Plan 3B

Pension Trust Funds of
the City of Wichita, Kansas

Comprehensive Annual Financial Report

For the Year Ended December 31, 2019

CITY OF WICHITA

WICHITA RETIREMENT SYSTEMS

Police and Fire Retirement System of Wichita, Kansas

Wichita Employees' Retirement System

Wichita Employees' Retirement System Plan 3b

Prepared by the Pension Management Office

Department of Finance

455 N. Main Street, 12th floor

Wichita, Kansas 67202

(316) 268-4544

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CITY OF WICHITA

WICHITA RETIREMENT SYSTEMS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2019

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WICHITA RETIREMENT SYSTEMS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2019

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WICHITA RETIREMENT SYSTEMS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2019

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CITY OF WICHITA

INTRODUCTORY SECTION

Department of Finance
Pension Management
City Hall – 12th Floor
455 North Main
Wichita, Kansas 67202

June 25, 2020

The Honorable Mayor and City Council
Police and Fire Retirement System of Wichita Board of Trustees
Wichita Employees' Retirement System Board of Trustees

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Wichita Retirement Systems (WRS or Systems); a single employer retirement system comprised of the Police and Fire Retirement System of Wichita, Kansas (PFRS) and the Wichita Employees' Retirement System (WERS) for the year ended December 31, 2019. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Systems.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Kansas statutes require an annual audit of all funds of the City by independent certified public accountants. The certified public accounting firm of Allen, Gibbs & Houlik, L.C. issued an unmodified opinion on the financial statements of the WRS for the year ended December 31, 2019. The independent auditor's letter begins on page A-1 in the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the financial statements. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

Plan History

The WERS was established in 1948 to provide pension benefits to all civilian employees, their surviving spouses and beneficiaries. The PFRS was established in 1965 to provide pension benefits to commissioned police and fire officers, their surviving spouses and beneficiaries. With the exception of the Teamster represented Transit employees, all full-time employees of the City of Wichita participate in one of these two Systems unless the employee is provided an option to elect to participate in the International City/County Management Association retirement programs.

In October 1999, the assets of the WRS were combined into a single fund for investment purposes. Then, in October 2000, assets of WERS Plan 3 were separated from the combined WERS and PFRS funds for investment, custodial and participant record keeping purposes. Finally, in January 2004, WERS Plan 3 assets were liquidated and the proceeds were reinvested with the other assets of the WRS, which resulted in a combined single fund for investment purposes.

Plan Governance

A 16-member Board of Trustees oversees the PFRS. The members include the City Manager (or designee), the Police Chief, the Fire Chief, three fire officers and three police officers elected by PFRS members of their respective departments and seven members appointed by the City Council. A separate 16-member Board of Trustees oversees the WERS. The members include the City Manager (or designee), the City Manager's appointee, seven members elected by WERS members and seven members appointed by the City Council. The Joint Investment Committee (JIC) is comprised of the President of each Board, two elected members from each Board, two City Council appointees from each Board and a City Manager's designee. The City Manager appoints a Pension Manager who manages staff to carry out the daily operations of the Systems.

System Funding and Financial Position

Funding is the process of setting aside resources for current and future use for the WRS defined benefit plans. The objective of the WRS is to meet funding requirements through contributions, expressed as a percent of active member payroll, and to keep the contribution rate as level from year to year as possible in the absence of plan benefit improvements.

The annual actuarial valuations prepared by the WRS' actuary, Cheiron, Inc., provide an indicator of the funded status of the Systems. As of December 31, 2019, the funded ratio of the PFRS was 91.6 percent and the funded ratio of the WERS was 90.8 percent. The funded ratio is the ratio of actuarial assets to actuarial liabilities. The actuarial liability is that portion of the present value of future benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and the actuarial value of assets at the same date is referred to as the unfunded actuarial liability (UAL), or surplus if the asset value exceeds the actuarial liability. The Systems' unfunded actuarial liability (or surplus) is amortized over a 20-year rolling period.

In 2019, the funded ratios for PFRS increased by .9 percent and WERS declined by .1 percent, primarily due to the change in the Systems' actuary and salary increases that were less than assumed. The results of the actuarial valuation determine the City's contribution rate for the second calendar year following the valuation date. In 2019, employer contributions for the PFRS decreased from 19.9 percent to 18.9 percent of annual covered payroll, and employer contributions for the WERS decreased from 12.8 percent to 12.1 percent of annual covered payroll. Additional information regarding the financial condition and funding status of the Systems can be found in the Financial and Actuarial Sections of this report.

Investments

The WERS Board of Trustees' investment authority is found in the City of Wichita's Municipal Code, Section 2.28.090. Investment authority for the PFRS Board of Trustees is contained in Section 12 of Charter Ordinance 230.

As of December 31, 2019, the fiduciary net position was $1.36 billion, an increase of 14.29% over the December 31, 2018 net position of $1.19 billion. The net investment return of the WRS' combined investment portfolio was 19.23% for the year ended December 31, 2019, underperforming the WRS' investment target benchmark return of 20.03% for the same period. The investment return over the past ten-year period was 8.98%, outperforming the benchmark return of 8.19% and the Systems' long-term actuarial target of 7.5%.

The WERS and PFRS Boards of Trustees have established an overall strategic asset allocation policy based upon the financial needs of the joint fund and the Boards' tolerance for volatility, or risk. The Boards utilize external investment managers providing both passive and active strategies. The portfolio is broadly diversified among equities, fixed income, real estate and timber, with additional diversification achieved in equities and fixed income through domestic and international allocations. With the assistance of the Systems' financial consultant, Callan LLC and Pension Management staff, the Trustees continue to monitor the investment program and review the policy for future changes to the asset allocation, manager allocations and possible additional investment types. For more information on investment strategies and policies, safeguards on investments and a comparative analysis of investment results over time, please refer to the Investment Section of this report beginning on page B-1.

Major Initiatives and Significant Actions

Custodial Bank Additional Services: On January 1, 2018, the Bank of New York Mellon (BNY Mellon) began providing the following services: custody and safekeeping; asset servicing; corporate action processing; transaction processing; income collection; accounting; GASB reporting support; proxy notification; class and corporate action support; online access; cash management; retiree services; and processing pension payments to the Systems' members and their beneficiaries. In 2019, staff worked closely with BNY Mellon to ensure that annual reporting accurately reflected the pertinent data for the first year under their contract. Also, the Retirement Boards approved the implementation of the BNY Mellon Participant Website services for the WERS and PFRS retirees. BNY Mellon Website services allows retirees to view their monthly benefit amount, federal and state tax deductions, credit union deductions and healthcare deductions. In addition, retirees are able to access their 1099 tax forms.

Retirement Board Education: Members of the WERS and PFRS Boards of Trustees attended Callan College in 2019, which provided an extensive overview of the fiduciary duties for the Trustees of the WRS. Staff coordinated the training through WRS' investment consultants, Callan LLC. The training defined the role of a fiduciary, outlined fiduciary responsibilities, reviewed different plan types and the various laws governing them. Other topics presented included key fundamentals of capital market theory and asset allocation, as well as how to determine asset allocation and develop the appropriate asset mix across the selected asset classes, while also stressing the importance on allocation reviews for Plan Sponsors. Since WRS utilizes securities lending in the portfolio, a BNY Mellon representative presented an overview on that subject matter as well. In conclusion, the Callan investment consultants provided the WERS and PFRS Boards of Trustees the current trends for defined benefit and defined contribution plans.

Asset Allocation Changes: During the year, the JIC of the WRS made two significant changes to the asset mix in the portfolio. After reviewing the long-term commodity asset class performance, as well as WRS' commodity manager's performance with the investment consultant, the Committee decided to liquidate the three percent position and reallocate the majority of the funds to a $25 million commitment to a new timber fund, Molpus Woodlands Group Fund V. The commodities were liquidated in May, 2019 and the new timber fund called $21 million of the commitment by the end of the year.

New Funding Policy: After long considerations by the WERS Board and in consultation with the System's actuary, the WERS Board adopted a new Funding Policy in January, 2019. The Funding Policy outlines the funding objectives and goals for the Retirement System, performance measures regarding the funded ratio and the City contribution rates, as well as key funding elements, including actuarial methods, actuarial assumptions and amortization. The Policy will be reviewed and amended as necessary by the Trustees, but not less frequently than every five years following the actuarial experience study.

Actuary Change: Based on the recommendation of the JIC, the WERS and PFRS Boards of Trustees approved the selection of Cheiron, Inc. as the Systems' actuary to replace Cavanaugh Macdonald Consulting LLC. In 2017, Cheiron, Inc. was hired to perform a secondary actuarial audit for the Systems, enabling a smooth transition in 2019.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Wichita Retirement Systems (WRS) for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the 20th consecutive year that the Systems have achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The System believes that this current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

In addition, the Wichita Retirement System also received the Public Pension Coordinating Council's (PPCC) Public Pension Standards Award for the fiscal year ended December 31, 2019 in recognition of meeting professional standards for pension plan design and administration, as set forth in the Public Pension Standards. This was the 17th consecutive year the System obtained this important award. This award is presented by the PPCC, a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS) and the National Council on Teacher Retirement (NCTR). The System believes that its plan design and administration continued to meet the PPCC award criteria during 2020 and plans to apply for the Public Pension Standards Award.

Acknowledgments

This report was made possible through the combined efforts of Pension Management Staff, the Controller's Office, and the City Treasurer. We wish to express our appreciation to all members of the department as well as other City staff who assisted and contributed to its preparation.

Respectfully submitted,

Shawn Henning	Mark L. Manning	Pam Beim
Director of Finance	City Treasurer	Pension Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Wichita Retirement Systems

Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2019

Presented to

Wichita Retirement Systems

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

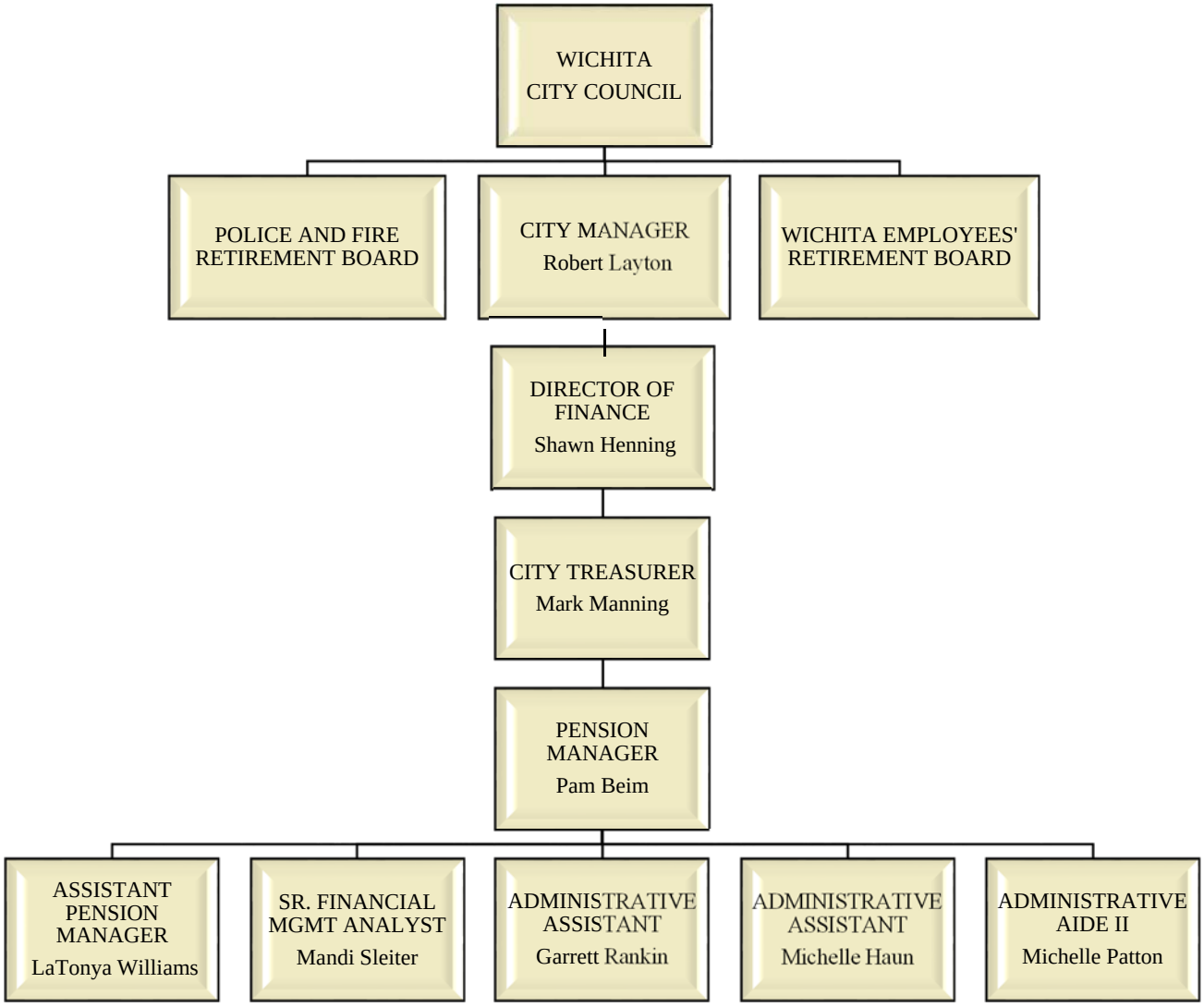
Alan H. Winkle
Program Administrator

WICHITA EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES

Melinda Walker (President)	Elected
Mark Hall (1st V.P.)	Elected
Mark Manning (2nd V.P.)	Elected
Carla Burgardt	Appointed by Council Member
James Deckard	Appointed by Council Member
Mike Hastings	Appointed by Council Member
Robert Lancaster	Appointed by Council Member
Vacant	Appointed by Council Member
Vacant	Appointed by Council Member
Shelly Hammond	Appointed by Mayor
Shawn Henning	City Manager Appointee
Jeff Kennedy	City Manager Designee
Maria Bias	Elected
LaDonna Lawrenz	Elected
Hannah Lang	Elected
William Perkins	Elected

POLICE AND FIRE RETIREMENT SYSTEM
BOARD OF TRUSTEES

Lance Oldridge (President)	Police Elected
Jeremy Spexarth (1st V.P.)	Fire Elected
Merle Bumgarner (2nd V.P.)	Fire Elected
Tracee Adams	Appointed by Council Member
David Cain	Appointed by Council Member
Robert Decker	Appointed by Council Member
Martha Pint	Appointed by Council Member
Gavin Seiler	Appointed by Council Member
Joseph Couey	Appointed by Council Member
Paul O'Mara	Appointed by Mayor
Shawn Henning	City Manager Designee
Tammy Snow	Fire Chief
Jason Jones	Fire Elected
Gordon Ramsay	Police Chief
Lemuel Moore	Police Elected
Robert Schmeidler	Police Elected


WICHITA
CITY COUNCIL
POLICE AND FIRE RETIREMENT BOARD
CITY MANAGER
Robert Layton
WICHITA EMPLOYEES' RETIREMENT BOARD
DIRECTOR OF FINANCE
Shawn Henning
CITY TREASURER
Mark Manning
PENSION MANAGER
Pam Beim
ASSISTANT PENSION MANAGER
LaTonya Williams
SR. FINANCIAL MGMT ANALYST
Mandi Sleiter
ADMINISTRATIVE ASSISTANT
Garrett Rankin
ADMINISTRATIVE ASSISTANT
Michelle Haun
ADMINISTRATIVE AIDE II
Michelle Patton

ACTUARY
Cheiron
200 W. Monroe
Chicago, IL 60606

CUSTODY INSTITUTION
The Bank of New York Mellon
500 Grant Street, 151-4040
Pittsburg, PA 15258

DEFINED CONTRIBUTION PARTICIPANT ACCOUNTING
Northeast Retirement Services
12 Gill Street, Suite 2600
Woburn, Massachusetts 01801

FINANCIAL CONSULTANT
Callan, LLC
1900 16th Street, Suite 1175
Denver, Colorado 80202

INDEPENDENT AUDITORS
Allen, Gibbs & Houlik, L.C.
Epic Center, 301 N. Main Street, Suite 1700
Wichita, Kansas 67202

LEGAL SERVICES
City of Wichita, Law Department
455 N. Main, 13th Floor
Wichita, Kansas 67202

LEGAL SERVICES
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PARTICIPANT EDUCATION
NestEgg Consulting, Inc.
125 N. Market Street, Suite 1050
Wichita, Kansas 67202

A list of professional investment managers and their fees are presented on page B-9. A schedule of brokerage commissions is presented on page B-10.

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CITY OF WICHITA

FINANCIAL SECTION

The Boards of Trustees
Wichita Retirement Systems
Wichita, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the Wichita Retirement Systems of the City of Wichita, Kansas (Systems) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Systems as of December 31, 2019, and the changes in the Systems' financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Systems' 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Allen, Gibbs & Houlik, L.C. ▪ aghlc.com ▲ aghemployersolutions.com ● aghuniversity.com ■ 316.267.7231 ▪ 301 N. Main, Suite 1700 ▪ Wichita, KS 6720

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Systems' basic financial statements. The accompanying supporting schedules on pages A- 38 and A-39, and the introductory, investment, actuarial and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules on pages A-38 and A-39 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020 on our consideration of the Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Systems' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Systems' internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2020
Wichita, Kansas

This management discussion and analysis (MD&A) provides an overview and analysis of the Wichita Retirement Systems' (WRS) financial activities and performance for the fiscal year ended December 31, 2019. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the WRS's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The two basic financial statements of the WRS are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position which may be found on pages A-6 and A-7. The statements are prepared in conformity with accounting principles generally accepted in the United States.

The Statement of Fiduciary Net Position is presented for the pension trust funds as of December 31, 2019, with combined total comparative information as of December 31, 2018. The Statement of Fiduciary Net Position presents information on all of the Systems' assets and liabilities, with the difference between the two reported as net position restricted for pensions. The statement is a snapshot of the financial position of the Systems at the close of the fiscal year. The Statement of Changes in Fiduciary Net Position is presented for the pension trust funds for the year ended December 31, 2019, with combined total comparative information for the year ended December 31, 2018. This statement presents information showing how the Systems' net position changed during the fiscal year. Notes to the Financial Statements beginning on page A-9 provide additional information, which is not included in the statements themselves, but is essential for a full understanding of the financial statements.

Required Supplementary Information consists of schedules and related notes concerning significant actuarial information and assumptions. Beginning on page A-28, these schedules and notes emphasize the long-term nature of pension plans and show the progress of each system in accumulating sufficient assets to pay future benefits.

- The Schedules of Changes in the Employer's Net Pension Liability and Related Ratios presents detailed information about the pension liabilities for which the pension plans' assets are held and managed. The schedules are intended to assist financial statement users in understanding the magnitude of the pension liability and the degree to which net position restricted for pensions is sufficient to cover the liability for each plan.
- The Schedules of Employer Contributions show the amount of actuarially determined required contributions relative to the actual contributions made during the year. These schedules also present covered payroll and contributions reported for each plan.
- The Schedule of Investment Returns shows the money-weighted rate of return on investments, net of investment expense. The money-weighted rate of return is a method for calculating investment performance on pension investments that adjusts for the changing amounts actually invested.

The Supplementary Information includes a Schedule of Administrative Expenses, a Schedule of Investment Expenses and a Schedule of Payments to Consultants Other Than Investment Advisors to show detail of the administrative and investment costs to operate the Systems.

FINANCIAL STATEMENT ANALYSIS

Fiduciary Net Position. Total fiduciary net position increased by $169.9 million during the 2019 fiscal year. This change primarily consisted of a $154.4 million increase in cash and investments, excluding securities lending investments, primarily due to the net appreciation in the fair value of investment holdings. The net investment return was 19.23% for the year ended December 31, 2019. Investment returns by asset class were: domestic equity 30.44%, international equity 21.82%, fixed income 10.03%, real estate 2.83% and timber 1.30%.

As of December 31, 2019, total securities lending obligations decreased by $1.1 million as compared to December 31, 2018. Several factors influence the amount of securities lent at any point in time, including the demand for the securities, the negotiated rebate rate and the overall market volatility.

Comparative summary financial statements for the years ended December 31, 2019 and 2018 are presented in the accompanying tables:

Summary of Fiduciary Net Position As of December 31,	2019	2018	Increase (Decrease)
ASSETS			
Total cash and investments	$ 1,356,684,678	$ 1,202,258,643	$ 154,426,035
Total receivables	19,092,372	6,564,785	12,527,587
Investment in securities lending collateral	2,753,663	3,891,200	(1,137,537)
Total assets	1,378,530,713	1,212,714,628	165,816,085
LIABILITIES			
Accounts payable and accrued expenses	1,867,515	2,555,054	(687,539)
Investment purchases pending	15,153,907	17,417,355	(2,263,448)
Securities lending obligations	2,753,663	3,891,200	(1,137,537)
Total liabilities	19,775,085	23,863,609	(4,088,524)
FIDUCIARY NET POSITION	$ 1,358,755,628	$ 1,188,851,019	$ 169,904,609

Summary of Changes in Fiduciary Net Position For the year ended December 31,	2019	2018	Increase (Decrease)
ADDITIONS			
Contributions	$ 33,244,332	$ 34,189,629	$ (945,297)
Net Investment income (loss)	225,035,385	(84,098,159)	309,133,544
Reclassifications due to participant conversion	94,720	179,012	(84,292)
Total additions	258,374,437	(49,729,518)	308,103,955
DEDUCTIONS			
Pension benefits	85,309,833	79,899,876	5,409,957
Pension administration	1,240,831	1,197,686	43,145
Employee contributions refunded	1,824,444	1,501,064	323,380
Reclassifications due to participant conversion	94,720	179,012	(84,292)
Total deductions	88,469,828	82,777,638	5,692,190
Net Increase (decrease) in net position	169,904,609	(132,507,156)	302,411,765
Fiduciary net position - beginning	1,188,851,019	1,321,358,175	(132,507,156)
Fiduciary net position - ending	$ 1,358,755,628	$ 1,188,851,019	$ 169,904,609

Changes in Fiduciary Net Position. Additions to fiduciary net position that are necessary to finance Plan benefit obligations come primarily from employer and employee contributions and net earnings on investments. For the year ended December 31, 2019, total additions were $258.4 million, which is approximately a $308.1 million increase from the 2018 total additions of ($49.7) million. Employer and employee contributions decreased from amounts reported in 2018. However, net investment income increased by $309.1 million from the prior year.

Deductions from fiduciary net position are consistent with characteristics of a mature pension system. Pension benefits increased from $79.9 million in 2018 to $85.3 million in 2019, or approximately $5.4 million or 6.8%. This amount includes DROP and BackDROP payments, which were $9 million or 31.8% higher than 2018 levels.

CONTACTING THE WICHITA RETIREMENT SYSTEM

This financial report is designed to provide a general overview of the WRS finances for individuals with such an interest. Additional information is provided within the Notes to the Financial Statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Pension Management Office, City of Wichita, 455 N. Main St., 12th Floor, Wichita KS 67202.

WICHITA RETIREMENT SYSTEMS
STATEMENT OF FIDUCIARY NET POSITION

December 31, 2019
(with comparative totals as of December 31, 2018)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Totals 2019	Totals 2018
ASSETS					
Cash and temporary investments	$ 87,517	$ 122,035	$ 82,158	$ 291,710	$ 165,592
Receivables:					
Investment sales pending	8,034,291	6,807,918	30,682	14,872,891	3,041,004
Interest and dividends	1,608,808	1,363,370	6,996	2,979,174	2,920,360
Other receivables	802,413	421,186	16,708	1,240,307	603,421
Total receivables	10,445,512	8,592,474	54,386	19,092,372	6,564,785
Investments, at fair value:					
Government short-term investment fund	17,285,344	14,727,677	70,113	32,083,134	41,072,687
Equity:					
Domestic equity	289,357,359	245,185,721	2,402,924	536,946,004	433,581,511
International equity	197,707,226	167,529,652	481,688	365,718,566	293,006,659
Fixed income	135,335,335	114,677,294	513,185	250,525,814	249,453,596
Commodities	-	-	-	-	33,702,764
Real estate	48,749,084	41,308,448	-	90,057,532	90,063,631
Target date and money market funds	-	-	6,224,462	6,224,462	5,040,886
Timber	41,239,324	33,545,324	-	74,784,648	56,060,033
Derivative investments	28,527	24,172	109	52,808	111,284
Securities lending short-term collateral investment pool	1,482,860	1,256,485	14,318	2,753,663	3,891,200
Total investments	731,185,059	618,254,773	9,706,799	1,359,146,631	1,205,984,251
Capital assets:					
Pension software	448,990	833,838	-	1,282,828	1,282,828
Accumulated depreciation	(448,990)	(833,838)	-	(1,282,828)	(1,282,828)
Capital assets, net of depreciation	-	-	-	-	-
Total assets	741,718,088	626,969,282	9,843,343	1,378,530,713	1,212,714,628
LIABILITIES					
Accounts payable and accrued payroll	977,019	886,320	4,176	1,867,515	2,555,054
Investment purchases pending	8,183,165	6,934,045	36,697	15,153,907	17,417,355
Securities lending obligations	1,482,860	1,256,485	14,318	2,753,663	3,891,200
Total liabilities	10,643,044	9,076,850	55,191	19,775,085	23,863,609
NET POSITION					
Restricted for pensions	$ 731,075,044	$ 617,892,432	$ 9,788,152	$ 1,358,755,628	$ 1,188,851,019

The accompanying notes to the financial statements are an integral part of this statement.

WICHITA RETIREMENT SYSTEMS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Totals 2019	Totals 2018
ADDITIONS					
Contributions:					
Employer	$ 13,965,415	$ 9,683,553	$ 198,342	$ 23,847,310	$ 24,632,524
Employee	5,428,455	3,770,224	198,343	9,397,022	9,557,105
Total contributions	19,393,870	13,453,777	396,685	33,244,332	34,189,629
Investment income:					
From investing activities:					
Net appreciation (depreciation) in the fair value of investments	113,454,483	97,044,358	1,728,900	212,227,741	(96,164,319)
Interest	5,116,153	4,351,797	18,758	9,486,708	8,744,476
Dividends	5,199,525	4,446,847	42,005	9,688,377	10,077,075
Commission recapture	8,646	7,385	73	16,104	28,938
Total investing activity income	123,778,807	105,850,387	1,789,736	231,418,930	(77,313,830)
Less investment expense	3,491,467	2,994,929	13,713	6,500,109	6,910,361
Net income (loss) from investing activities	120,287,340	102,855,458	1,776,023	224,918,821	(84,224,191)
From securities lending activities:					
Securities lending income	104,144	89,043	641	193,828	189,652
Less securities lending expense:					
Borrower rebates	20,160	17,261	127	37,548	18,619
Management fees	21,337	18,237	142	39,716	45,001
Total securities lending expenses	41,497	35,498	269	77,264	63,620
Net income from securities lending activities	62,647	53,545	372	116,564	126,032
Total net investment income (loss)	120,349,987	102,909,003	1,776,395	225,035,385	(84,098,159)
Reclassifications due to participant conversion	-	-	94,720	94,720	179,012
Total additions	139,743,857	116,362,780	2,267,800	258,374,437	(49,729,518)
DEDUCTIONS					
Pension benefits	41,686,750	43,623,083	-	85,309,833	79,899,876
Pension administration	612,049	619,398	9,384	1,240,831	1,197,686
Employee contributions refunded	424,631	824,813	575,000	1,824,444	1,501,064
Reclassifications due to participant conversion	-	94,720	-	94,720	179,012
Total deductions	42,723,430	45,162,014	584,384	88,469,828	82,777,638
Net increase (decrease) in net position	97,020,427	71,200,766	1,683,416	169,904,609	(132,507,156)
Net position, beginning	634,054,617	546,691,666	8,104,736	1,188,851,019	1,321,358,175
Net position, ending	$ 731,075,044	$ 617,892,432	$ 9,788,152	$ 1,358,755,628	$ 1,188,851,019

The accompanying notes to the financial statements are an integral part of this statement.

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CITY OF WICHITA

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Wichita Employees' Retirement System, the Wichita Employees' Retirement System Plan 3b and the Police and Fire Retirement System of Wichita are reported as pension trust funds of the City of Wichita, Kansas and its component units (the reporting entity). The plans consist of two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees.

The defined benefit plans include the Wichita Employees' Retirement System (WERS) and the Police and Fire Retirement System (PFRS). A separate Board of Trustees administers each System. The single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3b, which is also administered by the Wichita Employees' Retirement System Board of Trustees.

The WERS Board of Trustees is comprised of 16 members, including the City Manager or the City Manager's designee, one employee appointed by the City Manager, seven members appointed by the City Council and seven employees elected by the WERS employee members. The PFRS Board of Trustees is comprised of 16 members, including the City Manager or the City Manager's designee, the Chief of the Police Department, the Chief of the Fire Department, seven members appointed by the City Council, three fire officers elected by PFRS employee members in the Fire Department or the Airport and three police officers elected by PFRS employee members in the Police Department.

B. Measurement Focus and Basis of Accounting

The Wichita Employees' Retirement System, the Wichita Employees' Retirement System Plan 3b and the Police and Fire Retirement System are reported as pension trust funds of the City of Wichita, Kansas in the City's financial statements using the economic resources measurement focus and the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

C. Investments

Investments are reported at fair value. The Systems invest in real estate through real estate investment trusts, timber through limited partnerships, commodities, Treasury strips and various asset-backed securities, such as collateralized mortgage obligations and credit card trusts. Short-term investments are reported at cost plus accrued interest, which approximates fair value. Investments traded on national or international exchanges are valued at the last trade price of the day. If no close price exists, then a bid price is used. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. The fair value of real estate and timber investments are estimated using the net asset value of the shares owned in each fund. Investments that do not have an established market are reported at their estimated fair value.

D. Capital Assets

Capital assets include hardware and software. Capital assets are defined as assets with an initial individual minimum cost of $5,000. Capital assets are valued at historical cost or estimated historical cost (if actual historical cost is not available). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over useful lives of one to 33 years for office equipment and seven to 20 years for data processing software.

E. Management of Plan Assets
The Boards of Trustees of the Systems have contractual arrangements with independent money managers for investment of the assets of the Systems. The firms have been granted discretionary authority concerning purchases and sales of investments within guidelines established by City Ordinances and the Strategic Plan and Investment Policies adopted by the Boards of Trustees. The Boards of Trustees of the Systems also have contractual arrangements with independent firms which monitor the investment decisions of the Systems' investment managers.

F. Estimates
Preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires making estimates and assumptions that affect: (1) the reported amounts of assets and liabilities, (2) disclosures such as contingencies and (3) the reported amounts of revenues and expenses included in the financial statements. Actual results could differ from those estimates. Some of the more significant estimates include the valuation of certain investments described in the Notes to the Financial Statements and the actuarial assumptions used in calculating the total pension liability and net pension liability.

G. Prior Year Comparative Information
The basic financial statements include certain prior year comparative information that is summarized in total, but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Systems' financial statements for the year ended December 31, 2018, from which the summarized information has been derived.

2. Cash, Investments and Securities Lending

City Ordinance (49-036; Section 2.28.090) authorizes the Wichita Employees' Retirement System and City Charter Ordinance (230; Section 12) authorizes the Police and Fire Retirement System to invest trust fund assets in accordance with the prudent person rule, subject to the following limitations: (1) the proportion of funds invested in corporate preferred and common stock shall not exceed 70% and (2) the proportion of funds invested in foreign securities shall not exceed 35%. Additionally, the Systems are not permitted to invest directly or indirectly in any:

1. Real estate, except in certain pooled arrangements with the amount of such investment not to exceed 10% of the Fund;
2. Private equity, except in a commingled fund-of-funds vehicle operated by a registered investment advisor or a bank with the amount of such investment not to exceed 10% of the Fund;
3. Timber, except in a commingled fund vehicle operated by a registered investment advisor or a bank. The amount of such investment shall not exceed 10% of the Fund;
4. Mortgages secured by real estate, except insured mortgages under Titles 203, 207, 220 and 221 of the Federal Housing Act;
5. Oil and gas leases or royalties;
6. Commodities (including, but not limited to, wheat, gold, gasoline, options or financial futures); provided however, that the restriction on investments contained in this paragraph shall not apply to funds which are invested in a mutual fund, separate account or commingled fund operated by a registered investment advisor or insurance company; or
7. Letter stocks.

With the exception of the $291,710 held in the City's pooled funds, as of December 31, 2019, all of the deposits and investments of the Wichita Employees' and Police and Fire Retirement Systems are held in a joint investment fund that is invested by outside money managers and are held under a custodial agreement. The Boards of Trustees have adopted the Strategic Plan and Investment Policies which set forth in detail the asset allocation for the fund and restrictions applicable to specific investment types to mitigate risk. The policies permit investment in five asset types: domestic equities, international equities, fixed income, real estate and timber.

With the assistance of the Investment Consultant, the Joint Investment Committee (JIC) establishes the investment policies which are reviewed annually. In 2018, the JIC approved a seven year time frame to achieve an annualized real rate of return of four and three quarters of a percent (4.75%) above the price inflation assumption. Each manager's performance will also be compared to a relevant market index as outlined in the investment policy.

The investments of the Wichita Retirement Systems (WRS), excluding the securities lending short term collateral investment pool, on December 31, 2019 are listed in the accompanying table.

Type of Investment	Fair Value
Government short-term investment fund	$ 32,083,134
Domestic equity	536,946,004
International equity	365,718,566
Fixed income	250,525,814
Real estate	90,057,532
Target date and money market funds	6,224,462
Timber	74,784,648
Derivative investments	52,808
Total investments	$ 1,356,392,968

The pension funds invest in various asset-backed securities such as collateralized mortgage obligations (CMOs) and credit card trusts to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMOs break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches. The tranches are differentiated by when the principal payments are received from the mortgage pool. Changes in interest and mortgage prepayment rates may affect the amount and timing of cash flows, which would also affect the reported estimated fair values. The pension funds utilize a combination of asset-backed securities, which vary in their degree of volatility. Although considerable variability is inherent in such estimates, management believes the estimated fair values are reasonable estimates.

The pension funds also invest in real estate through real estate investment trusts (REITs).The fair values of these investments are estimated using the net asset value of the Systems' shares owned in each trust. Market conditions have had an impact on the estimated fair value of real estate investments. Restrictions on the availability of real estate financing, as well as economic uncertainties, have affected the volume of purchase and sale transactions. As a result, the estimates and assumptions used in determining the fair values of the real estate investments are inherently subject to uncertainty.

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Fair Value Measurement:

The Retirement Systems hold significant amounts of investments that are measured at fair value on a recurring basis. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets in active markets that can be assessed at the measurement date (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of assets or liabilities.

Level 3 – Unobservable inputs which are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Specific investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. Such investments are identified in the accompanying tables as Net Asset Value (NAV).

The plan categorizes its fair value measurements within the fair value hierarchy established by GAAP. The Fair value of measurements for the investments of the WRS on December 31, 2019 are listed in the accompanying table.

	12/31/2019	Level 1 Inputs	Level 2 Inputs
Investments by fair value level[1]:			
Cash and cash equivalents	$ 5,814,350	$ 5,497,012	$ 317,338
Equity:			
Domestic equity	381,909,968	381,909,968	-
International equity	138,588,846	138,588,846	-
Fixed income	243,559,994	20,031,277	223,528,717
Money market funds	359,693	359,693	-
Derivative investments	52,808	(648,642)	701,450
Total investments by fair value level	770,285,659	$ 545,738,154	$ 224,547,505
Investments measured at net asset value (NAV):			
Government short-term investment fund	26,268,784		
Equity:			
Domestic equity	155,036,036		
International equity	227,129,720		
Fixed income	6,965,820		
Real estate	90,057,532		
Target date funds	5,864,769		
Timber	74,784,648		
Total investments measured at NAV	586,107,309		
Total investments	$ 1,356,392,968		

[1]There were no investments valued using Level 3 inputs at December 31, 2019 .

Debt, equity and other securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Equity securities classified as Level 2 of the fair value hierarchy are traded on inactive markets or valued by reference to similar instruments using (1) marked based-factors, such as credit, liquidity and interest rate conditions, and (2) issuer-specific factors, such as creditworthiness of the issuer and likelihood of full repayment at maturity. Fixed income securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Derivative instruments classified as Level 1 of the fair value hierarchy include forwards and options which are traded on active exchanges. Derivative instruments classified as Level 2 of the fair value hierarchy are valued using a market approach. Options contracts derive their value from underlying asset prices, indices, reference rates and other inputs or a combination of these factors. These contracts are normally valued on the basis of pricing service providers or broker dealer quotations. Depending on the product and the terms of the transaction, the value of the financial derivative instruments can be estimated by a pricing service provider using a series of techniques, including simulation pricing models. The pricing models are inputs that are observed from actively quoted markets such as issuer details, indices, spreads, interest rates, yield curves and exchange rates. For centrally cleared credit default swaps, the clearing facility requires its members to provide actionable price levels across complete term structures. These levels along with external third party prices are used to produce daily settlement prices. Centrally cleared interest rate swaps are valued using a pricing model that references the underlying rates including the overnight index swap rate and London Interbank Offered Rate (LIBOR) forward rate to produce the daily settlement price.

Additional information relating to the investments measured at the NAV for WRS on December 31, 2019 are listed in the accompanying table.

Investments Measured at Net Asset Value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Days)
Government short-term investment fund	$ 26,268,784	-	Daily	5
Domestic equity	155,036,036	-	Daily	1
International equity	227,129,720	-	Bi-monthly, monthly	15-30
Fixed income	6,965,820	-	Daily	1
Real estate	90,057,532	-	Quarterly	45-60
Target date funds	5,864,769	-	Daily	1
Timber	74,784,648	4,000,000	N/A	N/A
Total investments measured at NAV	$ 586,107,309	$ 4,000,000		

Net Asset Value: WRS reports the following types of investments valued at Net Asset Value (NAV).

Government short-term investment fund – The government short-term investment fund that is measured at the NAV is a collective trust that invests any cash balances from the actively managed fund managers of the Systems, as well as the Systems' cash fund. The investment objective of the Fund is to maintain liquidity to ensure cash availability for withdrawals while preserving the principal.

Domestic equity – The Systems have one domestic equity fund manager that is an S&P 500 securities lending index fund measured at the NAV. This Fund seeks an investment return that approximates the performance of the S&P 500 over the long term. NAV is calculated on a daily basis based upon the fair value of the underlying investments.

International equity – The Systems have three fund managers with commingled investments in international equities that are measured using NAV. These fund managers are structured as limited partnerships and a MSCI securities lending index fund. The limited partnerships calculate NAV through a capital account maintained for each partner. The MSCI securities lending index fund calculates NAV on a per unit basis of the Fund and is determined as of the last business day of each month and at least one other business day during the month.

Fixed Income – The Systems have one fund manager that invests in commingled fixed income funds. These investments are structured within three funds; Opportunistic US$ High Yield Securities, Floating Rate High Income and Opportunistic Non-Dollar Hedged. The NAV for these funds is calculated daily on a per share value from the fair value of the underlying investments at the end of each day that the New York Stock Exchange is open as of the close of regular trading.

Real Estate – The Systems have two fund managers that invest in real estate measured at the NAV. These investments are in Real Estate Investment Trusts (REITs) and commingled real estate through a limited partnership. Both fund managers calculate NAV per unit from fair value estimates based on values from independent appraisals on a quarterly basis.

Target date funds – The Systems have various target date funds that are measured at the NAV. The NAV is determined each business day based on the value the underlying investments.

Timber – The Systems have one fund manager that invests in timber measured at the NAV. This fund manager is structured as a limited partnership and calculates NAV from independent appraisals in capital accounts maintained for each partner.

Custodial Credit Risk: The custodial credit risk for deposits is the risk that in the event of a bank failure, the WRS' deposits may not be recovered. On December 31, 2019, the WRS' cash deposits in the amount of $291,710 were included in the City's pooled cash and temporary investments. The WRS' debt securities investments were registered in the name of WRS and were held in the possession of the WRS' custodial bank, The Bank of New York Mellon. Amounts held in the City's pooled cash and temporary investments were fully collateralized as of December 31, 2019. Additional information about the City's pooled cash and investments is available in the City's separately issued Comprehensive Annual Financial Report, available upon request from the Pension Management Office.

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Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is managed using the modified duration methodology. Duration is a measure of fixed income cash flow using present values, weighted for cash flows as a percentage of the investment's full price. The modified duration methodology estimates the sensitivity of a bond's price to interest rate changes. WRS manages their exposure to fair value loss arising from increasing interest rates by complying with the following policies:

1. Fixed income managers have full discretion over the issuers selected and may hold any mix of fixed income securities and cash equivalents.

2. Portfolio duration for nominal fixed income managers must not be less than 80% or more than 120% of the duration of the Bloomberg Barclays Capital Aggregate Bond Index (Index), unless the Joint Investment Committee prospectively grants a written exception. As of December 31, 2019, the duration of the Index was 5.87 years, which equated to a minimum and maximum range for each fixed income portfolio of 4.70 years and 7.04 years, respectively.

Investment Type	Fair Value	Percent of all Fixed Income Assets	Weighted Average Modified Duration (years)
Corporate debt instruments, long-term	$ 90,404,409	31.9 %	5.5
Government securities long-term	28,625,815	10.1	9.9
Mortgage and asset-backed securities	75,642,379	26.7	4.4
Global fixed income	49,379,794	17.5	6.8
Actively managed investments	244,052,397	86.2	5.9
Government short-term investment fund	32,083,134	11.3	-
Pooled high-yield fixed income securities	6,961,753	2.5	-
Pooled international fixed income securities	4,066	-	1.2
Total investment in debt securities	$ 283,101,350	100.0 %	

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Credit Risk of Debt Securities: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The WRS manages exposure to investment credit risk by adhering to the following policies: (1) for active core domestic fixed income investments, at the time of purchase, bonds and preferred stocks must be rated at least "A2/A/A" or higher using the middle rating of Moody's, Standard and Poor's and Fitch after dropping the highest and lowest available ratings. When a rating from only two agencies is available, the lower ("more conservative") rating is used. When a rating from only one agency is available, that rating is used to determine credit quality; and (2) for core-plus domestic fixed income investments, the weighted average credit quality of the portfolio will not fall below "A2/A/A" or equivalent; when determining credit quality, the middle rating of Moody's, Standard and Poor's and Fitch is used after dropping the highest and lowest available ratings. When a rating from only two agencies is available, the lower ("more conservative") rating is used. When a rating from only one agency is available, that rating is used to determine credit quality. Throughout 2019, no securities were purchased that were below the established credit quality minimum in the active core portfolio and the weighted average credit quality of the active core plus portfolio did not fall below the established credit quality rating. The accompanying table shows the debt investments held by the WRS on December 31, 2019 and their respective ratings by Standard and Poor's or an equivalent nationally recognized statistical rating organization.

Quality Rating	Total Debt Securities
AAA	$ 36,636,612
AA+	65,733,463
AA	4,754,391
AA-	4,458,591
A+	9,786,614
A	15,196,995
A-	30,272,392
BBB+	21,922,378
BBB	16,172,478
BBB-	12,507,518
BB+	4,040,443
BB	918,497
BB-	3,511,371
B+	500,321
B	549,821
B-	921,540
CCC+	329,248
CCC	304,416
CCC-	12,327
CC	413,822
D	27,223
NR	21,912,419
WR	135,336
Total credit risk debt securities	251,018,216
Government short-term investment fund*	32,083,134
Total investment in debt securities	$ 283,101,350

*The collective trust government short-term investment fund itself is not rated. Each holding within the fund is rated, but an average rating is not available.

Credit risk for investment derivative instruments results from counterparty risk assumed by the WRS. This is essentially the risk that the counterparty to a WRS' transaction will be unable to meet its obligation. Information regarding the WRS' credit risk related to derivatives is found in the derivatives disclosures that follow.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an entity's investment with a single issuer. The WRS' investment in debt securities had no single issuer of investments that represented 5% or more of the plan assets, with exception of investments issued or implicitly guaranteed by the U.S. government and investments in mutual funds, as delineated in the WRS' investment policy.

Rate of Return: The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.77% for the year ended December 31, 2019. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Derivatives: Investment derivative instruments are financial contracts for which the value of the contract is dependent on the values of one or more underlying asset, reference rate or financial index. They include futures contracts, swap contracts, options contracts, rights and forward foreign currency exchanges. While the WRS has no formal policy specific to investment derivatives, the WRS, through its external investment managers, held a variety of these instruments as of December 31, 2019. The WRS enters into these investment derivative instruments primarily to enhance the performance, reduce the volatility of its investment portfolio and to manage interest rate risk. The investment derivative instruments held by the WRS on and during the year ended December 31, 2019 are shown on the following pages. The notional values associated with these derivative instruments are generally not recorded in the financial statements; however, the exposure amounts on these instruments are included in the fair value of investments in the Statement of Fiduciary Net Position and the total changes in fair value for the year are included as investment income (loss) in the Statement of Changes in Fiduciary Net Position.

The fair value of derivative investments is based on the exchanges when available. When an exchange is not available, estimated fair values are determined in good faith by using information from J.P. Morgan traders and other market participants, including methods and assumptions considering market conditions and risks existing at the date of the Statement of Fiduciary Net Position. Such methods and assumptions incorporate standard valuation conventions and techniques, such as discounted cash flow analysis and option pricing models. All methods utilized to estimate fair values result only in general approximations of value.

The WRS' investments in derivative instruments on December 31, 2019 are presented in the accompanying tables.

Derivative Investments Summary			
Classification and Type	Change in Fair Value	Notional Value	Exposure/ Fair Value
Foreign currency forward (FFX) contracts	$ (72,998)	$ 36,694,675	$ (209,046)
Futures contracts	(933,374)	57,890,118	(447,025)
Options	104,631	-	15,647
Swaps	716,381	85,764,000	693,232
Total derivative investments	$ (185,360)	$ 180,348,793	$ 52,808

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Derivative Investments Detail				
Classification and Type	Change in Fair Value	Notional Value	Exposure/ Fair Value	Counterparty (Counterparty Rating)
FFX contracts:				
Australian dollar	$ -	$ 114,481	$ (639,935)	N/A[1]
Brazilian real	-	475,564	495,053	N/A[1]
Canadian dollar	-	1,876,935	807,127	N/A[1]
Chilean peso	-	261,618	34,556	N/A[1]
Chinese r yuan hk	-	-	(347,374)	N/A[1]
Chinese yuan renminbi	-	-	(77,475)	N/A[1]
Colombian peso	-	-	(11,257)	N/A[1]
Egyptian pound	-	133,576	135,873	N/A[1]
Euro currency unit	-	654,149	(12,831,302)	N/A[1]
Hong Kong dollar	-	511,934	-	N/A[1]
Indian rupee	-	739,788	673,146	N/A[1]
Indonesian rupiah	-	588,769	612,140	N/A[1]
Japanese yen	-	513,587	(2,999,156)	N/A[1]
Malaysian ringgit	-	-	(1,656,269)	N/A[1]
Mexican peso	-	235,072	(852,124)	N/A[1]
New Taiwan dollar	-	6,131	6,310	N/A[1]
New Zealand dollar	-	-	(391,454)	N/A[1]
Nigerian Najra	-	130,258	131,173	N/A[1]
Norwegian krone	-	611,546	625,983	N/A[1]
Philippines peso	-	-	(374,990)	N/A[1]
Polish Zloty	-	130,010	132,023	N/A[1]
Pound sterling	-	98,721	(2,114,098)	N/A[1]
Russian ruble (new)	-	-	(1,607,899)	N/A[1]
Singapore dollar	-	-	(1,398,213)	N/A[1]
South Korean won	-	130,688	133,250	N/A[1]
Swedish krona	-	-	(573,371)	N/A[1]
Swiss franc	-	132,810	(124,164)	N/A[1]
U.S. dollar	-	29,349,038	22,003,401	N/A[1]
Aggregated	(72,998)	-	-	N/A[1]
Total FFX contracts	(72,998)	36,694,675	(209,046)	
Futures contracts:				
3 month cash futures	(27,627)	10,286,843	(27,627)	Goldman Sachs & Co, NY (BBB+)
Currency futures	3,075	-	-	N/A
Eurodollar futures	140,686	3,061,239	177,961	Goldman Sachs & Co, NY (BBB+)
Eurodollar futures	(199,665)	-	-	N/A
International bond futures	(16,119)	1,459,165	(16,119)	Merrill Lynch Pierce Fenner Smith Inc. NY (A-)
Intl govt bond futures	142,208	(6,543,139)	142,207	Goldman Sachs & Co, NY (BBB+)
Intl govt bond futures	(22,657)	2,752,529	(22,657)	Merrill Lynch Pierce Fenner Smith Inc. NY (A-)
Intl govt bond futures	67,003	-	-	N/A
Intl govt bond futures - UK	6,160	(514,718)	6,160	Goldman Sachs & Co, NY (BBB+)
Intl govt bond futures - UK	4,025	-	-	N/A
Treasury bonds	(360,463)	9,271,900	(360,463)	Goldman Sachs & Co, NY (BBB+)
Treasury bonds	(210,189)	-	-	N/A
Treasury notes	(346,487)	38,116,299	(346,487)	Goldman Sachs & Co, NY (BBB+)
Treasury notes	(113,324)	-	-	N/A
Total futures contracts	(933,374)	57,890,118	(447,025)	

[1] Counterparty ratings for FFX contracts are not available by currency. See table on the following page summarizing FFX contract ratings by counterparty.

Derivative Investments Detail (continued)

Classification and Type	Change in Fair Value	Notional Value	Exposure/ Fair Value	Counterparty (Counterparty Rating)
Options:				
Credit interest rate swaps	845	N/A	(1,116)	Citigroup Global Markets, Inc. NY (BBB+)
Credit default swaps	953	N/A	-	N/A
Eurodollar futures	3,526	N/A	-	N/A
Foreign currency options	2,168	N/A	-	Goldman Sachs & Co, NY (BBB+)
Foreign currency options	(1,303)	N/A	(6,396)	Citibank, NY (BBB+)
Foreign currency options	358	N/A	5,407	UBS Securities LLC, Stamford (A-)
Foreign currency options	1,749	N/A	(372)	Citigroup Gbl Mkts/Salomon, NY (BBB+)
Foreign currency options	10,704	N/A	10,694	Morgan Stanley & Co Inc, NY (BBB+)
Foreign currency options	46,822	N/A	-	N/A
Treasury bonds	313	N/A	(2,969)	Goldman Sachs & Co, NY (BBB+)
Treasury bonds	(3,160)	N/A	-	N/A
Treasury notes	1,494	N/A	11,899	Goldman Sachs & Co, NY (BBB+)
Treasury notes	2,000	N/A	(1,500)	Merrill Lynch et al. NY (A-)
Treasury notes	38,162	N/A	-	N/A
Total options	104,631		15,647	
Swaps:				
Cleared credit default swaps	(41,537)	1,306,800	(125,890)	Credit Suisse Group AG (BBB+)
Cleared credit default swaps	8,465	1,385,000	35,908	JPMorgan Chase & Co (A-)
Cleared credit default swaps	(52,063)	-	-	N/A
Cleared interest rate swaps	444,613	55,848,200	527,516	CME Group Inc (AA-)
Cleared interest rate swaps	184,817	-	-	N/A
Cleared zero coupon swaps	1,547	6,505,000	5,591	CME Group Inc (AA-)
Cleared zero coupon swaps	23,980	-	-	N/A
Credit default swaps	15,052	485,000	46,722	Bank of America Corp (A-)
Credit default swaps	7,675	490,000	47,204	Morgan Stanley (BBB+)
Credit default swaps	1,160	-	-	N/A
Interest rate swaps	(20,477)	1,650,000	(20,477)	Bank of America Corp (A-)
Interest rate swaps	78,616	16,344,000	171,469	Citigroup Inc (BBB+)
Interest rate swaps	(8,889)	850,000	(8,889)	Goldman Sachs Group Inc (BBB+)
Interest rate swaps	14,078	900,000	14,078	JPMorgan Chase & Co (A-)
Interest rate swaps	59,344	-	-	N/A
Total swaps	716,381	85,764,000	693,232	
Total derivative investments	$ (185,360)	$ 180,348,793	$ 52,808	

FFX Contracts Rating by Counterparty[2]

Counterparty (Counterparty Rating)	Exposure/ Fair Value
Bank of America Corp (A-)	$ (1,833)
Barclays PLC (BBB)	17,435
BNP Paribas SA (A+)	(4,243)
Citigroup Inc (BBB+)	62,700
Goldman Sachs Group Inc/The (BBB+)	(18,550)
HSBC Holdings PLC (A)	(31,062)
JPMorgan Chase & Co (A-)	(109,984)
Morgan Stanley (BBB+)	(74,527)
UBS Group AG (A-)	(48,982)
Total FFX counterparties	$ (209,046)

[2] Counterparty ratings for FFX contracts are not available by currency, thus, summarized by Counterparty

Foreign Currency Risk: Currency risk arises due to foreign exchange rate fluctuations. The WRS' investment policies manage the exposure to foreign currency risk by allowing international securities investment managers to enter into forward exchange or future contracts on foreign currency provided such contracts have a maturity of less than one year. Currency contracts are only to be utilized for the settlement of securities transactions and defensive hedging of currency positions. The WRS' exposure to foreign currency risk on December 31, 2019 is presented in the accompanying table.

Currency	Cash and Cash Equivalents	Equities	Fixed Income	Derivatives
Argentina peso	$ 2,316	$ -	$ 83,928	$ -
Australian dollar	(628,596)	6,684,911	510,942	(6,727)
Brazilian real	579,223	-	1,190,785	185,548
Canadian dollar	840,006	-	1,036,082	(10,688)
Chilean peso	34,556	-	222,270	-
Chinese r yuan hk	(347,374)	-	-	-
Chinese yuan renminbi	(59,640)	-	366,830	-
Colombian peso	(11,257)	-	-	-
Egyptian pound	135,873	-	-	-
Euro currency unit	(12,370,526)	50,909,113	11,297,878	101,778
Hong Kong dollar	-	11,209,853	-	-
Hungarian forint	(45,809)	-	-	-
Indian rupee	673,146	-	203,690	-
Indonesian rupiah	629,878	-	539,834	-
Japanese yen	(2,928,975)	32,030,057	3,826,732	(1,012)
Malaysian ringgit	(1,624,690)	-	1,700,095	-
Mexican peso	(832,331)	-	2,724,435	71,511
New Taiwan dollar	6,310	-	-	-
New Zealand dollar	(477,686)	620,160	162,883	(29,366)
Nigerian naira	131,173	-	-	-
Norwegian krone	626,207	2,168,465	-	-
Philippines peso	(374,990)	-	-	-
Polish zloty	132,023	-	-	-
Pound sterling	(2,070,790)	17,336,340	1,314,146	6,082
Russian ruble (new)	(1,607,899)	-	1,833,291	-
Singapore dollar	(1,380,888)	1,037,394	1,413,678	-
South African rand	11,701	-	-	-
South Korean won	133,250	-	-	-
Swedish krona	(540,121)	3,850,908	-	-
Swiss franc	(124,164)	10,698,281	-	-
Total subject to foreign currency risk	$ (21,490,074)	$ 136,545,482	$ 28,427,499	$ 317,126

All forward foreign currency contracts are carried at fair value by the WRS. As of December 31, 2019, the Systems held forward currency contracts with an unrealized loss of $209,046. If held, forward foreign currency contracts are reported as derivative investments in the financial statements.

Securities Lending Transactions: Policies of the Board of Trustees for the Wichita Employees' Retirement and Police and Fire Retirement Systems permit the lending of securities to broker-dealers and other entities (borrowers) with a simultaneous agreement to return the collateral for the same securities in the future. The WRS' custodial bank, The Bank of New York Mellon, is the lending agent for the Systems' domestic securities for initial collateral of 102% of the fair value of the loaned securities and international equity securities for initial collateral of 105% of the fair value of such securities. Collateral may consist of cash (U.S.currency only); securities issued or guaranteed by the U.S. government or its agencies or instrumentalities; and such other collateral as the parties may agree to in writing.

The collateral securities cannot be pledged or sold by the WRS unless the borrower defaults. The lending agent shall require additional collateral from the borrower whenever the value of loaned securities exceeds the value of the collateral in the agent's possession, so that collateral always equals or exceeds 100% of the fair value of the loaned securities. Contracts with the lending agent require them to indemnify the WRS, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the WRS for income distributions by the securities' issuers while the securities are on loan.

At year-end, the WRS had no credit risk exposure to borrowers because the amounts the WRS owes the borrowers exceeded the amounts the borrowers owed the Systems. All securities loans, whether domestic or international, are open loans and can be terminated on demand by either the system or the borrower. At year-end, loaned securities were secured with cash collateral or securities collateral. The amount shown on the Statement of Fiduciary Net Position only reflects transactions where cash collateral was received. Cash collateral is invested in a separately managed cash collateral account. Also, since securities loans are terminable at will, the duration of the securities loans do not generally match the duration of the investments made with the cash collateral received from the borrower.

Custodial Credit Risk Related to Securities Lending: Custodial credit risk for lent securities is the risk that, in the event of the failure of the counterparty, the WRS will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Consistent with the WRS' securities lending policy, $50,927,335 was held by the counterparty acting as the WRS' agent in securities lending transactions on December 31, 2019.

Other Risk Information: Recent market conditions have resulted in an unusually high degree of volatility and increased risks associated with certain investments held by the Wichita Employees' Retirement System and the Police and Fire Retirement System. As a result, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements. In addition, declines in the fair values of Systems' assets could ultimately affect the funded status of the WRS. The ultimate impact on the funded status will be determined based upon market conditions in effect when the annual valuation is performed.

3. Capital Assets

Capital asset activity for the year ended December 31, 2019 is presented in the following table (expressed in thousands of dollars).

	Beginning Balance	Increases	Decreases	Ending Balance
Pension administration hardware and software	$ 1,283	$ -	$ -	$ 1,283
Less: accumulated depreciation	(1,283)	-	-	(1,283)
Capital assets, net	$ -	$ -	$ -	$ -

4. Wichita Employees' Retirement System

Plan Description: The Wichita Employees' Retirement System (WERS) was established to provide retirement and survivor annuities, disability benefits, death benefits and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City Ordinance on January 1, 1948 and became closed to new entrants prior to July 18, 1981. With the initiation of Plan 2, which was established by City Ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was closed to new entrants with the establishment of Plan 3 by City Ordinance, effective January 1, 1994.

Plan 3 was established by City Ordinance on April 9, 1993 and amended on February 8, 2000. The reporting entity's contributions and earnings for each employee are 25% vested after three years of service, 50% vested after five years of service and are fully vested after seven years of service. Upon completion of seven years of service, employees participating in Plan 3 automatically convert to participation in Plan 2 unless they make an irrevocable election to convert to Plan 3b, a defined contribution plan, within 90 days thereafter. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

Benefits Provided: The primary benefits provided are retirement benefits. However, the System also provides ancillary benefits in the event of pre-retirement death, disability or termination of employment prior to meeting the eligibility requirements to retire.

Plan 1 members are eligible to retire at age 60 with seven years of actual service or at any age with 30 years of creditable service. Plan 2 members may retire at age 62 with seven years of actual service. Benefits for Plan 1 members are calculated using Final Average Salary (FAS), which is the member's compensation for the three highest consecutive years of service within the last 10 years, multiplied by the total years of creditable service and a factor of 2.5%, subject to a maximum of 75% of the FAS. Benefits for Plan 2 members are the same as Plan 1 except they are calculated using a factor of 2.25% instead of 2.5%. Benefits vest with seven years of actual service. The calculation is reduced with early retirement.

When a Plan 1 member has been retired for 12 months, the member receives an annual post-retirement adjustment of 3% of the original base amount of the benefit. The annual post-retirement adjustment for Plan 2 members is 2%.

As of December 31, 2019, the WERS plan membership consisted of the following:

Member Category	Plan 1	Plan 2	Plan 3	Total
Inactive employees or beneficiaries currently receiving benefits	611	819	-	1,430
Inactive employees entitled to but not yet receiving benefits	-	140	-	140
Active employees	1	821	696	1,518
Total membership	612	1,780	696	3,088

Deferred Retirement Option Plan (DROP) Provision: The benefit structure of both Plan 1 and Plan 2 include a Deferred Retirement Option Plan (DROP) provision. Members must be eligible to receive a service retirement benefit as of the DROP retirement date to participate in the DROP. The DROP period is one to 60 months. The monthly benefit amount is computed as of the DROP election date based on the final average salary and years of service as of that date. The benefit is paid into the member's notional DROP account during the deferral or DROP period. The member and City both continue to make the required contributions during the deferral period. These contributions are not credited to the member's DROP account, but are credited to general System assets to improve funding. Interest at an annual rate of 5.0%, compounded monthly, is credited to the notional DROP account. Voluntary termination of employment during the DROP period results in loss of accrued interest. When the member terminates employment, the balance of the DROP account is paid as a lump sum and future monthly benefits are paid to the member. The balance of the notional DROP accounts as of December 31, 2019 was $5,520,335.

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City Ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4% and 4.7% of covered salaries, respectively. Members of Plan 3 are required to contribute 4.7% of covered salaries. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2019 was 12.1% of annual covered payroll for Plans 1, 2 and 3 (excluding compensation attributable to members who have made an irrevocable election to remain in the defined contribution plan after fully vesting at seven years of service). The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary. For the year ended December 31, 2019, WERS received $9,683,553 in contributions from the employer for Plans 1, 2 and 3.

Actuarial Assumptions: A summary of the actuarial assumptions and other inputs used in measuring the total pension liability are presented in the accompanying table. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the most recent experience study, which covered a three-year period ending December 31, 2016. The experience report is dated April 17, 2018.

Price inflation	2.75%
Wage inflation	3.25%
Salary increases, including wage inflation	3.5% to 6.5%
Long-term rate of return, net of investment expense, including price inflation	7.6%
Active Members	based on the RP-2000 Employee Table, projected generationally using Scale AA (ages set forward two years for males, zero for females).
Healthy Retirees And Beneficiaries	based on the RP-2000 Healthy Annuitant Table, projected generationally using Scale AA (ages set forward two years for males, zero for females)
Disabled Retirees	based on the RP-2000 Disabled Table for Males and Females, projected generationally using Scale AA.

Actuarial Rate of Return Assumption: The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the System. Several factors are considered in evaluating the long-term rate of return assumption, including long term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return the target asset allocation percentage and then adding expected inflation. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best-estimates of geometric real rates of return (net of 2.25% inflation assumption) for each major asset class are summarized in the accompanying table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Large cap equity	31%	5.25%
Small cap equity	8%	5.85%
International equity	26%	5.75%
Fixed Income	19%	1.75%
Real Estate	7%	4.25%
Timber	5%	4.85%
Commodities	3%	0.95%
Cash	1%	0.55%
Total	100%	

* Geometric mean, net of investment expenses.

Discount Rate: The fiduciary net position is projected to be available to make future benefit payments; therefore, a Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR) for either the December 31, 2019 or the December 31, 2018 valuations. Thus, the discount rate, or the SEIR, is equal to the long-term assumed rate of return on investments, as determined in the last experience study. The discount rate used to measure the total pension liability as of the December 31, 2019 valuation is 7.60%. Please note 7.50% is used in the annual funding valuation to determine the City's contribution rate.

The projection of cash flows used to determine the discount rate assumed that the employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rate. Projected future benefit payments for all current plan members were projected through 2124. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability of the City: The components of net pension liability as of December 31, 2019, are shown in the accompanying table. Actuarial valuation of an ongoing plan involves estimates of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The total pension liability was determined by an actuarial valuation as of December 31, 2018. A Schedule of Changes in the Employer's Net Pension Liability and Related Ratios is presented in the required supplementary information of this report on page A-28.

Total Pension Liability (TPL)	$	668,661,985
Less: Fiduciary Net Position (FNP)		(617,892,432)
Net Pension Liability (NPL)	$	50,769,553
Ratio of FNP to TPL		92.41%

Sensitivity Analysis: The accompanying table presents the net pension liability of the City using the discount rate of 7.60%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.0% lower (6.60%) or 1.0% higher (8.60%) than the current rate.

	Rate	City's Net Pension Liability
1.0% Decrease	6.60%	$ 123,130,119
Current Rate	7.60%	50,769,553
1.0% Increase	8.60%	(10,583,099)

5. Wichita Employees' Retirement System Plan 3b

The City contributes to Wichita Employees' Retirement System Plan 3b, a defined contribution pension plan, for all of its full-time civilian employees hired or rehired on or after January 1, 1994. Benefits depend solely on amounts contributed to the plan plus investment earnings.

Plan 3, established by City Ordinance on April 9, 1993 and amended on February 8, 2000, requires that both the employee and the reporting entity contribute an amount equal to 4.7% of covered salaries. The reporting entity's contributions and earnings for each employee are 25% vested after three years of service, 50% vested after five years and are fully vested after seven years of service.

The employees participating in the Plan will be converted to WERS Plan 2, a defined benefit plan, unless they make an irrevocable election to remain in the defined contribution plan within 90 days of becoming vested. If an employee converts to Plan 2, the employee's Plan 3 account balance becomes part of WERS assets available to pay future benefits of WERS defined benefit plan members. For this reason, Plan 3 members who have not made an irrevocable election to remain in the defined contribution plan are reported with the WERS defined benefit plan. Fully vested Plan 3 members who elect to remain in the defined contribution plan are referred to as Plan 3b members and are reported as a separate plan on the combining financial statements beginning on page A-6.

Fully vested employees who elect to continue participation in Plan 3b may contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at the time of the contribution. Contributions of the reporting entity and earnings forfeited by employees who leave employment before seven years of service are used to reduce the reporting entity's contribution requirements. Benefit terms, including contribution requirements, are established and may be amended by the City Council. For the year ending December 31, 2019, employee and employer contributions to Plan 3b totaled $198,343 and $198,342, respectively. As of December 31, 2019, there were 82 members covered under the defined contribution Plan 3b.

6. Police and Fire Retirement System of Wichita, Kansas

Plan Description: The Police and Fire Retirement System (PFRS) consists of three plans: Plan A, Plan B and Plan C-79. The plans were established to provide retirement and survivor annuities, disability benefits, death benefits and other benefits for Police and Fire Officers of the reporting entity and their dependents. All full-time active "commissioned" Police and Fire department personnel are required to participate in the plans. Plans A and B were established by City Ordinance on January 1, 1965 and Plan C-79 was established January 1, 1979 by City Ordinance. Plan B was closed to new entrants as of January 1, 1965 and Plan A was closed to new entrants as of December 31, 1978. Establishment of and amendments to the benefit provisions for the PFRS are authorized by the City Council.

Benefits Provided: The primary benefits provided are retirement benefits. However, the System also provides ancillary benefits in the event of pre-retirement death, disability or termination of employment prior to meeting the eligibility requirements to retire.

Plan A and Plan B members are eligible to retire at 20 years of actual service regardless of age. Plan C members are eligible to retire at 30 years of creditable service regardless of age, 20 years of actual service and age 50 or 10 years of actual service and age 55. Benefits are calculated using Final Average Salary (FAS), which is the member's compensation for the three highest consecutive years of service within the last 10 years, multiplied by the total years of creditable service and a factor of 2.5%, subject to a maximum of 75% of the FAS. Benefits vest after 10 years of service.

When a member has been retired for 36 months, they will receive an annual post-retirement adjustment to their benefit of 2% of the original base amount of the benefit.

As of December 31, 2019, the PFRS defined benefit plan membership consisted of the following:

Member Category	Plan A	Plan B	Plan C-79	Total
Inactive employees or beneficiaries currently receiving benefits	432	165	447	1,044
Inactive employees entitled to, but not yet receiving benefits	-	-	38	38
Active employees	1	-	1,093	1,094
Total membership	433	165	1,578	2,176

Backward Deferred Retirement Option Plan (DROP) Provision: The benefit structure of the Wichita Police and Fire Retirement System includes a Backward Deferred Retirement Option Plan (DROP). The Backward DROP is available to Plan A and Plan C-79 members. Members must be eligible to receive a service retirement benefit as of the Backward DROP retirement date. The DROP period is one to 60 months. The DROP period is the time between the Backward DROP retirement date and the date the employee terminates service. The retirement benefit is calculated as of the day prior to the Backward DROP retirement date. The employee's monthly retirement benefits (for the DROP period) plus applicable post retirement adjustments and interest at an annual rate of 5.0%, compounded monthly, is payable upon the employee's termination of service. When the member terminates employment, the balance of the DROP account is paid as a lump sum and the member begins to receive monthly retirement benefits on the month following termination of service.

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City Ordinance and may be amended by the governing body. PFRS members are required to contribute 6% to 8% of covered salaries. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2019 was 18.9% of annual covered payroll. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the PFRS consulting actuary. For the year ended December 31, 2019, PFRS received $13,965,415 in contributions from the employer.

Actuarial Assumptions: A summary of the actuarial assumptions and other inputs used in measuring the total pension liability are presented in the table on the following page. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of the most recent experience study, which covered the three-year period ending December 31, 2016. The experience report is dated April 17, 2018.

Price inflation	2.75%
Wage inflation	3.25%
Salary increases, including wage inflation	4.00% to 5.75%
Long-term rate of return, net of investment expense, including price inflation	7.59%
Active Members	based on the RP-2000 Employee Table for Males and Females projected generationally using Scale AA.
Healthy Retirees And Beneficiaries	based on the RP-2000 Healthy Annuitant Table for Males and Females projected generationally using Scale AA.
Disabled Retirees	based on the RP-2000 Disabled Table for Males and Females projected generationally using Scale AA.

Actuarial Rate of Return Assumption and Discount Rate: Information about the actuarial rate of return assumption and the discount rate is disclosed in Note 4 - Wichita Employees' Retirement System. Because the assets of the plans are pooled for investment purposes, the assumptions for the Police and Fire Retirement System are identical to those of the Wichita Employees' Retirement System.

Net Pension Liability of the City: The components of net pension liability as of December 31, 2019, are shown in the accompanying table. Actuarial valuation of an ongoing plan involves estimates of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The total pension liability was determined by an actuarial valuation as of December 31, 2018. A Schedule of Changes in the Employer's Net Pension Liability and Related Ratios is presented in the required supplementary information of this report on page A-30.

Total Pension Liability (TPL)	$	780,246,739
Less: Fiduciary Net Position (FNP)		(731,075,044)
Net Pension Liability (NPL)	$	49,171,695
Ratio of FNP to TPL		93.70%

Sensitivity Analysis: The accompanying table presents the net pension liability of the City using the discount rate of 7.59%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.0% lower (6.59%) or 1.0% higher (8.59%) than the current rate.

	Rate		City's Net Pension Liability
1.0% Decrease	6.59%	$	142,896,455
Current Rate	7.59%		49,171,695
1.0% Increase	8.59%		(29,141,890)

7. Insurance

The WRS participate in the City of Wichita's self-insurance fund programs for workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability. There were no settlements in excess of insurance coverage in any of the three most recent fiscal years. Additional information, including a general description of each program, can be found in the Comprehensive Annual Financial Report issued by the City of Wichita.

8. Subsequent Event

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended worldwide mitigation measures. The extent of COVID-19's effect on the System's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the System's operation. However, as the pandemic continues to evolve, this could have a material adverse effect on the System's operation, statement of net position, statement of activities and cash flows.

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WICHITA RETIREMENT SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
WICHITA EMPLOYEES' RETIREMENT SYSTEM

For the years ended December 31, 2014 through December 31, 2019 [1]

	2019	2018	2017	2016
TOTAL PENSION LIABILITY				
Service cost	$ 10,132,953	$ 10,067,053	$ 10,049,029	$ 9,679,684
Interest	47,499,432	47,789,825	46,669,189	45,634,881
Benefit term changes	-	-	-	-
Differences between expected and actual experience	3,656,262	(2,668,930)	(1,893,808)	(2,791,029)
Assumption changes	(19,749,611)	32,865,478	-	-
Reclassification due to conversion of members to Plan 3b	(94,720)	(179,012)	(191,292)	(244,793)
Benefit payments, including member refunds	(44,447,896)	(41,670,299)	(39,282,815)	(39,144,783)
Net change in total pension liability	(3,003,580)	46,204,115	15,350,303	13,133,960
Total pension liability - beginning	671,665,565	625,461,450	610,111,147	596,977,187
Total pension liability - ending (a)	668,661,985	671,665,565	625,461,450	610,111,147
PLAN FIDUCIARY NET POSITION				
Employer contributions	9,683,553	10,099,027	9,642,540	8,946,064
Employee contributions	3,770,224	3,755,812	3,682,056	3,642,007
Reclassification due to conversion of members to Plan 3b	(94,720)	(179,012)	(191,292)	(244,793)
Net investment income	102,909,003	(39,511,690)	91,773,973	35,956,780
Benefit payments, including member refunds	(44,447,896)	(41,670,299)	(39,282,815)	(39,144,783)
Administrative expenses	(619,398)	(580,204)	(633,379)	(615,829)
Net change in plan fiduciary net position	71,200,766	(68,086,366)	64,991,083	8,539,446
Plan fiduciary net position - beginning	546,691,666	614,778,032	549,786,949	541,247,503
Plan fiduciary net position - ending (b)	617,892,432	546,691,666	614,778,032	549,786,949
Net pension liability - ending (a) - (b)	$ 50,769,553	$ 124,973,899	$ 10,683,418	$ 60,324,198
Plan fiduciary net position as a percentage of the total pension liability	92.41%	81.39%	98.29%	90.11%
Covered payroll	$ 80,029,364	$ 78,898,648	$ 78,394,634	$ 77,121,241
Employer's net pension liability as a percentage of covered payroll	63.44%	158.40%	13.63%	78.22%

NOTES TO SCHEDULE

2015	2014	
		Benefit changes:
		• There have been no benefit changes in the plan in the last ten years.
$ 9,644,456	$ 9,278,998	
44,305,832	43,680,283	*Changes in actuarial assumptions:*
-	-	December 31, 2018 valuation
		• Decrease in the price inflation rate from 3.25% to 2.75%.
(656,102)	(3,427,255)	• Decrease in the investment return assumption from 7.75% to 7.50%.
(8,877,507)	(3,550,489)	• Decrease in the general wage growth assumption from 4.0% to 3.25%.
		• Decrease in the covered payroll growth from 4.00% to 3.25%.
(465,171)	(571,242)	• Decrease in the indexation of terminated vested benefits from 4.00% to 3.50%.
		• Modification of the retirement rates to better reflect the actual experience.
(37,089,403)	(37,681,042)	• Increase in the probability of entering the DROP from 70% to 75%.
		• Change the termination of employment assumption.
6,862,105	7,729,253	• Decrease the merit component of the salary increase assumption.
		• Reduce the sick leave load assumption from 2.50% to 1.75%.
590,115,082	582,385,829	
596,977,187	590,115,082	December 31, 2015 valuation
		• There were no changes to the assumptions used for the funding valuation, even though, the Single Equivalent Interest Rate (SEIR) at the measurement date was changed for GASB 67 valuation.
9,031,463	9,423,640	
3,574,026	3,394,544	
		December 31, 2014 valuation
(465,171)	(571,242)	• Decrease in the price inflation rate from 3.50% to 3.25%.
13,380	28,659,491	• Modify Plan 2 retirement assumption to partially reflect experience. The changes increased rates at some ages and decreased them at others.
(37,089,403)	(37,681,042)	• Eliminate the disability assumption.
(624,085)	(621,460)	• Change the termination of employment assumption to a pure service-based assumption.
		• Reduce the sick leave load from 4.0% to 2.5%.
(25,559,790)	2,603,931	• A 20% corridor was added to the actuarial value of assets calculation.
566,807,293	564,203,362	December 31, 2009 valuation
541,247,503	566,807,293	• Decrease in the price inflation rate from 4.0% to 3.5%.
		• Decrease in the general wage growth assumption from 4.5% to 4.0%.
$ 55,729,684	$ 23,307,789	• Modification of the retirement rates for both Plans 1 and 2 to better reflect actual experience.
		• Increase in the rates of termination of employment for ages under 32 for the ultimate assumption.
90.66%	96.05%	• Lower assumption for indexation of benefits for terminated vested members from 4.5% to 4.0% to be consistent with the general wage growth assumption.
$ 74,028,385	$ 71,391,212	• Non-disabled mortality tables were updated to reflect an additional year of mortality improvements.
		[1] Schedule is intended to show a 10-year trend. Additional years will be reported as available.
75.28%	32.65%	

WICHITA RETIREMENT SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE AND FIRE RETIREMENT SYSTEM OF WICHITA, KANSAS

For the years ended December 31, 2014 through December 31, 2019[1]

	2019	2018	2017	2016
TOTAL PENSION LIABILITY				
Service cost	$ 16,230,358	$ 15,754,976	$ 15,178,226	$ 14,772,379
Interest	55,560,527	53,649,438	51,532,754	49,519,284
Benefit term changes	-	-	-	-
Differences between expected and actual experience	(3,777,136)	11,768,665	(1,784,785)	(2,576,401)
Assumption changes	(12,112,003)	26,241,485	-	-
Benefit payments, including member refunds	(42,111,381)	(39,381,501)	(36,930,533)	(35,552,267)
Net change in total pension liability	13,790,365	68,033,063	27,995,662	26,162,995
Total pension liability - beginning	766,456,374	698,423,311	670,427,649	644,264,654
Total pension liability - ending (a)	780,246,739	766,456,374	698,423,311	670,427,649
PLAN FIDUCIARY NET POSITION				
Employer contributions	13,965,415	14,331,422	13,369,785	12,585,895
Employee contributions	5,428,455	5,599,216	4,915,378	4,776,958
Net investment income	120,349,987	(43,988,371)	103,236,679	39,901,640
Benefit payments, including member refunds	(42,111,381)	(39,381,501)	(36,930,533)	(35,552,267)
Administrative expenses	(612,049)	(590,098)	(554,641)	(548,171)
Net change in plan fiduciary net position	97,020,427	(64,029,332)	84,036,668	21,164,055
Plan fiduciary net position - beginning	634,054,617	698,083,949	614,047,281	592,883,226
Plan fiduciary net position - ending (b)	731,075,044	634,054,617	698,083,949	614,047,281
Net pension liability - ending (a) - (b)	$ 49,171,695	$ 132,401,757	$ 339,362	$ 56,380,368
Plan fiduciary net position as a percentage of the total pension liability	93.70%	82.73%	99.95%	91.59%
Covered payroll	$ 73,891,085	$ 72,017,196	$ 69,634,297	$ 66,946,250
Employer's net pension liability as a percentage of covered payroll	66.55%	183.85%	0.49%	84.22%

NOTES TO SCHEDULE

Benefit changes:

- There have been no benefit changes in the plan in the last ten years.

Changes in actuarial assumptions:

2015	2014	
		December 31, 2018 valuation
		• Decrease in the price inflation rate from 3.25% to 2.75%.
$ 14,981,100	$ 15,894,290	• Decrease in the investment return assumption from 7.75% to 7.50%.
47,600,166	46,490,734	• Decrease in the general wage growth assumption from 4.0% to 3.25%.
-	-	• Decrease in the covered payroll growth from 4.00% to 3.25%.
		• Decrease in the indexation of terminated vested benefits from 4.00% to 3.50%.
(3,259,180)	(12,040,126)	• Modification to the retirement rates to reflect experience and created an assumption for members with
(10,871,013)	226,376	more than 30 years of service to better reflect the actual retirement and BackDROP experience.
		• Change the termination of employment assumption.
(36,090,820)	(36,415,156)	• Changed the probability of refund assumptions.
		• Decrease the merit component of the salary increase assumption.
12,360,253	14,156,118	• Reduce the sick leave load assumption from 3.00% to 2.50%.
631,904,401	617,748,283	December 31, 2015 valuation
644,264,654	631,904,401	• There were no changes to the assumptions used for the funding valuation, even though, the Single Equivalent Interest Rate (SEIR) at the measurement date was changed for GASB 67 valuation.
13,964,379	14,464,181	December 31, 2014 valuation
4,603,331	4,529,895	• Decrease in the price inflation rate from 3.50% to 3.25%.
(163,702)	30,596,067	• Modify Plan C retirement assumption to partially reflect experience. Created separate rates for less than or more than 30 years of service.
(36,090,820)	(36,415,156)	• Lower assumed disability rates.
(521,018)	(542,207)	• Change the termination of employment assumption to a pure service-based assumption.
		• Modify the probability of electing a refund to partially reflect actual, observed experience.
(18,207,830)	12,632,780	• Reduce the sick leave load from 4.0% to 3.0%.
		• A 20% corridor was added to the actuarial value of assets calculation.
611,091,056	598,458,276	
592,883,226	611,091,056	December 31, 2009 valuation
		• Decrease in the price inflation rate from 4.0% to 3.5%.
$ 51,381,428	$ 20,813,345	• Decrease in the general wage growth assumption from 4.5% to 4.0%.
		• Lower the retirement rates for Plan A and extend them to 35 years of service.
		• Lower the retirement rates for Plan C members at ages before 53 and ages 58-60 and increase rates at
92.02%	96.71%	ages 56 and 57.
		• Increase the rates of termination of employment for ages under 44 and decrease rates at ages over 44.
$ 65,560,465	$ 64,572,237	• Lower assumption for indexation of benefits for terminated vested members from 4.5% to 4.0%.
78.37%	32.23%	[1] Schedule is intended to show a 10-year trend. Additional years will be reported as available.

WICHITA RETIREMENT SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS
WICHITA EMPLOYEES' RETIREMENT SYSTEM

For the years ended December 31, 2010 through December 31, 2019
(dollars expressed in thousands)

	2019	2018	2017	2016	2015
Actuarially determined employer contributions	$ 9,684	$ 10,099	$ 9,643	$ 8,946	$ 9,031
Actual employer contributions	9,684	10,099	9,643	8,946	9,031
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 80,029	$ 78,899	$ 78,395	$ 77,121	$ 74,028
Contributions as a percentage of covered payroll	12.10%	12.80%	12.30%	11.60%	12.20%

NOTES TO SCHEDULE

The system is funded with fixed contribution rates for members and actuarially determined amounts for the City of Wichita. The Actuarially Determined Employer Contributions in the Schedule of Employer Contributions are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported as of December 31, 2019.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	Rolling 20 years
Asset valuation method	Expected Value + 25% of (Fair Value - Expected Value)
Price inflation	3.25%
Salary increases, including wage inflation	4.25% - 7.20%
Long-term rate of return, net of investment expense and including inflation	7.75%

2014	2013	2012	2011	2010
$ 9,424	$ 8,940	$ 7,503	$ 7,695	$ 6,689
9,424	8,940	7,503	7,695	6,689
$ -	$ -	$ -	$ -	$ -
$ 71,391	$ 70,953	$ 70,783	$ 75,444	$ 79,636
13.20%	12.60%	10.60%	10.20%	8.40%

WICHITA RETIREMENT SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE AND FIRE RETIREMENT SYSTEM OF WICHITA, KANSAS

For the years ended December 31, 2010 through December 31, 2019
(dollars expressed in thousands)

	2019	2018	2017	2016	2015
Actuarially determined employer contributions	$ 13,965	$ 14,331	$ 13,370	$ 12,586	$ 13,964
Actual employer contributions	13,965	14,331	13,370	12,586	13,964
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 73,891	$ 72,017	$ 69,634	$ 66,946	$ 65,560
Contributions as a percentage of covered payroll	18.90%	19.90%	19.20%	18.80%	21.30%

NOTES TO SCHEDULE

The system is funded with fixed contribution rates for members and actuarially determined amounts for the City of Wichita. The Actuarially Determined Employer Contributions in the Schedule of Employer Contributions are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported as of December 31, 2019.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	Rolling 20 years
Asset valuation method	Expected Value + 25% of (Fair Value - Expected Value)
Price inflation	3.25%
Salary increases, including wage inflation	5.00% - 6.75%
Long-term rate of return, net of investment expense and including inflation	7.75%

2014	2013	2012	2011	2010
$ 14,464	$ 14,890	$ 14,113	$ 13,807	$ 13,120
14,464	14,890	14,113	13,807	13,120
$ -	$ -	$ -	$ -	$ -
$ 64,572	$ 65,306	$ 64,150	$ 62,759	$ 63,077
22.40%	22.80%	22.00%	22.00%	20.80%

WICHITA RETIREMENT SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

For the years ended December 31, 2014 through December 31, 2019 [1]

	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expenses	19.77 %	(5.86) %	17.40 %	7.16 %

[1] Schedule is intended to show a 10-year trend. Additional years will be reported as available.

2015	2014
0.63 %	5.18 %

WICHITA RETIREMENT SYSTEMS
SUPPLEMENTARY INFORMATION

SCHEDULE OF ADMINISTRATIVE EXPENSES

For the year ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Totals 2019	Totals 2018
Personnel services:					
Wages	$ 253,509	$ 253,509	$ -	$ 507,018	$ 488,736
Benefits	68,291	68,291	-	136,582	143,293
Total personnel services	321,800	321,800	-	643,600	632,029
Contractual services:					
Telephone	1,980	1,980	-	3,960	3,777
Postage	284	269	-	553	1,836
Transportation and travel	2,437	2,369	-	4,806	5,293
Data center charges	12,338	12,338	-	24,676	11,373
City adminstrative fees	24,765	31,592	-	56,357	53,090
Actuarial fees	22,467	23,800	-	46,267	129,686
Audit fees	8,397	8,397	-	16,794	17,786
Studies and consultants	32,359	6,466	-	38,825	29,082
Legal services	2,510	1,344	-	3,854	3,288
Advertising	405	405	-	810	470
Periodicals and manuals	199	199	-	398	364
Membership dues	430	2,430	-	2,860	2,680
Printing and photocopying	8,209	7,821	-	16,030	13,270
Plan 3 participant administration	-	24,007	9,343	33,350	32,400
Pension software expense	143,325	129,976	-	273,301	199,522
Custody transactions	27,317	40,305	-	67,622	55,317
Other	1,462	2,554	41	4,057	3,628
Total contractual services	288,884	296,252	9,384	594,520	562,862
Commodities:					
Office equipment and supplies	1,280	1,280	-	2,560	2,116
Other	85	66	-	151	679
Total commodities	1,365	1,346	-	2,711	2,795
Total administrative expenses	$ 612,049	$ 619,398	$ 9,384	$ 1,240,831	$ 1,197,686

WICHITA RETIREMENT SYSTEMS
SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT EXPENSES

For the year ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Totals 2019	Totals 2018
Investment expenses:					
Financial consulting	$ 141,260	$ 139,127	$ 2,133	$ 282,520	$ 258,000
Custodial bank	149,565	127,409	-	276,974	289,282
Investment management fees	3,200,642	2,728,393	11,580	5,940,615	6,363,079
Total investment expenses	$ 3,491,467	$ 2,994,929	$ 13,713	$ 6,500,109	$ 6,910,361

SCHEDULE OF PAYMENTS MADE TO CONSULTANTS OTHER THAN INVESTMENT ADVISORS

For the year ended December 31, 2019
(with comparative totals for the year ended December 31, 2018)

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Totals 2019	Totals 2018
Ice Miller LLP (legal services)	$ 2,510	$ 1,344	$ -	$ 3,854	$ 3,288
Cavanaugh Macdonald Consulting (actuarial services)	22,467	23,800	-	46,267	129,686
Allen, Gibbs & Houlik, L.C. (auditing services)	8,397	8,397	-	16,794	17,786
Northeast Retirement Services (participant accounting)	-	24,007	9,343	33,350	32,400
Total payments	$ 33,374	$ 57,548	$ 9,343	$ 100,265	$ 183,160

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Boards of Trustees
Wichita Retirement Systems
Wichita, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Wichita Retirement Systems of the City of Wichita, Kansas (Systems), as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements, and have issued our report thereon dated June 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Systems' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Systems' internal control. Accordingly, we do not express an opinion on the effectiveness of the Systems' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Systems' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Allen, Gibbs & Houlik, L.C. ▪ aghlc.com ▲ aghemployersolutions.com ● aghuniversity.com ■ 316.267.7231 ▪ 301 N. Main, Suite 1700 ▪ Wichita, KS 6720

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

June 24, 2020
Wichita, Kansas

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CITY OF WICHITA

INVESTMENT SECTION

Callan

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May 18, 2020

The Wichita Retirement Systems
Wichita Employees' Retirement System and Police & Fire Retirement System of Wichita
455 North Main Street, 12th Floor
Wichita, KS 67202

RE: Report on 2019 Investment Activities

Dear Board Members:

The City of Wichita created the Wichita Retirement Systems in order to make investments for the sole interest of the participants and beneficiaries of the Wichita Employees' Retirement System and the Police & Fire Retirement System of Wichita, Kansas. The combined Retirement Funds' assets are invested in accordance with these investment objectives: (1) to fulfill current benefit obligations; (2) to maximize return within reasonable and prudent levels of risk; and (3) to maintain sufficient liquidity to meet benefit payment obligations when due.

Fund assets are to be invested with the care, skill, and diligence that a prudent person acting in a like capacity would undertake. The Boards also acknowledge the objective of controlling the costs involved with administering and managing the investments of the Fund.

Through the Joint Investment Committee, the two Boards closely monitor the Fund's asset mix to assure compliance with the adopted Investment Policy Statement and appropriate City ordinances that regulate the investment process. The Boards' investment consultant provides performance and other analyses to facilitate their ongoing evaluation of Trust Fund results.

On an ongoing basis, the Boards implement a performance measurement and evaluation process that examines rates of return for the Trust Fund in total, the major asset classes, and individual managers. The Boards compare returns to broad market indices and relevant "peer groups" of investment managers with similar investment styles. All returns are time-weighted rates of return calculated by the Fund's investment consultant on a fair value basis with cash flow data provided by the Fund's custodian bank.

Comments in the following paragraphs reflect investment results for the one-year period ended December 31, 2019.

2019 ended with a rally in risk assets as the first phase of a U.S.-China trade deal and accommodative central banks fed investors' risk appetites. The U.S. Federal reserve cut interest rates 25 basis points (one-fourth of one percent) in October, marking the third and final cut of 2019. America's.economic picture remained relatively healthy in the fourth quarter. The unemployment rate continued its long-running decline, dropping to 3.5%. Corporate earnings remained strong, and annualized GDP continued to grow at a rate above 2.0%.

The S&P 500 Index rose 9.1% in the fourth quarter bringing its year-to-date results to 31.5%. This was the index's best calendar year return since 2013 and capped a decade of strong performance. Another large cap index that includes mid-sized companies, the Russell 1000 Index, was up 31.4% for the year. From a style perspective, growth stocks significantly outperformed value stocks during 2019 (Russell 1000 Growth Index: +36.4%; Russell 1000 Value Index). From a size perspective small caps (Russell 2000 Index: +25.5%) underperformed large caps. Outside the U. S., the MSCI EAFE Index – a developed markets index – returned 8.2% in the fourth quarter and 22.0% for the entire calendar year.

After cutting rates at their October 2019 meeting, the Federal Open Market Committee (FOMC) left the Fed Funds rate unchanged at their December meeting, closing the year in a targeted range of 1.50% - 1.75%. Broad fixed income markets, as measured by the Bloomberg Aggregate Bond Index, returned 8.7% for the year. As of December 31, 2019 the duration of the Bloomberg Aggregate and Bloomberg TIPS indices were 5.87 and 4.67 years, respectively. Private real estate markets, as measured by the NCREIF Total Property Index, remained positive, gaining 6.4% in 2019. The NCREIF Timberland Index returned 1.3% during the last 12 months.

As noted in the Schedule of Investment Results, the Fund generated a total return of 19.2% (net of fees) for the year ended December 31, 2019, which trailed the 20.0% return of the Fund's target benchmark. In aggregate, active management added value during the year, particularly in fixed income.

Respectfully submitted,

Paul Erlendson
Senior Vice President
Callan LLC

Gordon Weightman, CFA
Senior Vice President
Callan LLC

Investment Policy Summary

Strategic Plan: Assets of the Wichita Employees' and Police and Fire Retirement Systems (Fund) are invested in a diversified mix of domestic and international equities, domestic and international fixed income securities, real estate, timber and cash equivalents. The Fund is overseen by the Joint Investment Committee (JIC), comprised of the President of each Board, two elected members from each Board, two City Council appointees from each Board and a City Manager's designee.

Investment Policies: The duties of the Boards include, but are not limited to, approving the Asset Allocation Plan and Investment Policy contained in the Strategic Plan, annual performance review of the investment portfolio and the hiring of a common financial consultant and actuary.

The duties of the JIC include, but are not limited to, making recommendations to the Boards on the Asset Allocation Plan and Investment Policy and the hiring of a common financial consultant and actuary; quarterly performance review of the investment portfolio; and retention and termination of the Fund's investment managers and the custodial bank.

The assets of the Fund are managed solely in the interest of each System's participants and beneficiaries. Fund assets are allocated to professional investment managers who are given full investment discretion with respect to assets under their management, subject to mandated investment guidelines. In the event an investment manager search is deemed prudent by the JIC, a "candidate profile" will be created for each search that lists the rationale and objective in addition to any preferences and requirements relevant to the selection of candidates.

Investment Objectives: The goal of the Fund is to ensure sufficient resources to meet or exceed benefit obligations. Pursuing these objectives, the Boards will endeavor to earn the maximum total return on assets consistent with maintaining a prudent level of risk. In investing and reinvesting monies in the Fund, there shall be exercised the judgment and care under the circumstances then prevailing which people of prudence, discretion and intelligence exercise in the management of their own affairs.

Total Fund returns are compared to a blended target index composed of market indexes weighted to the applicable asset class median. As of December 31, 2019, the blended target consisted of the following:

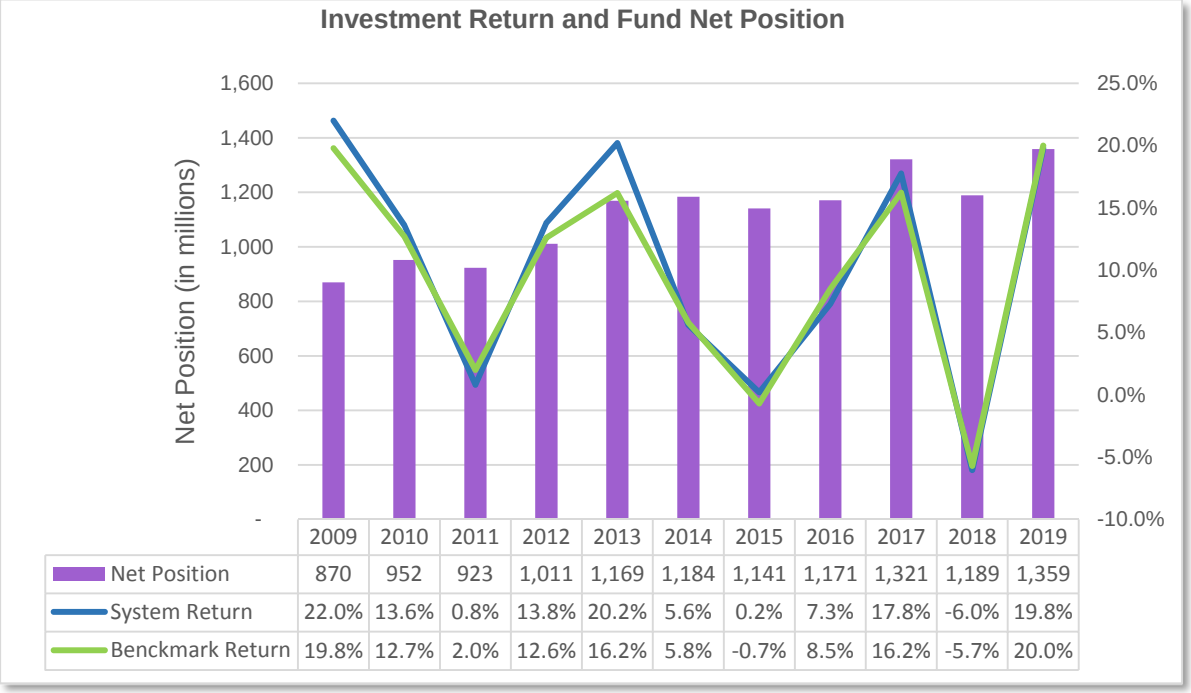
Asset Class	Target Allocation	Relevant Index
Domestic Equity	40%	Russell 3000 Index
International Equity	27%	Morgan Stanley Capital International, All Country World ex-U.S. Index. (MSCI - ACWI)
Fixed Income	20%	Bloomberg Barclays Aggregate Bond Index
Real Estate	7%	National Council of Real Estate Investment Fiduciaries (NCREIF) Total Property Index
Timber	5%	National Council of Real Estate Investment Fiduciaries (NCREIF) Timberland Index
Cash	1%	3 month Treasury Bill Index
Total	100%	

The Boards expect the Fund's overall returns to be less volatile than the relevant market indices. The Fund's long-term objective is to achieve an annualized rate of return that is 4.75% higher than the price inflation assumption.

Each equity and fixed income manager's total fund return on a time-weighted basis is compared to a universe of managers employing a similar investment style. Performance relative to a manager's style group is expected to be above median over rolling seven year periods. Over the long term, (ie. a market cycle or periods greater than seven years), each manager's performance will also be compared to a relevant market index.

Investment Performance

The accompanying chart illustrates the portfolio's annual gross investment performance compared to the benchmark and changes in the Fund's net position based on asset class allocations at year-end. Net investment performance was not available until 2018 with the change of the custodian of the Fund. After a volatile investment environment in 2008, returns in 2009 through 2013 helped stabilize the fund. The 2019 Fund return of 19.8% trailed the benchmark return of 20.0%. The Fund's net position increased by $169.9 million, or 14.3%.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net Position	870	952	923	1,011	1,169	1,184	1,141	1,171	1,321	1,189	1,359
System Return	22.0%	13.6%	0.8%	13.8%	20.2%	5.6%	0.2%	7.3%	17.8%	-6.0%	19.8%
Benckmark Return	19.8%	12.7%	2.0%	12.6%	16.2%	5.8%	-0.7%	8.5%	16.2%	-5.7%	20.0%

The accompanying table illustrates Fund performance compared with plan target and relevant index comparisons.

	Annualized Returns [1]			
	1 year	3 years	5 years	10 years
Fund performance[2]	19.77%	9.84%	7.35%	8.98%
Fund target performance[3]	20.03%	9.52%	7.18%	8.19%
Domestic equity	30.44%	14.57%	10.93%	13.45%
Russell 3000 Index	31.02%	14.57%	11.24%	13.42%
International equity	21.82%	9.06%	5.94%	5.70%
MSCI All Country World ex-US Index	21.63%	9.84%	5.71%	5.21%
Fixed income	10.03%	5.05%	3.80%	4.81%
Bloomberg Barclay's Agregate Bond Index	8.72%	4.03%	3.05%	3.75%
Real Estate	2.83%	5.78%	7.88%	12.25%
NCREIF-ODCE Index	6.42%	6.70%	8.25%	10.17%
Timber	1.30%	2.42%	3.12%	-
NCREIF Timberland Index	1.30%	2.71%	3.13%	-

[1] Performance returns are calculated using a time-weighted return on market values.

[2] Performance is gross of fees. Timber was funded after January 2011.

[3] Fund target performance is as follows:

(a) From 01/01/07 until 12/31/2010; 38% S&P 500 Index; 9% Russell 2000 Index; 20% Morgan Stanley Capital International EAFE Index; 28% Barclays Capital Aggregate Bond Index; 5% NCREIF Total Property Index.

(b) From 01/01/11 until 09/30/2011; 32% Russell 1000 Index; 9% Russell 2000 Index; 20% Morgan Stanley Capital International All Country World (ex-U.S.) Index; 28% Barclays Captial Aggregate Bond Index; 5% NCREIF Total Property Index.

(c) From 10/01/11 until 10/01/16; 32% Russell 1000 Index; 8% Russell 2000 Index; 22% Morgan Stanley Capital International All Country World (ex-U.S.) Index; 22% Barclays Capital Aggregate Bond Index; 5% NCREIF Total Property Index; 5% NCREIF Timberland Index; 3% Barclays Capital U.S. TIPS Index; 3% Dow Jones-UBS Commodity Index.

(d) From 10/01/16 until 05/31/19; 31% Russell 1000 Index; 8% Russell 2000 Index; 26% Morgan Stanley Capital International All Country World (ex-U.S.) Index; 19% Bloomberg/Barclays Aggregate Index; 7% NCREIF Total Property Index; 5% NCREIF Timberland Index; 3% Bloomberg Commodity Trust Index; 1% 3-month Treasury Bill.

(e.) From 06/01/19 until present; 40% Russell 3000 Index; 27% MSCI ex US IMI, 20% Blmbg Aggregate, 7% NCREIF NFI-ODCE Val Wt Nt, 5% NCREIF Timberland Index and 1% 3-month Treasury Bill.

Asset Allocation

The Wichita Employees' and the Police and Fire Retirement Boards believe that a diversified portfolio aids in the preservation of investment principal. Growth with limited risk is the Fund's objective. The Boards established the Joint Investment Committee (JIC) to manage the assets of both Systems. Asset allocation, in conjunction with investment manager selection, has a significant impact on investment performance. The JIC is responsible for recommending an Asset Allocation Plan developed with the assistance of Callan, LLC, the Board's financial consultant.

The Boards review the adopted Asset Allocation Plan at least every three years. In 2016, the JIC conducted an Asset-Liability Study to determine whether asset classes should be added, removed, or changed from the existing asset mix. The Boards' financial consultant assisted with asset modeling to define appropriate capital market and liability assumptions to create asset mix alternatives that help simulate financial conditions, define risk tolerance, and identify the appropriate target mix for the portfolio. After a thorough review, the JIC made the following asset allocation changes: (1) eliminated the 3% allocation in the Treasury Inflation Protected Securities (TIPS) fund; (2) reduced domestic equity exposure by 1%; (3) reduced fixed income exposure by 3%; (4) increased the cash position by 1%; (5) increased international equities by 4%; and (6) increased the real estate allocation by 2% in the portfolio. The implementation of the changes began in September 2016 and was completed as of December 31, 2017. In 2019 the JIC liquidated the commodity asset allocation in the portfolio.

The Boards' commitment to the adopted Asset Allocation Plan, which ensures a diversified portfolio, is especially important to minimize the Fund's exposure to market volatility and to help preserve sufficient funding for future generations. As of December 31, 2019, 68.0% of the Fund's assets were invested in equities, 18.93% in fixed income, 6.70% in real estate, 5.52% in timber and 0.85% in cash. The accompanying table displays the Fund's target and actual asset allocations on December 31, 2019.

	Asset Allocation			
Asset Class	Minimum[1]	Target	Maximum[1]	Actual
Domestic equity:				
Large/mid-cap	17.50%	20.80%	24.00%	20.90%
Large-cap passive	8.50%	10.40%	11.50%	11.45%
Small-cap	7.00%	7.80%	9.50%	7.93%
Total domestic equity	33.00%	39.00%	45.00%	40.28%
International equity:				
Active core	9.00%	10.40%	12.00%	10.49%
Passive core	5.50%	6.50%	7.50%	7.49%
Small-cap	3.00%	3.90%	4.50%	3.79%
Emerging markets	4.50%	5.20%	6.00%	5.95%
Total international equity	22.00%	26.00%	30.00%	27.72%
Fixed income:				
Active core	6.50%	7.60%	8.50%	7.57%
Active core plus	6.50%	7.60%	8.50%	7.60%
Global	3.00%	3.80%	5.00%	3.76%
Total fixed income	16.00%	19.00%	22.00%	18.93%
Real estate:				
Core	5.00%	7.00%	9.00%	6.70%
Timber	3.00%	5.00%	7.00%	5.52%
Cash	0.00%	1.00%	5.00%	0.85%

[1] Because the styles within each asset class are more restrictive than the overall asset class, the min/max ranges for the styles within each asset class may not total the min/max for the overall asset class.

Investment Holdings

The Fund's top ten largest equity holdings by fair value and top ten largest fixed income holdings by fair value as of December 31, 2019 are summarized in the accompanying tables. A complete listing of the portfolio of investments is available from the Pension Management Office upon request.

Ten Largest Equity Holdings
As of December 31, 2019

Holding	Fair Value	Number of Shares	Percent of Total Portfolio
Microsoft Corporation	$ 14,082,452	89,299	1.04%
Amazon.com, Inc.	9,982,032	5,402	0.74
VISA, Inc.	7,130,241	37,947	0.53
Apple, Inc.	7,037,322	23,965	0.52
Facebook, Inc.	6,894,142	33,589	0.51
Alphabet, Inc. Class C	6,135,585	4,589	0.45
Alibaba Group Holding, Ltd	6,101,905	28,769	0.45
Salesfore.com, Inc.	5,647,511	34,724	0.42
Adobe, Inc.	5,068,520	15,368	0.37
Nestle SA	3,966,892	36,661	0.29
Total	$ 72,046,602	310,313	5.32%

Ten Largest Fixed Income Holdings
As of December 31, 2019

Holding	Fair Value	Number of Shares	Percent of Total Portfolio
US Treasury Bond	$ 6,241,667	5,750,000	0.46%
US Treasury Bill	3,738,167	3,740,000	0.28
Japanese Government CPI Linked	3,674,419	388,314,850	0.27
US Treasury Note	2,796,982	2,655,000	0.21
FNMA Pool #0BM4580	1,911,046	1,822,201	0.14
Russian Federal Bond - OFZ	1,874,343	107,850,000	0.14
FNMA Pool #0BH2594	1,814,685	1,740,260	0.13
Malaysia Government Bond	1,723,951	6,650,000	0.13
US Treasury Note	1,633,996	1,620,000	0.12
FNMA Pool #0AZ4750	1,559,956	1,483,530	0.12
Total	$ 26,969,212	521,625,841	2.00%

The tables presented on the following pages provide additional information about portfolio investments, including fair value of investment assets by investment, assets under management and related investment management fees by manager and brokerage commissions earned for the year ended December 31, 2019.

Investment Summary by Type of Investment as of December 31, 2019		
Type of Investment	Fair Value	% of Total Portfolio
Government short-term investment fund	$ 32,083,134	2.36%
Equity:		
Domestic equity	536,946,004	39.51
International equity	365,718,566	26.91
Total equities	902,664,570	66.42
Fixed income	250,525,814	18.43
Real estate	90,057,532	6.63
Target date and money market funds	6,224,462	0.46
Timber	74,784,648	5.50
Derivative investments	52,808	0.00
Securities lending short-term collateral investment pool	2,753,663	0.20
Total Investments	$ 1,359,146,631	100.00%

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Investment Assets Under Management and Related Management Fees

As of and for the year ended December 31, 2019

Asset Category/Investment Manager	Management Fees	Fair Value
Fixed income:		
Richmond Capital Management, Inc.	$ 196,626	$ 99,198,147
Western Asset Management Co.	307,807	101,969,888
The Bank of New York Mellon Collective Trust GSTIF[1]	-	32,083,134
Mellon Asset Management	177,334	49,410,587
Total fixed income	681,767	282,661,756
Domestic equity:		
Barrow, Hanley, Mewhinney & Strauss, Inc.	639,130	135,199,074
Boston Partners Asset Management	437,857	50,875,004
Fred Alger Management, Inc.	606,005	143,036,632
Peregrine Capital Management	455,625	52,799,257
SSGA[2] S&P 500 Flagship Fund	34,493	155,036,037
Total domestic equity	2,173,110	536,946,004
International equity:		
Fidelity Investment Asset Mgmt	600,360	138,588,846
SSGA[2] MSCI World-Ex-U.S. Index	57,178	101,389,251
Brandes Investment Partners	400,615	51,267,665
AQR Emerging Markets Index Fund	551,413	74,472,804
Total international equity	1,609,566	365,718,566
Real estate:		
RREEF America REIT II	462,145	49,492,223
UBS Trumbull Property Fund	357,164	40,565,309
Total real estate	819,309	90,057,532
Timber:		
Molpus Woodlands Fund III	242,789	23,649,841
Molpus Woodlands Fund IV	293,706	30,134,807
Molpus Woodlands Fund V	22,540	21,000,000
Total timber	559,035	74,784,648
Commodities:		
Wellington	97,828	-
Defined contribution pooled funds:		
SSGA[2] Target Date Funds	-	5,864,427
SSGA[2] Cash Series Prime Fund CL C	-	360,035
Total defined contribution pooled funds	-	6,224,462
Total	$ 5,940,615	$ 1,356,392,968

[1] Government Short Term Investment Fund

[2] State Street Global Advisors

Schedule of Brokerage Commissions
For the year ended December 31, 2019

Brokerage Firm	Total Commissions	Number of Shares	Commission Per Share	Percent of Total
Goldman Sachs & Co, NY	$ 47,014	516,885	$ 0.09096	12.50%
Cowen and Company, Llc, Jersey City	43,503	1,201,876	0.03620	11.57
Credit Suisse (HK) Limited, Hong Kong	11,393	478,800	0.02379	3.03
J.P. Morgan Securities Inc, New York	11,334	345,849	0.03277	3.01
Cowen and Co Llc, New York	11,275	599,612	0.01880	3.00
Jefferies & Co Inc, New York	11,136	403,452	0.02760	2.96
Credit Suisse, New York (CSUS)	10,942	625,718	0.01749	2.91
Weeden & Co, New York	10,768	414,568	0.02597	2.86
Goldman Sachs Intl, London (GSILGB2X)	9,217	545,632	0.01689	2.45
Liquidnet Inc, New York	9,179	489,136	0.01876	2.44
Piper Jaffray & Co, Jersey City	8,068	242,616	0.03326	2.14
Bay Crest Partners Llc, New York	7,884	218,998	0.03600	2.10
Tourmaline Partners Llc, New York	7,826	217,402	0.03600	2.08
Citigroup Global Markets Ltd, London	7,474	938,776	0.00796	1.99
Bernstein Sanford C & Co, New York	7,263	391,932	0.01853	1.93
UBS Equities, London	6,991	556,779	0.01256	1.86
Baird, Robert W & Co Inc, Miwaukee	6,797	176,138	0.03859	1.81
Credit Lyonnais Secs, Singapore	5,935	125,400	0.04733	1.58
Macquarie Bank Ltd, Hong Kong	5,647	177,700	0.03178	1.50
UBS Securities Llc, Stamford	4,953	206,029	0.02404	1.32
BNP Paribas Sec Srvs SA, Singapore	4,843	136,800	0.03541	1.29
BTIG Llc, New York	4,837	144,252	0.03353	1.29
Merrill Lynch Pierce Fenner Smith Inc NY	4,621	174,130	0.02654	1.23
Wells Fargo Securities, Llc, New York	4,566	126,712	0.03603	1.21
Barclays Capital Le, New York	4,237	141,698	0.02990	1.13
Suntrust Capital Markets Inc, New York	4,194	120,177	0.03490	1.12
Barclays Capital Inc/Le, New Jersey	3,909	127,396	0.03068	1.04
RBC Capital Markets Llc, New York	3,899	113,527	0.03434	1.04
Deutsche Bk Intl Eq, London (DEUTGB22EEQ)	3,867	761,254	0.00508	1.03
Other firms (Includes 115 brokerage firms, each contributing less than 1% of total	92,539	5,702,239	0.01623	24.58
Total brokerage commissions	$ 376,111	16,421,483	$ 0.02290	100.00%

ACTUARIAL SECTION

June 2, 2020

Boards of Trustees for the Wichita Employees' Retirement System and
Police and Fire Retirement System of Wichita, Kansas
City Hall, 12th Floor
455 N. Main Street
Wichita, KS 67202

Re: Certification of the December 31, 2019 Actuarial Valuations

Dear Board Members:

This is the Actuary's Certification Letter for the Actuarial Section of the Comprehensive Annual Financial Report (CAFR) for the Wichita Employees' Retirement System and the Police and Fire Retirement System of Wichita, Kansas as of December 31, 2019. This letter includes references to three documents produced by Cheiron for each System: the Actuarial Valuation Report as of December 31, 2019, the GASB 67 Report as of December 31, 2019, and the GASB 68 Report as of December 31, 2019.

Actuarial Valuation Reports as of December 31, 2019

The purpose of the annual Actuarial Valuation Reports as of December 31, 2019 are to determine the actuarial funding status of the Systems on that date and to calculate the employer contribution rate for Fiscal Year 2021.

Actuarial funding is based on the Entry Age Normal cost method. Under this method, a contribution rate provides for the current cost (normal cost) plus a level percentage of payroll to amortize the Unfunded Actuarial Liability (UAL). The UAL is amortized over an open (rolling) 20-year period as a level percentage of payroll. For actuarial valuation purposes, System assets are based on the Actuarial Value of Assets. For these Systems, the Actuarial Value of Assets is calculated as the expected Actuarial Value of Assets plus 25% of the difference between the expected Actuarial Value of Assets and the actual Market Value of Assets. The actuarial value is limited to no less than 80% and no more than 120% of market value.

The funding objective of the Systems is to establish and receive contributions which (1) when expressed as a percent of active payroll, will remain approximately level from generation to generation of Wichita citizens, and (2) when combined with present assets and future investment returns will be sufficient to meet the financial obligations of the Systems for present and future retirees and beneficiaries.

The Boards of Trustees are responsible for establishing and maintaining the funding policy of the Systems.

The December 31, 2019 valuation results are based on the same actuarial assumptions and methods used in the December 31, 2018 valuations produced by the prior actuary. The

assumptions were based on recommendations from the experience studies covering the period January 1, 2014 through December 31, 2016 prepared by the prior actuary. Cheiron has reviewed the assumptions. While we consider these assumptions to be generally reasonable, we have not performed our own actuarial experience study. The actuarial assumptions and methods used for funding purposes meet the parameters set by Actuarial Standards of Practice.

We certify that the valuations were performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the requirements of the Actuarial Standards of Practice, in particular Standards Nos. 4, 27, 35, and 44.

GASB 67 and 68 Reports as of December 31, 2019

The purpose of the GASB 67 and 68 Reports as of June 30, 2019 are to provide accounting and financial reporting information under GASB 67 for the Systems and under GASB 68 for the City of Wichita. These reports are not appropriate for other purposes, including the measurement of funding requirements for the Systems.

For financial reporting purposes, measurements as of the reporting date are based on the fair value of assets and the Total Pension Liability as of December 31, 2019.

The calculation of the Total Pension Liability and the projection of the System's contributions and projected benefit payments as of December 31, 2019 were based on the same data, actuarial assumptions and methods, and plan provisions as used in the actuarial valuation reports as of December 31, 2019, except for the discount rate.

In accordance with Paragraph 40 of GASB Statement No. 67, the projection of the Plan's fiduciary net position is based on a long-term expected rate of return of 7.60% per annum for the Wichita Employees' Retirement System and 7.59% for the Police and Fire Retirement System of Wichita, Kansas, net of investment expenses. For the Actuarial Valuation as of December 31, 2019, the investment rate of return is net of both investment and administrative expenses and is assumed to be 7.50%. The administrative expenses for the plan year ending December 31, 2019 were 0.10% of assets for the Wichita Employees' Retirement System and 0.09% for the Police and Fire Retirement System of Wichita, Kansas.

We certify that the reports were performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for disclosure purposes have been prepared in accordance with our understanding of generally accepted accounting principles as promulgated by the GASB.

We prepared the following supporting schedules that are included in the Comprehensive Annual Financial Report. All historical information prior to December 31, 2019 is based on information reported by the prior actuary.

Actuarial Section

Summary of Actuarial Methods and Assumptions
Active Member Valuation Data
Retirants and Beneficiaries Added to and Removed from Rolls
Solvency Test
System Experience Gain/(Loss)
Schedule of Funding Progress

Statistical Section

Average Benefit by Years of Service
Retired Members by Type and Benefit Amount

Financial Section

Calculation of the Total Pension Liability and Net Pension Liability
Sensitivity Analysis of the Net Pension Liability
Schedule of Changes in the Employers' Net Pension Liability and Related Ratios
Schedule of Employer Contributions

Disclaimers

In preparing our reports, we relied on information (some oral and some written) supplied by the Wichita Retirement Systems staff. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23. The reports do not reflect any subsequent changes in the membership or assets.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

These reports are for the use of the Boards and their auditor in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of these reports is not an intended user and is considered a third party.

Cheiron's reports were prepared solely for the Wichita Employees' Retirement System and the Police and Fire Retirement System of Wichita, Kansas for the purposes described herein, except that the Plan's auditor may rely on these reports solely for the purpose of completing an audit related to the matters herein. They are not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

These reports and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Sincerely,
Cheiron

Michael J. Noble, FSA, FCA, MAAA, EA
Principal Consulting Actuary

Janet Cranna, FSA, FCA, MAAA, EA
Principal Consulting Actuary

Jake Libauskas, FSA, MAAA, EA
Associate Actuary

1. Wichita Employees' Retirement System

Provisions of the plan are outlined in the financial section of this report beginning on page A-22. The Plans prepare two actuarial valuations - one for funding purposes and one for accounting and financial reporting purposes under Governmental Accounting Standards Board Statement 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*. With the exception of the discount rate used, the actuarial cost methods and assumptions used for financial reporting purposes are consistent with those utilized for funding purposes.

A. Actuarial Cost Method

The actuarial cost method is a procedure for allocating the actuarial present value of pension plan benefits and expenses to time periods. The method used for the valuation is known as the Entry Age Normal actuarial cost method and has the following characteristics:

- The annual normal costs for each individual active member are sufficient to accumulate the value of the member's pension at time of retirement, and
- Each annual normal cost is a constant percentage of the member's year-by-year projected covered compensation.

The Entry Age Normal actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's assumed pensionable compensation rates between the entry age of the member and the assumed exit age.

The portion of the actuarial present value of retirement system benefits allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial liability. Deducting actuarial assets from the actuarial liability determines the unfunded actuarial liability (or surplus). The Wichita Employees' Retirement System (WERS) had an unfunded actuarial liability of $62.2 million as of December 31, 2019.

B. Actuarial Assumptions Used for Valuations

System contribution requirements and actuarial present values are calculated by applying experience assumptions to the benefit provisions and participant information of the Retirement System using the actuarial cost method. These assumptions were proposed by the Fund's actuary following the completion of an experience study covering the period January 1, 2014 through December 31, 2016, and adopted by the Board on September 19, 2018. An experience study is performed every five years.

The actuarial valuation of assets is based upon the "Expected Value plus 25%" method, which levels the effects of fair value fluctuations by recognizing 25% of the difference between the expected actuarial value and the fair value of assets. The Board first adopted this methodology for the December 31, 2002 valuation. Actuarial gains and losses reduce or increase the unfunded actuarial liability or surplus, which is amortized over a rolling 20-year amortization period.

Long-Term Rate of Return: The investment return rate, net of investment expenses and administrative expenses, used for the actuarial valuation performed for funding purposes is 7.50% per year, compounded annually. This rate consists of 2.75% in recognition of long-term price inflation and 4.75% in recognition of a real rate of return over price inflation. This assumption, used to equate the value of payments due at different points in time, was adopted by the Board and was first used for the December 31, 2018 valuation.

The 7.6% rate of return used for accounting purposes is based on the same underlying data as the rate used for funding purposes. However, the rate used for accounting purposes represents investment return, net of investment expenses. Administrative expenses are accounted for separately, consistent with the requirements of GASB Statement No. 67.

Salary Projections: These assumptions are used to project current salaries to determine average annual compensation. They consist of the same inflation component used for the investment return assumption, a component reflecting productivity and the competition from other employers for personnel, and a years-of-service component to reflect promotion and longevity increments.

Salary increases are assumed to occur mid-year. The salary increase assumptions are expected to produce 3.25% annual increases in active member payroll (the inflation and productivity base rate), given a constant active member group size. This is the same payroll growth assumption used to amortize the unfunded actuarial liability. The rate of return over assumed wage growth is 4.25% per year. These assumptions were first used for the December 31, 2018 valuation. Assumptions about annual rates of salary increases are summarized in the accompanying table.

Years of Service	Inflation Component	Productivity Component	Merit and Longevity	Total
Under 1	2.75%	0.50%	3.25%	6.50%
1	2.75	0.50	3.10	6.35
2	2.75	0.50	2.90	6.15
3	2.75	0.50	2.70	5.95
4	2.75	0.50	2.50	5.75
5	2.75	0.50	2.30	5.55
6	2.75	0.50	2.10	5.35
7	2.75	0.50	1.90	5.15
8	2.75	0.50	1.80	5.05
9	2.75	0.50	1.70	4.95
10	2.75	0.50	1.60	4.85
11	2.75	0.50	1.50	4.75
12	2.75	0.50	1.40	4.65
13	2.75	0.50	1.30	4.55
14	2.75	0.50	1.20	4.45
15	2.75	0.50	1.06	4.31
16	2.75	0.50	0.92	4.17
17	2.75	0.50	0.78	4.03
18	2.75	0.50	0.64	3.89
19	2.75	0.50	0.50	3.75
20	2.75	0.50	0.35	3.60
Over 20	2.75	0.50	0.25	3.50

Annual Post-Retirement Benefit Increases: Retirees in Plan 1 are entitled to annual post-retirement benefit increases of 3% of their original benefit after 12 months of retirement. Retirees in Plan 2 are entitled to annual post-retirement benefit increases of 2% of their original benefit after 12 months of retirement. Post-retirement benefit increases are not compounded.

Rates of Retirement and Deferred Retirement Option Plan (DROP) Elections: The rates displayed in the accompanying table are used to measure the probability of eligible members retiring under either the regular retirement provisions or the Deferred Retirement Option Plan. In addition, the following assumptions apply to members in this category:

• Plan 2: 75% of members with 33.33 or more years of service that are at least age 62 were assumed to elect the DROP with an average DROP period of 36 months.

• All members of the retirement system were assumed to retire on or before age 70. Deferred vested members are assumed to retire at age 62. This assumption was first used in the December 31, 2018 actuarial valuation.

Rates of Retirement		
Retirement Age	Plan 1	Plan 2
55	15%	1%
56	15	1
57	15	1
58	15	1
59	15	1
60	40	3
61	40	10
62	20	50
63	20	25
64	20	25
65	100	40
66	N/A	40
67	N/A	40
68	N/A	40
69	N/A	40
70	N/A	100

Marriage: 70% of non-retired members were assumed to be married for purposes of death benefits. In each case, the male was assumed to be three years older than the female.

Sick Leave: Accumulated unused sick leave is converted to service credits for the purpose of computing annual benefits. The calculated normal retirement benefits were increased by 1.75% to account for the inclusion of unused sick leave in the calculation of service credit. This assumption was first used with the December 31, 2018 valuation.

Forfeiture of Vested Benefits: A percentage of the actuarial present value of vested termination benefits is assumed to be forfeited by a withdrawal of accumulated contributions. This percentage is applied individually based on years of service. The data in the accompanying table was first used for the December 31, 2004 actuarial valuation.

Years of Service	Percent Forfeiting
Less than 15	60%
15 - 19	40
20 - 24	20
25 or more	-

Plan 3 Transfer: Plan 3 (defined contribution plan) members are assumed to elect Plan 2 if they acquire seven years of service. An actuarial reserve is held for the difference between the fair and actuarial value of assets. This assumption was last revised for the December 31, 2004 valuation.

Mortality Assumptions: This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement. As summarized in the following table, the RP-2000 tables are used, with generational mortality. This table was first used for the December 31, 2004 actuarial valuation.

Active Members	based on the RP-2000 Employee Table, projected generationally using Scale AA (ages set forward two years for males, zero for females).
Healthy Retirees And Beneficiaries	based on the RP-2000 Healthy Annuitant Table, projected generationally using Scale AA (ages set forward two years for males, zero for females).
Disabled Retirees	based on the RP-2000 Disabled Table for Males and Females, projected generationally using Scale AA.

Rates of Separation from Active Membership: This assumption measures the probabilities of a member terminating employment. The rates do not apply to members who are eligible to retire. Annual probabilities of terminating are summarized in the accompanying table. This assumption was first used for the December 31, 2018 valuation.

Vested Deferred Pensions: Amounts are assumed to increase during the deferral period to 3.50% per year, compounded annually. This assumption was first used in the December 31, 2018 valuation.

Years of Service	Termination Rates	Years of Service	Termination Rates
0-1	13.50 %	15	3.00 %
2	12.00	16	2.75
3	10.00	17	2.50
4	9.00	18	2.25
5	8.00	19	2.00
6	7.00	20	1.75
7	6.00	21	1.50
8	5.00	22	1.25
9-11	4.50	23-25	1.00
12	4.00	26-29	0.50
13	3.50	30+	0.00
14	3.25		

C. Actuarial Tables

Several tables are presented on the following pages to provide information about active members of the Wichita Employees' Retirement System, as well as retirees and beneficiaries. These tables also present information about the solvency of the plan, system experience and funding progress.

Active Member Valuation Data
as of December 31, 2019

Valuation Date	Number of Members: Plan 1	Plan 2	Plan 3[1]	Total	Annual Covered Payroll (in thousands)	Average Annual Pay	Percentage Change in Average Annual Pay
12/31/2010	61	993	661	1,715	$ 79,636	$ 46,435	2.1 %
12/31/2011	31	916	611	1,558	75,444	48,424	4.3
12/31/2012	26	950	527	1,503	70,783	47,095	(2.7)
12/31/2013	15	957	517	1,489	70,952	47,652	1.2
12/31/2014	8	989	520	1,517	71,391	47,061	(1.2)
12/31/2015	5	988	539	1,532	74,028	48,321	2.7
12/31/2016	3	952	617	1,572	77,121	49,059	1.5
12/31/2017	3	891	647	1,541	78,395	50,873	3.7
12/31/2018	2	852	675	1,529	78,899	51,601	1.4
12/31/2019	1	821	696	1,518	80,029	52,720	2.2

[1] Plan 3 totals do not include Plan 3b members, who have made an irrevocable election to remain in the defined contribution plan.

Retirants and Beneficiaries Added to and Removed from Rolls								
	Added to Rolls		Removed from Rolls		Year-End Rolls		Annual Pensions	
Valuation Date	No.	Annual Pensions[1]	No.	Annual Pensions[1]	No.	Annual Pensions[1]	Average Pension	Percentage Increase (Decrease)
12/31/2010	71	$ 1,847,020	59	$ 949,872	1,193	$ 29,855,835	$ 25,026	2.9 %
12/31/2011	164	4,305,336	47	824,103	1,310	32,885,454	25,103	0.3
12/31/2012	50	1,010,373	58	1,036,870	1,302	31,730,663	24,371	(2.9)
12/31/2013	72	1,676,296	47	744,036	1,327	33,294,857	25,090	3.0
12/31/2014	68	1,549,070	54	927,726	1,341	34,427,388	25,673	2.3
12/31/2015	90	1,830,381	51	1,132,754	1,380	35,726,088	25,888	0.8
12/31/2016	78	1,730,868	65	1,194,869	1,393	36,931,056	26,512	2.4
12/31/2017	71	1,678,547	48	1,153,410	1,416	38,125,080	26,924	1.6
12/31/2018	77	1,811,362	72	1,537,746	1,421	39,094,992	27,512	2.2
12/31/2019	78	2,148,529	69	1,428,652	1,430	40,503,100	28,324	2.9

[1] Values are estimated based upon annualized pension amounts.

Solvency Test							
	Aggregate Actuarial Liability For:				Portion of Actuarial Liabilities Covered by Reported Assets		
Valuation Date	(1) Active Member Contributions	(2) Retirants and Beneficiaries[1]	(3) Active Members (Employer Financed)	Reported Valuation Assets	(1)	(2)	(3)
12/31/2010	$ 50,473,365	$ 293,227,477	$ 196,734,871	$ 516,307,845	100 %	100 %	87.7 %
12/31/2011	45,440,569	349,202,490	160,530,664	513,298,382	100	100	73.9
12/31/2012	49,519,050	347,350,296	174,936,109	520,320,051	100	100	70.6
12/31/2013	50,337,976	362,224,034	169,823,819	542,157,342	100	100	76.3
12/31/2014	51,408,059	369,926,908	168,780,115	560,031,764	100	100	82.2
12/31/2015	51,609,961	378,186,127	176,058,606	568,464,178	100	100	78.8
12/31/2016	53,857,062	385,231,766	181,400,097	575,971,337	100	100	75.6
12/31/2017	55,050,806	395,107,729	184,748,720	598,793,422	100	100	80.5
12/31/2018	56,965,551	408,534,420	193,208,730	598,778,588	100	100	69.0
12/31/2019	56,989,509	422,969,785	195,297,778	613,063,149	100	100	68.2

[1] Includes vested and nonvested terminated members.

System Experience: For the year ended December 31, 2019, the Wichita Employees' Retirement System experienced an actuarial loss of approximately $1.9 million. The loss for the 2019 plan year reflects the combined impact of an actuarial net gain of $1.6 million on the actuarial value of plan assets and an actuarial loss of $3.5 million on liabilities. The loss on System liabilities were primarily due to the change in actuary partially offset by salary increases that were lower than expected. Information about the factors that contributed to the actuarial loss is presented in the following table.

	Increase (Decrease)		
	Actuarial Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Liability (a) - (b)
Balances as of December 31, 2018	$ 658,708,701	$ 598,778,588	$ 59,930,113
Changes for the year:			
Normal cost	9,138,247	-	9,138,247
Plan 3 members transferring to Plan 3b	(94,720)	(94,720)	-
Contributions	-	13,453,777	(13,453,777)
Benefit payments	(44,447,896)	(44,447,896)	-
Interest	48,448,370	43,763,639	4,684,731
Impact of assumption changes	-	-	-
Expected actuarial value at December 31, 2019	671,752,702	611,453,388	60,299,314
Actual actuarial value as of December 31, 2019	675,257,072	613,063,149	62,193,923
Actuarial (gain) loss	$ 3,504,370	$ (1,609,761)	$ 1,894,609

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AL) (b)	Unfunded AL (UAL) (b)-(a)	Funded Ratio (a)/(b)	Active Member Covered Payroll (c)	UAL as a Percentage of Active Member Covered Payroll [(b)-(a)]/(c)
12/31/2010	$ 516,308	$ 540,436	$ 24,128	95.5%	$ 79,636	30.3%
12/31/2011	513,298	555,174	41,876	92.5	75,444	55.5
12/31/2012	520,320	571,805	51,485	91.0	70,783	72.7
12/31/2013	542,157	582,386	40,229	93.1	70,953	56.7
12/31/2014	560,032	590,115	30,083	94.9	71,391	42.1
12/31/2015	568,464	605,855	37,391	93.8	74,028	50.5
12/31/2016	575,971	620,219	44,248	92.9	77,121	57.4
12/31/2017	598,793	634,907	36,114	94.3	78,395	46.1
12/31/2018	598,779	658,709	59,930	90.9	78,899	76.0
12/31/2019	613,063	675,257	62,194	90.8	80,029	77.7

(Rounded dollar amounts are in thousands.)

A schedule of Employer Contributions, including a comparison of actuarially determined contributions to actual contributions made, is presented as Required Supplementary Information on page A-32 in the Financial Section of this report.

D. Summary of Benefit Provisions

Plan 1 is a closed plan, which is applicable to members employed prior to July 18, 1981 who did not elect to be converted to Plan 2. Plan 2 is applicable to members employed prior to July 18, 1981 who elected to be covered by Plan 2, those employed or re-employed on or after July 18, 1981 and before January 1, 1994, and Plan 3 members who, upon vesting, elect to become members of Plan 2. A summary of benefit provisions applicable to the plans is presented below. A more detailed description of Plan provisions is available upon request from the Pension Management Office.

Contributions:

- *Employee contributions:*

  Plan 1: 6.4% of base salary, longevity and overtime pay.

  Plan 2 and Plan 3: 4.7% of base salary and longevity pay (effective February 19, 2000).

- *Employer contributions:*

  Actuarially determined amounts which, together with employee contributions and investment earnings, fund the obligations of the System in accordance with accepted actuarial principles.

Unused sick leave: Accumulated unused sick leave is converted to service credits for the purpose of computing annual benefits.

Normal Retirement:

- *Eligibility:*

  Plan 1: Age 60 with seven or more years of service, or any age with 30 or more years of service.

  Plan 2: Age 62 with seven or more years of service.

- *Benefit:*

  Plan 1: Years of service times 2.5% of final average salary, to a maximum of 75%.

  Plan 2: Years of service times 2.25% of final average salary, to a maximum of 75%.

- *Final Average Salary:* Average for the three consecutive years within the last 10 years of service that produce the highest average salary.

Early Retirement:

- *Eligibility:* Age 55 with seven or more years of service.
- *Benefit:* An amount computed as for normal retirement, but reduced for each month retirement precedes age 60 under Plan 1 and age 62 under Plan 2. The amount of reduction per month of early retirement is computed as follows:

  Plan 1: A service-graduated percentage for each month retirement precedes age 60. The percentage is .05 of 1% if service is 29 years but less than 30 years, increasing by .05 of 1% for each additional year service is less than 30 years, to a maximum of .50 of 1% if service is less than 21 years.

  Plan 2: An age-graduated percentage for each month retirement precedes age 62. The percentage is 0.6% for each month that the member's age precedes age 62, up to a maximum of 50.4% at age 55.

Service-Connected Disability:

- *Eligibility:* All Plans: No age or service requirement. Disability must be permanent and total, and precludes performance of any duties for a City position commensurate with the employee's training, experience, and education.
- *Benefit:*

  Plan 1: 60% of final rate of salary.

  Plan 2: 50% of final rate of salary.

Non-Service Connected Disability:

- *Eligibility:* Seven or more years of service and under age 60, Plan 1, or age 62, Plan 2. Disability must be permanent and total and preclude performance of any duties for a City position commensurate with the employee's training, experience and education.
- *Benefit:*

  Plan 1: 30% of final average salary plus 1% of final average salary for each year of service in excess of seven years, to a maximum of 50%.

  Plan 2: 25% of final rate of salary.

Deferred Retirement Option Plan (DROP):

- *Eligibility:* Must be eligible for retirement and elect to participate in the DROP for 1 to 60 months.
- *Benefit:* Benefit computed based on years of service and final average salary as of DROP election date, which is paid into member's notional DROP account during the deferral period. Member continues to make required employee contributions during the deferral period. Interest at an annual rate of 5% is credited to the notional DROP account. Voluntary termination of employment during the DROP period results in a loss of accrued interest. Balance of DROP account is payable within 90 days of actual termination of employment.

Deferred Retirement:

- *Eligibility:*

  Plan 1: Termination of service with 7 or more years of service and under age 60.

  Plan 2: Termination of service with 7 or more years of service and under age 62.
- *Benefit:* Deferred pensioner may apply for a reduced retirement benefit upon meeting the applicable age requirement for early retirement (55 years) or an unreduced pension upon meeting the applicable age requirement for normal retirement (60 years, Plan 1 or 62 years, Plan 2). A refund of employee contributions, plus 5% annual interest, may be elected in lieu of a retirement benefit. Retirement benefit is computed as for normal retirement. Deferred pensions are adjusted during the deferral period based on changes in the National Average Earnings Index, up to 5.5% annually.

Pre-Retirement Survivor Benefits (surviving spouse and minor child):

- *Eligibility:* Death of employee with seven or more years of credited service.
- *Benefit:* 50% of the benefit earned by the deceased employee at the time of death, plus 10% of the deceased employee's final average salary for each minor child under age 18, to a maximum of 75% of final average salary. If no surviving spouse, benefit is 20% of final average salary on account of each child to a maximum of 60% of final average salary; terminates when child reaches age 18.

Pre-Retirement Survivor Benefits (designated beneficiary): When no spouse or minor child is eligible for a survivor's benefit, the retiree may designate a beneficiary.

- *Eligibility:* Death of employee with seven or more years of credited service.
- *Benefit:* Accumulated contributions plus 5% annual interest, and one month's salary for each full year of service, not to exceed six months of salary.

Post-Retirement Survivor Benefits (surviving spouse and minor child):

- *Eligibility:* Spouse must have been married to retired employee for one year or more at time of death if retired after January 1, 2000. If retired prior to January 1, 2000, must have been married to retired employee at retirement. A minor child must be under age 18.
- *Benefit:* 50% of benefit paid to retiree at time of death, plus 10% of retiree's final average salary for each minor child under age 18, to a maximum of 75% of final average salary. If no surviving spouse, benefit is 20% of final average salary on account of each child to a maximum of 60% of final average salary; terminates when child reaches age 18. Plan 1 also includes a $1,500 funeral benefit.

Post-Retirement Survivor Benefits (designated beneficiary): When no spouse or minor child is eligible for a survivor's benefit, the retiree may designate a beneficiary.

- *Benefit:* Final partial benefit due retiree through date of death plus balance, if any, of contributions and interest. Plan 1 also includes a $1,500 funeral benefit.

Refund of Contributions:

- *Eligibility:* Termination of employment without eligibility for any other benefit.
- *Benefit:* Accumulated contributions at the time of termination, plus 5% annual interest.

2. Wichita Employees' Retirement System Plan 3 and Plan 3b

The City contributes to Wichita Employees' Retirement System Plan 3, a defined contribution pension plan, for all of its full-time civilian employees hired or rehired on or after January 1, 1994. Provisions of the plan are outlined in the financial section of this report beginning on page A-22.

A. Summary of Benefit Provisions

Because Plan 3 and Plan 3b are defined contribution plans, members of those plans are only entitled to certain limited retirement benefits as described below. In the event that a Plan 3 or Plan 3b member is granted either of these benefits, the member will be required to forfeit the balance of contributions and earnings in his or her participant account.

Service-Connected Disability:

- *Eligibility:* No age or service requirement. Disability must be permanent and total and preclude the performance of any duties for a City position commensurate with the employee's training, experience and education.
- *Benefit:* 50% of final rate of salary; or distribution of vested Plan 3 account.

Non-Service Connected Disability:

- *Eligibility:* Seven or more years of service and under age 62. Disability must be permanent and total and preclude the performance of any duties for a City position commensurate with the employee's training, experience and education.
- *Benefit:* 25% of final rate of salary; or distribution of vested Plan 3 account.

3. Police and Fire Retirement System of Wichita, Kansas

Provisions of the plan are outlined in the Financial Section of this report beginning on page A-25. The Plans prepare two actuarial valuations - one for funding purposes and one for accounting and financial reporting purposes under Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*. With the exception of the discount rate used, the actuarial cost methods and assumptions used for financial reporting purposes are consistent with those utilized for funding purposes.

A. Actuarial Cost Method

The actuarial cost method is a procedure for allocating the actuarial present value of pension plan benefits and expenses to time periods. The method used for the valuation is known as the Entry Age Normal actuarial cost method and has the following characteristics:

- The annual normal costs for each individual active member are sufficient to accumulate the value of the member's pension at time of retirement, and
- Each annual normal cost is a constant percentage of the member's year-by-year projected covered compensation.

The Entry Age Normal actuarial cost method allocates the actuarial present value of each member's projected benefits on a level basis over the member's assumed pensionable compensation rates between the entry age of the member and the assumed exit age.

The portion of the actuarial present value of retirement system benefits allocated to the valuation year is called the normal cost. The portion of the actuarial present value not provided for by the actuarial present value of future normal costs is called the actuarial liability. Deducting actuarial assets from the actuarial liability determines the unfunded actuarial liability (or surplus). The Police and Fire Retirement System (PFRS) had an unfunded actuarial liability of $66.2 million as of December 31, 2019.

B. Actuarial Assumptions Used for Valuations

System contribution requirements and actuarial present values are calculated by applying experience assumptions to the benefit provisions and participant information of the Retirement System, using the actuarial cost method. These assumptions were proposed by the Fund's actuary following the completion of an experience study covering the period January 1, 2014 through December 31, 2016, and adopted by the Board on September 26, 2018. An experience study is performed every five years.

The actuarial valuation of assets is based upon the "Expected Value plus 25%" method, which levels the effects of fair value fluctuations by recognizing 25% of the difference between the expected actuarial value and the fair value of assets. The Board first adopted this methodology for the December 31, 2002 valuation. Actuarial gains and losses reduce or increase the unfunded actuarial liability or surplus, which is amortized over a rolling 20-year amortization period.

Long-Term Rate of Return: The investment return rate, net of investment expenses and administrative expenses, used for the actuarial valuation performed for funding purposes is 7.50% per year, compounded annually. This rate consists of 2.75% in recognition of long-term price inflation and 4.75% in recognition of a real rate of return over price inflation. This assumption, used to equate the value of payments due at different points in time, was adopted by the Board and was first used for the December 31, 2018 valuation.

The 7.59% rate of return used for accounting purposes is based on the same underlying data as the rate used for funding purposes. However, the rate used for accounting purposes represents investment return, net of investment expenses. Administrative expenses are accounted for separately, consistent with the requirements of GASB Statement No. 67.

Salary Projections: These assumptions are used to project current salaries to determine average annual compensation. They consist of the same inflation component used for the investment return assumption, a component reflecting productivity and the competition from other employers for personnel and a years-of-service component to reflect promotion and longevity increments.

Salary increases are assumed to occur mid-year. The salary increase assumptions are expected to produce 3.25% annual increases in active member payroll (the inflation and productivity base rate), given a constant active member group size. This is the same payroll growth assumption used to amortize the unfunded actuarial liability. The rate of return over assumed wage growth is 4.25% per year. This assumption was first used for the December 31, 2018 valuation. Assumptions about annual rates of salary increases are summarized in the accompanying table.

Years of Service	Inflation Component	Productivity Component	Merit and Longevity	Total
Under 15	2.75 %	0.50 %	2.50 %	5.75 %
15-17	2.75	0.50	1.00	4.25
18+	2.75	0.50	0.75	4.00

Annual Post-Retirement Benefit Increases: Retirees in the Police and Fire Retirement System are entitled to annual post-retirement benefit increases of 2% of their original benefit after 36 months of retirement. Post-retirement benefit increases are not compounded.

Rates of Retirement and Backward Deferred Retirement Option Plan (Back DROP) Elections: The rates displayed in the accompanying table are used to measure the probability of eligible members retiring under either the regular retirement provisions or the Backward Deferred Retirement Option Plan. It is assumed that members who retire under service retirement provisions elect a Back DROP of up to five years which maximizes the actuarial value of the retirement benefit determined as of the retirement date. These rates were first used for the December 31, 2018 valuation.

Plans A & B			Plan C-79					
				Less than 30 YOS			30 or More YOS	
Years of Service (YOS)	Police	Fire	Age of Member	Police	Fire	Service of Member	Police	Fire
28 or less	5 %	5 %	50-58	10 %	10 %	30	0 %	0 %
29	5	5	59	10	15	31	0	0
30	10	5	60+	100	100	32	25	15
31	10	5				33	50	20
32	30	25				34	75	50
33	50	25				35+	100	100
34	50	25						
35	100	100						
Over 35	100	100						

Marriage: 80% of non-retired members were assumed to be married for purposes of death benefits. In each case, the male was assumed to be three years older than the female.

Sick Leave: Accumulated unused sick leave is converted to service credits for the purpose of computing annual benefits. The calculated normal retirement benefits were increased by 2.50% to account for the inclusion of unused sick leave in the calculation of service credit. This assumption was last revised with the December 31, 2018 valuation.

Forfeiture of Vested Benefits: A percentage of the actuarial present value of vested termination benefits is assumed to be forfeited by a withdrawal of accumulated contributions. This percentage is applied individually based on years of service. The data in the accompanying table was first used for the December 31, 2018 actuarial valuation.

Years of Service	Percent Forfeiting
10 - 14	65 %
15 - 19	10
20 or more	-

Mortality Assumptions: This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each pension payment being made after retirement. As summarized in the following table, the RP-2000 tables are used, with generational mortality. The table was first used in the December 31, 2004 actuarial valuation.

Active Members	based on the RP-2000 Employee Table for Males and Females projected generationally using Scale AA.
Healthy Retirees And Beneficiaries	based on the RP-2000 Healthy Annuitant Table for Males and Females projected generationally using Scale AA.
Disabled Retirees	based on the RP-2000 Disabled Table for Males and Females projected generationally using Scale AA.

Rates of Disability: This assumption measures the probabilities of a member receiving a disability retirement. The rates do not apply to members who are eligible to retire. The rates of recovery from disability are assumed to be zero. The accompanying table provides the assumed probability of active members becoming disabled in during the next year. These rates were first used for the December 31, 2014 valuation.

Annual Probability of Becoming Disabled		
Age	Police	Fire
20	0.09 %	0.07 %
25	0.15	0.12
30	0.30	0.24
35	0.49	0.39
40	0.69	0.54
45	0.88	0.70
50	1.08	0.85
55	1.28	0.91

Rates of Separation from Active Membership: This assumption measures the probabilities of a member terminating employment. The rates do not apply to members who are eligible to retire. This assumption was last revised for the December 31, 2018 valuation.

	Percent Separating Within Year	
Years of Service	Police	Fire
0-5	5.50 %	2.00 %
6	4.50	2.00
7-8	3.00	2.00
9-13	3.00	1.50
14-16	2.00	1.50
17-22	2.00	0.00
Over 22	0.00	0.00

Vested Deferred Pensions: Amounts for Plan C-79 are assumed to increase during the deferral period to 3.50% per year, compounded annually. This assumption was most recently revised with the December 31, 2018 valuation.

C. Actuarial Tables

Several tables are presented on the following pages to provide information about active members of the Police and Fire Retirement System, as well as retirees and beneficiaries. These tables also present information about the solvency of the plan, system experience and funding progress.

Active Member Valuation Data

Valuation Date	Number of Members: Plan A	Number of Members: Plan C-79	Number of Members: Total Members	Annual Covered Payroll (in thousands)	Average Annual Pay	Percentage Change in Average Annual Pay
12/31/2010	21	1,068	1,089	$ 63,077	$ 57,922	1.0 %
12/31/2011	14	1,074	1,088	62,759	57,682	(0.4)
12/31/2012	11	1,073	1,084	64,150	59,179	2.6
12/31/2013	9	1,076	1,085	65,306	60,190	1.7
12/31/2014	8	1,060	1,068	64,572	60,461	0.5
12/31/2015	5	1,045	1,050	65,560	62,439	3.3
12/31/2016	4	1,059	1,063	66,946	62,979	0.9
12/31/2017	2	1,080	1,082	69,634	64,357	2.2
12/31/2018	2	1,065	1,067	72,017	67,495	4.9
12/31/2019	1	1,093	1,094	73,891	67,542	0.1

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Retirants and Beneficiaries Added to and Removed from Rolls								
	Added to Rolls		Removed from Rolls		End of Year Rolls		Annual Pensions	
Valuation Date	No.	Annual Pensions[1]	No.	Annual Pensions[1]	No.	Annual Pensions[1]	Average Pension	Percentage Increase (Decrease)
12/31/2010	47	$ 1,439,435	28	$ 541,662	892	$ 22,570,141	$ 25,303	3.4 %
12/31/2011	48	1,615,338	29	525,289	911	24,030,607	26,378	4.3
12/31/2012	33	1,201,800	23	435,120	921	25,226,219	27,390	3.8
12/31/2013	48	1,938,485	17	380,985	952	27,143,376	28,512	4.1
12/31/2014	63	2,400,693	42	850,741	971	29,165,652	30,037	5.3
12/31/2015	44	1,652,860	26	494,625	989	30,774,324	31,117	3.6
12/31/2016	31	1,286,489	33	629,314	987	31,914,576	32,335	3.9
12/31/2017	41	1,757,606	28	694,600	1,000	33,526,716	33,527	3.7
12/31/2018	43	1,888,265	28	544,427	1,015	35,386,980	34,864	4.0
12/31/2019	56	2,090,904	27	604,235	1,044	37,445,846	35,868	2.9

[1] Values are estimated based on annualized pension amounts.

Solvency Test							
	Aggregate Actuarial Liability For				Portion of Actuarial Liabilities Covered by Reported Assets		
Valuation Date	(1) Active Member Contributions	(2) Retirants and Beneficiaries[1]	(3) Active Members (Employer Financed Portion)	Reported Valuation Assets	(1)	(2)	(3)
12/31/2010	$ 63,515,814	$ 270,693,677	$ 202,698,947	$ 497,925,786	100 %	100 %	80.8 %
12/31/2011	66,390,179	293,730,691	202,367,017	510,946,217	100	100	74.5
12/31/2012	70,527,705	305,985,839	212,559,831	533,380,618	100	100	73.8
12/31/2013	74,238,693	325,096,785	218,412,805	571,261,929	100	100	78.7
12/31/2014	74,684,418	348,915,979	208,304,004	600,860,146	100	100	85.1
12/31/2015	77,222,492	364,943,124	212,970,051	620,148,816	100	100	83.6
12/31/2016	81,765,281	377,864,418	222,014,789	640,508,756	100	100	81.5
12/31/2017	85,753,036	393,307,456	230,956,665	677,616,328	100	100	86.0
12/31/2018	88,116,395	425,093,252	248,875,679	690,969,459	100	100	71.4
12/31/2019	91,219,009	446,538,086	250,689,554	722,197,375	100	100	73.6

[1] Includes vested and nonvested terminated members.

System Experience: For the year ended December 31, 2019, the Police and Fire Retirement System experienced an actuarial gain of $5.8 million. The gain for the 2019 plan year reflects the combined impact of an actuarial net gain of $3.0 million on the actuarial value of plan assets and an actuarial gain of $2.8 million on liabilities primarily due to the change in actuary and salary increases that were lower than expected. Information about the factors that contributed to the actuarial loss is presented in the following table.

	Increase (Decrease)		
	Actuarial Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Liability (a) - (b)
Balances as of December 31, 2018	$ 762,085,326	$ 690,969,459	$ 71,115,867
Changes for the year:			
Normal cost	14,583,212	-	14,583,212
Contributions	-	19,393,870	(19,393,870)
Benefit payments	(42,111,381)	(42,111,381)	-
Interest	56,699,512	50,986,204	5,713,308
Assumption changes	-	-	-
Change in Benefits	-	-	-
Expected actuarial value at December 31, 2019	791,256,669	719,238,152	72,018,517
Actual actuarial value as of December 31, 2019	788,446,649	722,197,375	66,249,274
Actuarial loss (gain)	$ (2,810,020)	$ (2,959,223)	$ (5,769,243)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AL) (b)	Unfunded AL (UAL) (b)-(a)	Funded Ratio (a)/(b)	Active Member Covered Payroll (c)	UAL as a Percentage of Active Member Covered Payroll [(b)-(a)]/(c)
12/31/2010	$ 497,926	$ 536,908	$ 38,983	92.7%	$ 63,077	61.8%
12/31/2011	510,946	562,488	51,542	90.8	62,759	82.1
12/31/2012	533,381	589,073	55,693	90.5	64,150	86.8
12/31/2013	571,262	617,748	46,486	92.5	65,306	71.2
12/31/2014	600,860	631,904	31,044	95.1	64,572	48.1
12/31/2015	620,149	655,136	34,987	94.7	65,560	53.4
12/31/2016	640,509	681,644	41,136	94.0	66,946	61.4
12/31/2017	677,616	710,017	32,401	95.4	69,634	46.5
12/31/2018	690,969	762,085	71,116	90.7	72,017	98.7
12/31/2019	722,197	788,447	66,249	91.6	73,891	89.7

(Rounded dollar amounts are in thousands.)

A schedule of Employer Contributions, including a comparison of actuarially determined contributions to actual contributions made, is presented as Required Supplementary Information on page A-34 in the Financial Section of this report.

D. Summary of Benefit Provisions

Plan A is a closed plan which was applicable to members who entered the System between January 1, 1965 and December 31, 1978; and to members who entered prior to January 1, 1965 and elected Plan A coverage. Plan B is a closed plan which was applicable to members who entered the System prior to January 1, 1965 and elected Plan B coverage. Plan C-79 is an open plan which is applicable to members entering the System after December 31, 1978. A summary of benefit provisions applicable to the plans is presented below. A more detailed description of Plan provisions is available upon request from Pension Management.

Contributions:

- *Employee contributions:*

  Plan A: 8.0% of salary.

  Plan B: 6.0% of salary.

  Plan C-79: 7.0% of salary.

- *Employer contributions:*

  Actuarially determined amounts which, together with employee contributions and investment earnings, fund the obligations of the System in accordance with accepted actuarial principles.

Unused sick leave: Accumulated unused sick leave is converted to service credits for the purpose of computing annual benefits.

Normal Retirement:

- *Eligibility:*

  Plan A: Any age with 20 years of actual service.

  Plan B: Any age with 20 years of actual service.

  Plan C-79: Age 55 with 10 years of actual service, age 50 with 20 or more years of actual service, or any age with 30 years of creditable service.

- *Benefit:* Years of service times 2.5% of final average salary, to a maximum of 75%.
- *Final Average Salary:* Average for the three consecutive years within the last 10 years of service that produce the highest average salary.

Service-Connected Disability:

- *Eligibility:* Disability must be permanent and preclude employee from performing the duties of their position.
- *Benefit:* 75% of final salary rate if injury, 50% if disease.
- *Conditions*: Benefit plus earnings from gainful employment cannot exceed current salary for rank held at time of disability. Benefit is recomputed at age 55 using service retirement formula, updated final average salary, and service credit for period of disability.

Non-Service Connected Disability:

- *Eligibility:* Seven or more years of service and under age 55. Disability must be permanent and preclude employee from performing the duties of their position.
- *Benefit:* 30% of final average salary plus 1% of final average salary for each year of service in excess of seven years. Maximum is 50% of final average salary.
- *Conditions*: Benefit plus earnings from gainful employment cannot exceed current salary for rank held at the time of disability.

Backward Deferred Retirement Option Plan (Back DROP):

- *Eligibility:* Must be eligible to receive a service retirement benefit as of the Backward DROP retirement date and elect the Back DROP for a period of 1 to 60 months.
- *Benefit:* Under the Back DROP, the member may elect a benefit based on a retirement date up to 60 months prior to the current date. The monthly benefit is computed based on service, final average salary and benefit formula at the selected prior date. The DROP account available to the retiring member is the computed benefit multiplied by the number of months of Back DROP plus applicable post-retirement adjustments and 5% annual compounded interest.

Deferred Retirement:

- *Eligibility:* Vested members of C-79 who leave City service may defer their pension benefit by electing to leave their contributions in the Retirement System until they are eligible for a retirement benefit; age 55 with less than 20 years of actual service and age 50 with 20 or more years of actual service. A refund of employee contributions, plus 5% annual interest, may be elected in lieu of a retirement benefit.
- *Benefit:* Retirement benefit is computed as for normal retirement. Deferred pensions are indexed during the deferral period based on changes in the National Average Earnings Index, up to 5.5% annually.

Pre-Retirement Survivor Benefits Service-Connected Death:

- *Eligibility:* When death results from performance of duty as a fire fighter or police officer, there is no minimum service requirement. Spouse and minor children of member at the time of death are eligible for a survivor's benefit.
- *Benefit:* 50% of final salary plus 10% of final salary for each minor child under age 18, to a maximum of 75% of final salary. If no surviving spouse, benefit is 20% of final salary for each child under age 18 to a maximum of 60% of final salary; terminates when child reaches age 18.

Pre-Retirement Survivor Benefits Non-Service-Connected Death:

- *Eligibility:* Spouse and minor children of member at the time of death.

  Plan A: Three or more years of service.

  Plan B: 20 or more years of service.

  Plan C-79: Three or more years of service.

- *Benefit:*

  Plan A: 35% of final average salary plus 1% of final average salary for each year of service over three years to a maximum of 50% of final average salary, plus 10% of final average salary on account of each minor child under age 18 to a maximum of 66 2/3% of final average salary. If no surviving spouse, benefit is 15% of final average salary for each child under age 18 to a maximum of 50% of final average salary; terminates when child reaches age 18.

  Plan B: 50% of final salary.

  Plan C-79: Identical to Plan A benefits.

Post-Retirement Survivor Benefits:

- *Eligibility:* 20 or more years of service. If retired prior to January 1, 2000, surviving spouse must have been married to retired member at date of retirement. Effective January 1, 2000, surviving spouse must have been married to retired member for a minimum of 12 months at time of death.
- *Benefit:*

  Plan A: 35% of final average salary plus 1% of final average salary for each year of service over three years to a maximum of 50% of final average salary, plus 10% of final average salary for each minor child under age 18 to a maximum of 66 2/3%. If no surviving spouse, 15% of final average salary for each child to a maximum of 50%.

  Plan B: 50% of final salary to surviving spouse or if no surviving spouse pension's payable to children under age 18.

  Plan C-79: Identical to Plan A benefits.

Funeral Benefit:

- *Eligibility:* Plan A, B and C-79 members who retired after November 21, 1973.
- *Benefit:*

  Plan A: $750 payable to a beneficiary. Plan A members who retired prior to November 21, 1973 are not eligible for a funeral benefit.

  Plan B: $750 payable to a beneficiary. Plan B members who retired between January 1, 1965 and November 21, 1973 are eligible for a $100 funeral benefit payable to a beneficiary.

  Plan C-79: $750 payable to a beneficiary

Refund of Contributions:

- *Eligibility:* Termination of employment without eligibility for any other benefit.
- *Benefit:* Accumulated contributions at the time of termination plus 5% annual interest, beginning January 1, 2000.

STATISTICAL SECTION

Statistical Section Overview

This section includes detailed schedules showing trends related to changes in the net position, including deductions from the net position for benefits and refunds beginning on page D-2, average benefit payments beginning on page D-8, and retired members by type and benefit amount beginning on page D-12. These schedules may be considered useful in evaluating the condition of the Systems and understanding the information presented in the financial statements, note disclosures and required supplementary information.

The Schedule of Changes in Fiduciary Net Position, including deductions from the net position for benefits and refunds, is derived from the Comprehensive Annual Financial Report for the relevant fiscal year. All other information is derived from internal sources of the Systems, except for information that is derived from the actuarial valuations of the plans.

WICHITA RETIREMENT SYSTEMS

CHANGES IN FIDUCIARY NET POSITION
WICHITA EMPLOYEES' RETIREMENT SYSTEM

For years ended December 31, 2010 through December 31, 2019
(accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
ADDITIONS				
Employer contributions	$ 9,683,553	$ 10,099,027	$ 9,642,540	$ 8,946,064
Employee contributions	3,770,224	3,755,812	3,682,056	3,642,007
Net income (loss) from investing activities	102,909,003	(39,511,690)	91,773,973	35,956,780
Reclassifications due to participant conversion	-	-	-	-
Total additions	116,362,780	(25,656,851)	105,098,569	48,544,851
DEDUCTIONS				
Benefit payments				
Service retirement	35,624,779	34,715,603	33,606,377	32,442,114
Survivor benefit	3,715,161	3,576,872	3,492,605	3,394,194
DROP lump sum payments	3,737,391	1,969,674	1,077,319	2,122,297
Qualified domestic relations order	130,868	135,301	150,477	142,351
Disability (service)	73,146	74,483	54,609	53,905
Disability (non-service)	234,168	253,239	239,262	220,021
Funeral benefits	107,570	54,276	48,063	86,569
Pension administration	619,398	580,204	633,379	615,829
Depreciation	-	-	-	-
Refunds	824,813	890,851	614,103	683,332
Reclassifications due to participant conversion	94,720	179,012	191,292	244,793
Total deductions	45,162,014	42,429,515	40,107,486	40,005,405
Net increase (decrease) in fiduciary net position	71,200,766	(68,086,366)	64,991,083	8,539,446
Net position - beginning, as previously reported	546,691,666	614,778,032	549,786,949	541,247,503
Prior period adjustment	-	-	-	-
Net position - beginning, restated	546,691,666	614,778,032	549,786,949	541,247,503
Net position - ending	$ 617,892,432	$ 546,691,666	$ 614,778,032	$ 549,786,949

Note: In 2015, a prior period adjustment was made to report non-vested Plan 3 participants as part of the Wichita Employees' Retirement System. Prior to 2015, those members were reported with Plan 3b members in the defined contribution plan. Reclassifications due to participant conversion represent members of Plan 3 who vest with seven years of service and move into either Plan 2 or Plan 3b.

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ 9,031,463	$ 8,464,927	$ 7,990,502	$ 6,471,423	$ 6,596,124	$ 4,529,765
3,574,026	2,435,831	2,304,481	2,343,641	2,537,440	2,664,619
13,380	27,894,626	92,166,874	57,965,946	2,570,423	55,169,082
-	2,942,734	2,465,600	2,025,607	2,680,431	1,276,393
12,618,869	41,738,118	104,927,457	68,806,617	14,384,418	63,639,859
31,786,968	30,632,053	29,346,178	28,490,161	25,279,476	23,806,844
3,121,649	2,956,020	2,762,399	2,658,630	2,591,380	2,478,774
885,185	2,798,396	2,650,766	1,327,860	5,873,920	3,104,564
99,384	58,561	56,936	53,820	56,285	74,004
53,201	59,753	57,193	67,910	67,247	78,511
216,319	216,557	232,372	243,470	247,876	254,152
59,823	57,349	267,956	93,770	66,890	93,649
553,844	441,869	404,514	396,167	444,630	429,764
70,241	63,888	63,890	62,562	63,016	63,477
866,874	400,433	570,712	341,634	449,266	191,171
465,171	-	-	-	-	-
38,178,659	37,684,879	36,412,916	33,735,984	35,139,986	30,574,910
(25,559,790)	4,053,239	68,514,541	35,070,633	(20,755,568)	33,064,949
552,232,824	548,179,585	479,665,044	444,594,411	465,349,979	432,285,030
14,574,469	-	-	-	-	-
566,807,293	548,179,585	479,665,044	444,594,411	465,349,979	432,285,030
$ 541,247,503	$ 552,232,824	$ 548,179,585	$ 479,665,044	$ 444,594,411	$ 465,349,979

WICHITA RETIREMENT SYSTEMS

CHANGES IN FIDUCIARY NET POSITION
WICHITA EMPLOYEES' RETIREMENT SYSTEM PLAN 3b

For years ended December 31, 2010 through December 31, 2019
(accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
ADDITIONS				
Employer contributions	$ 198,342	$ 202,075	$ 200,003	$ 203,532
Employee contributions	198,343	202,077	200,003	203,509
Net income (loss) from investing activities	1,776,395	(598,098)	1,156,192	467,817
Reclassifications due to participant conversion	94,720	179,012	191,292	244,793
Total additions	2,267,800	(14,934)	1,747,490	1,119,651
DEDUCTIONS				
Pension administration	9,384	27,384	9,725	7,366
Depreciation	-	-	-	-
Refunds	575,000	349,140	348,275	614,342
Reclassifications due to participant conversion	-	-	-	-
Total deductions	584,384	376,524	358,000	621,708
Net increase (decrease) in fiduciary net position	1,683,416	(391,458)	1,389,490	497,943
Net position - beginning, as previously reported	8,104,736	8,496,194	7,106,704	6,608,761
Prior period adjustment	-	-	-	-
Net position - beginning, restated	8,104,736	8,496,194	7,106,704	6,608,761
Net position - ending	$ 9,788,152	$ 8,104,736	$ 8,496,194	$ 7,106,704

Note: In 2015, a prior period adjustment was made to report non-vested Plan 3 participants as part of the Wichita Employees' Retirement System. Prior to 2015, those members were reported with Plan 3b members in the defined contribution plan. Reclassifications due to participant conversion represent members of Plan 3 who vest with seven years of service and move into either Plan 2 or Plan 3b.

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ 190,049	$ 1,147,770	$ 1,116,464	$ 1,189,456	$ 1,244,150	$ 2,298,753
190,049	1,147,770	1,116,240	1,189,456	1,244,150	1,349,100
(80,749)	1,104,224	3,655,978	2,315,117	170,531	2,124,997
465,171	-	-	-	-	-
764,520	3,399,764	5,888,682	4,694,029	2,658,831	5,772,850
5,056	64,686	73,351	72,742	76,217	73,844
-	54,768	54,763	53,625	54,017	54,408
733,125	1,107,222	1,010,244	959,751	709,739	642,116
-	2,942,734	2,465,600	2,025,607	2,680,431	1,276,393
738,181	4,169,410	3,603,958	3,111,725	3,520,404	2,046,761
26,339	(769,646)	2,284,724	1,582,304	(861,573)	3,726,089
21,156,891	21,926,537	19,641,813	18,059,509	18,921,082	15,194,993
(14,574,469)	-	-	-	-	-
6,582,422	21,926,537	19,641,813	18,059,509	18,921,082	15,194,993
$ 6,608,761	$ 21,156,891	$ 21,926,537	$ 19,641,813	$ 18,059,509	$ 18,921,082

WICHITA RETIREMENT SYSTEMS

CHANGES IN FIDUCIARY NET POSITION
POLICE AND FIRE RETIREMENT SYSTEM OF WICHITA, KANSAS

For years ended December 31, 2010 through December 31, 2019
(accrual basis of accounting)

	Fiscal Year			
	2019	2018	2017	2016
ADDITIONS				
Employer contributions	$ 13,965,415	$ 14,331,422	$ 13,369,785	$ 12,585,895
Employee contributions	5,428,455	5,599,216	4,915,378	4,776,958
Net income (loss) from investing activities	120,349,987	(43,988,371)	103,236,679	39,901,640
Total additions	139,743,857	(24,057,733)	121,521,842	57,264,493
DEDUCTIONS				
Benefit payments				
Service retirement	30,941,654	28,998,635	27,471,812	26,169,001
Survivor benefit	3,611,221	3,431,832	3,253,128	3,275,582
Backward DROP lump sum payments	5,232,443	4,836,668	4,279,460	3,951,323
Qualified domestic relations order	237,496	222,699	220,953	221,720
Disability (service)	1,573,985	1,533,354	1,439,920	1,546,440
Disability (non-service)	69,254	73,957	72,513	71,496
Funeral benefits	20,697	23,283	18,772	20,974
Pension administration	612,049	590,098	554,641	548,171
Depreciation	-	-	-	-
Refunds	424,631	261,073	173,975	295,731
Total deductions	42,723,430	39,971,599	37,485,174	36,100,438
Net increase (decrease) in fiduciary net postion	97,020,427	(64,029,332)	84,036,668	21,164,055
Net position - beginning	634,054,617	698,083,949	614,047,281	592,883,226
Net position - ending	$ 731,075,044	$ 634,054,617	$ 698,083,949	$ 614,047,281

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ 13,964,379	$ 14,464,181	$ 14,889,714	$ 14,113,014	$ 13,806,880	$ 13,119,984
4,603,331	4,529,895	4,607,691	4,543,523	4,403,425	4,467,983
(163,702)	30,596,067	99,494,232	60,619,414	2,404,099	54,963,698
18,404,008	49,590,143	118,991,637	79,275,951	20,614,404	72,551,665
24,767,622	22,854,129	21,081,456	19,751,947	18,492,549	17,657,512
3,216,979	3,147,177	2,963,019	2,798,141	2,704,987	2,569,695
5,550,489	7,903,252	5,202,861	3,245,820	2,877,779	4,296,127
200,947	159,200	130,426	116,670	117,737	115,432
1,818,427	1,794,729	1,701,928	1,816,648	1,835,512	1,745,289
70,479	70,558	68,445	67,428	66,411	65,394
17,697	28,688	9,871	11,425	21,371	16,618
483,193	478,320	402,003	396,424	445,898	421,251
37,825	63,887	401,901	62,562	63,016	63,477
448,180	457,423	63,890	357,192	636,120	492,380
36,611,838	36,957,363	32,025,800	28,624,257	27,261,380	27,443,175
(18,207,830)	12,632,780	86,965,837	50,651,694	(6,646,976)	45,108,490
611,091,056	598,458,276	511,492,439	460,840,745	467,487,721	422,379,231
$ 592,883,226	$ 611,091,056	$ 598,458,276	$ 511,492,439	$ 460,840,745	$ 467,487,721

WICHITA RETIREMENT SYSTEMS

AVERAGE BENEFIT BY YEARS OF SERVICE
New Retirees by Calendar Year
WICHITA EMPLOYEES' RETIREMENT SYSTEM

For years ended December 31, 2010 through December 31, 2019

	Fiscal Year			
	2019	2018	2017	2016
AVERAGE MONTHLY PENSION BENEFIT				
0 - 5 years of service	$ -	$ -	$ -	$ -
5 - 10 years of service	779	709	1,092	648
10 - 15 years of service	1,196	989	1,332	1,159
15 - 20 years of service	1,986	1,795	2,175	1,915
20 - 25 years of service	2,155	2,291	2,299	2,249
25 - 30 years of service	3,485	2,617	2,395	2,849
More than 30 years of service	3,752	4,020	4,235	3,456
Average for all years of service	2,551	2,573	2,310	2,167
AVERAGE FINAL AVERAGE SALARY				
0 - 5 years of service	$ -	$ -	$ -	$ -
5 - 10 years of service	4,490	4,185	5,807	3,293
10 - 15 years of service	4,403	3,930	4,722	4,226
15 - 20 years of service	4,795	4,422	5,699	4,837
20 - 25 years of service	4,413	4,523	4,609	4,442
25 - 30 years of service	5,817	4,276	3,868	4,419
More than 30 years of service	4,811	5,148	5,425	4,322
Average for all years of service	4,843	4,617	4,971	4,289
NUMBER OF RETIRED MEMBERS				
0 - 5 years of service	-	-	-	-
5 - 10 years of service	5	5	4	7
10 - 15 years of service	11	11	14	15
15 - 20 years of service	5	9	8	8
20 - 25 years of service	7	15	10	13
25 - 30 years of service	5	8	6	7
More than 30 years of service	22	26	10	17
Total for all years of service	55	74	52	67

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ -	$ -	$ -	$ -	$ -	$ 290
746	665	1,164	980	554	-
1,095	950	1,278	921	994	2,852
1,791	1,624	1,621	2,026	1,655	-
1,861	1,957	1,992	2,492	1,853	2,745
2,983	2,230	2,433	2,477	2,435	3,646
4,003	3,217	3,891	3,455	3,187	1,993
2,174	1,921	1,760	2,084	1,844	2,928
$ -	$ -	$ -	$ -	$ -	$ 2,956
3,823	3,206	5,437	3,361	3,110	-
3,617	3,353	4,091	3,472	3,298	5,058
4,546	4,343	3,914	4,541	4,359	-
3,727	4,027	4,288	5,275	4,021	5,100
4,799	4,065	4,397	4,762	4,090	5,134
5,197	4,495	5,388	5,125	4,703	4,269
4,367	4,026	4,409	4,460	3,995	4,839
-	-	-	-	-	1
11	11	8	2	11	-
7	10	17	6	21	2
13	19	12	5	23	-
9	14	6	4	31	2
9	9	7	6	18	7
13	20	4	4	19	2
62	83	54	27	123	14

WICHITA RETIREMENT SYSTEMS

AVERAGE BENEFIT BY YEARS OF SERVICE

New Retirees by Calendar Year

POLICE AND FIRE RETIREMENT SYSTEM OF WICHITA, KANSAS

For years ended December 31, 2010 through December 31, 2019

	Fiscal Year			
	2019	2018	2017	2016
AVERAGE MONTHLY PENSION BENEFIT				
0 - 5 years of service	$ -	$ -	$ -	$ -
5 - 10 years of service	3,379	-	-	-
10 - 15 years of service	-	-	2,744	2,688
15 - 20 years of service	4,196	4,549	2,533	1,895
20 - 25 years of service	3,230	3,861	3,144	3,108
25 - 30 years of service	4,233	4,073	4,320	4,509
More than 30 years of service	4,866	4,359	6,304	4,658
Average for all years of service	3,913	4,116	3,972	4,235
AVERAGE FINAL AVERAGE SALARY				
0 - 5 years of service	$ -	$ -	$ -	$ -
5 - 10 years of service	4,341	-	-	-
10 - 15 years of service	-	-	5,122	5,014
15 - 20 years of service	5,464	5,429	4,726	3,590
20 - 25 years of service	5,931	6,062	5,596	5,586
25 - 30 years of service	6,119	6,196	6,349	6,887
More than 30 years of service	6,488	5,711	7,929	5,917
Average for all years of service	6,026	5,983	6,082	6,055
NUMBER OF RETIRED MEMBERS				
0 - 5 years of service	-	-	-	-
5 - 10 years of service	1	-	-	-
10 - 15 years of service	-	-	1	1
15 - 20 years of service	2	1	5	1
20 - 25 years of service	15	10	7	2
25 - 30 years of service	11	13	14	7
More than 30 years of service	7	11	4	10
Total for all years of service	36	35	31	21

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ -	$ 3,710	$ -	$ -	$ -	$ 290
-	-	3,371	-	-	-
-	1,867	2,254	2,344	2,381	2,852
4,203	1,993	3,930	3,929	3,784	-
3,004	2,971	3,037	3,691	2,983	2,745
4,074	4,212	4,138	-	4,064	3,646
4,589	4,870	4,790	-	4,847	1,993
3,979	3,984	3,697	3,281	3,349	2,928
$ -	$ 4,890	$ -	$ -	$ -	$ 2,956
-	-	4,262	-	-	-
-	5,150	4,065	3,838	3,980	5,058
5,280	4,842	4,961	5,120	4,970	-
5,490	5,132	4,936	5,652	4,704	5,100
5,963	5,698	5,696	-	5,810	5,134
5,824	6,192	6,387	-	6,463	4,269
5,756	5,671	5,337	4,959	4,997	4,839
-	1	-	-	-	1
-	-	1	-	-	-
-	1	3	2	2	2
1	1	1	1	2	-
8	13	10	3	9	2
9	11	20	-	4	7
11	17	2	-	1	2
29	44	37	6	18	14

WICHITA RETIREMENT SYSTEMS

RETIRED MEMBERS BY TYPE AND BENEFIT AMOUNT
WICHITA EMPLOYEES' RETIREMENT SYSTEM

As of December 31, 2019

Monthly Benefit	Active in DROP	Non-Service Disability	QDRO[1]	Service	Service Disability	Survivor	Total
Less than $500	0	1	1	47	0	67	116
500 - 1,000	3	7	5	134	1	62	212
1,000 - 1,500	5	3	2	158	0	57	225
1,500 - 2,000	11	2	0	140	3	44	200
2,000 - 2,500	6	2	1	127	0	26	162
2,500 - 3,000	7	0	1	97	0	5	110
3,000 - 3,500	14	0	0	96	0	5	115
3,500 - 4,000	14	0	0	106	0	0	120
4,000 - 4,500	3	0	0	65	0	0	68
4,500 - 5,000	3	0	0	60	0	0	63
More than $5,000	11	0	0	103	0	2	116
	77	15	10	1,133	4	268	1,507

POLICE AND FIRE RETIREMENT SYSTEM OF WICHITA, KANSAS

As of December 31, 2019

Monthly Benefit	Non-Service Disability	QDRO[1]	Service	Recalc. Service Disability	Service Disability	Survivor	Total
Less than $500	0	2	5	0	0	1	8
500 - 1,000	2	9	6	0	2	27	46
1,000 - 1,500	3	7	42	1	0	34	87
1,500 - 2,000	0	1	85	0	0	44	130
2,000 - 2,500	0	1	125	3	0	40	169
2,500 - 3,000	0	0	102	3	2	19	126
3,000 - 3,500	0	0	88	6	7	1	102
3,500 - 4,000	0	0	90	13	8	3	114
4,000 - 4,500	0	0	71	26	13	1	111
4,500 - 5,000	0	0	65	6	2	1	74
More than $5,000	0	0	68	6	2	1	77
	5	20	747	64	36	172	1,044

[1] Qualified Domestic Relations Order

Agenda Item No. II–9

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council Members

SUBJECT: United States Postal Inspection Service (USPIS) Asset Seizure and Forfeiture Fund

INITIATED BY: Wichita Police Department

AGENDA: Consent

Recommendation: Approve the United States Postal Inspection Service (USPIS) Asset Seizure and Forfeiture Fund.

Background: The Wichita Police Department will utilize the USPIS Asset Seizure Fund to fund various police operations. The Asset Seizure and Forfeiture fund consist of monies from the United States Postal Inspection Service resulting from investigations into illegal enterprises associated with the US Postal Service. After the judicial process is completed, awarded funds are issued to the Department. The Wichita Police Department will adhere to stringent Federal and State equitable sharing guidelines in the accounting and use of the USPIS Asset Seizure and Forfeiture Fund.

Analysis: The budget for the USPIS Asset Seizure and Forfeiture fund is adopted to permit the expenditure of funds forfeited to the Wichita Police Department. Federal and State regulations require separate accounts for assets forfeited under different forfeiture programs.

Financial Considerations: As of September 18, 2020, the USPIS Asset Seizure and Forfeiture fund had $57,522 in awarded funds. The current balance along with any additional allocations received in this year and future years will be used to purchase law enforcement equipment and professional services.

Other Professional Services	$ 10,000
Police Equipment	$ 47,522
Total	$ 57,522

Legal Consideration: Federal and state laws require local units of government to use forfeited assets to supplement the funds dedicated to law enforcement and prohibit substituting local funds with forfeited assets.

Recommendation/Action: It is recommended that the City Council adopt the USPIS Asset Seizure and Forfeiture Fund Budget.

Attachment: None.

Agenda Item No. II-10

City of Wichita
City Council Meeting
October 6, 20120

TO: Mayor and City Council

SUBJECT: Annual Report for Stryker Multi-Sport Youth Complex (District II)

INITIATED BY: Economic Development

AGENDA: Consent

Recommendation: Receive and File Annual Report.

Background: In 2017, the City received STAR bonds to improve the former Stryker soccer complex located in northeast Wichita. The renovations included 11 competition quality artificial turf fields that could be utilized for a variety of youth sports. Opened in late spring and early summer of 2019, the facility saw strong success in attracting local activity but especially regional and out- of- state youth sport tournaments. As required in the management agreement, the Wichita Sports Forum Stryker Group has provided the 2019 Annual Report. The report covers the period from late April through December 2019.

Analysis: The facility is designed to be used for many different sports. In just the first year, the facility hosted soccer, football, flag football, ultimate Frisbee, baseball, softball, lacrosse, rugby and teqball. These were primarily at youth levels, but college, adult and professional level sports activities were also held generating much attention. In this first partial year of operation Stryker saw about 30% of sports leagues teams come from outside of the region and greater than 40% of the tournament play teams. On average, the facility estimated that on weekends during leagues or tournament play, attendance (players, coaches, and spectators) ranged from 8,000-10,000. For the 2019 year, Stryker estimates just over one million attendees visited the facility either as a player, coach, official, family, or spectator. In looking at the unique out- of- state attendance and out-of-region attendees, the attendance is estimated to be 140,000. Based on the Wichita State University economic study conducted as part of the original STAR bond application, the per person sales tax impact (state, city and county) is $25.814, which resulted in a 2019 total economic sales tax benefit of $3,613,996. A detailed financial breakdown is provided in Financial Consideration section below.

Financial Considerations: No impact on filing Annual Report. A detailed sales tax generation breakdown is provided in the chart below.

	WSU-projected	WSU-projected	WSU-projected	2019-actual
Attendance	55,000	68,750	82,500	140,000
Annual Economic Impact	$ 14,960,000	$ 18,700,000	$ 22,440,000	$ 38,080,000
				$ -
State of Kansas	$ 977,674	$ 1,220,774	$ 1,463,874	$ 2,484,150
City of Wichita	$ 401,062	$ 501,210	$ 601,359	$ 1,020,488
Sedgwick County	$ 43,039	$ 53,741	$ 64,443	$ 109,358
Total	$ 1,421,775	$ 1,775,725	$ 2,129,676	$ 3,613,996

Legal Considerations: NA.

Recommendation/Action: It is recommended that the City Council receive and file the Annual Report.

Attachments: Annual Report.

STRYKER SPORTS COMPLEX UPDATE
July, 2020

City of Wichita,

Despite the nation's current COVID challenges, it is a great day to be living in Wichita, KS. Activity at Stryker Sports Complex is busy and getting busier by the day. On behalf of the WSF/Stryker team, I want to give an update regarding where we have come from and more importantly where we are going. Let's start by looking all the way back to the first talks regarding Stryker. Over 4 years ago in Spring of 2016 a lot of hard work by many people began and brought us to where we are today with what we believe to be one of the best sports complexes in the nation.

Fast forward to July of 2018, the Wichita Sports Forum began officially hiring staff to ensure a strong opening season. More staff was brought in September and October anticipating a January 1, 2019 opening. For many reasons construction was delayed which in turn delayed opening of the complex to the public. Contractors and the City alike worked hard to make the best of it and enable WSF to hold as many events as possible during that time. A final C.O. (certificate of occupancy) was achieved in mid-2019. A quick tour around the complex will prove to anyone that many people / companies took great pride in producing a first-class product.

The late spring 2019 season had many successes but also left room for improvement in areas as well. The inaugural spring soccer league (WRSA) at Stryker was a success with approximately 240 teams participating. Teams from all over the mid-west from as far as Texas, Oklahoma, Iowa, Missouri, and Nebraska participated. The overwhelming response from parents and participants was that we were on the right track to provide a fun, safe and competitive sporting environment while understanding the final stages of construction of the facility were still being completed. Stryker staff, along with State organizations, organized many officiating camps and clinics to help train up good quality referees and coaches for this region and to keep up with the increasing level of competition. Since the spring 2019 opening, we have seen our league grow to 360+ teams! The league continues to include teams traveling in from out of town and out of state to participate.

Unfortunately, during the first few months of 2019, while Stryker was delayed in construction, many teams were making their 2019 tournament season decisions. This delay hurt attendance with the spring tournament series because teams were not sure if the facility was going to be open. The uncertainty of having facility ready to play resulted in the need to cancel several tournaments due to lack of teams. From that time to present we have worked very hard to communicate to the region, nation, and world that the Stryker complex is open and that this first-class facility is ready for play. We believed that it would take a minimum of a full year to fully recover from the facility's opening setback. This 2020 recovery was on track to exceed all expectations but, unfortunately, all of the great momentum we had generated leading into the 2020 year was suddenly stifled by the COVID pandemic. Due to COVID, the spring 2020 youth league, spring Stryker Tournament series as well as all other programming was cancelled.

The Stryker Sports Complex would not even be possible if it were not for the vision and generous donation of the property by Barry Downing and Kevin Mullen in the name of Tommy Peckham many years ago. Through this donation, Mr. Mullen's group were promised specific usage rights each year. Presently, Mr. Mullen has identified that Kapaun Mt Carmel High School would be provided his usage

rights for 15 nights a year annually to be used for primarily for men's and women's soccer. If dates remained, the football team would also have the ability to use the championship field. The Kapaun girl's soccer team were the first to take advantage of this time in the spring of 2019 and then the boys' soccer team enjoyed playing there fall of 2019 as did Kapaun football.

We are currently working with KSHSAA (Kansas High School Athletic Association) regarding the status of the Fall 2020 HS sports season in relation to COVID. In addition to Kapaun, several other area middle schools and high schools have utilized Stryker since it's opening. Many of these schools would not have the ability or funding to have a field of this caliber on their own but now with Stryker they can practice and compete on the highest quality of fields. In fact, because of the unrivaled quality of the Stryker Sports Complex, Wichita was awarded the honor to host the 4A State HS Boy's and Girl's State Soccer Championships last fall and will continue to do so moving forward!

Soccer has not been the only sport utilizing the fields at Stryker these past eight months. Other sports for both youth and adults include American football, flag football, lacrosse, ultimate Frisbee, baseball and softball. Wichita Sports Forum, LLC has invested several hundred thousand dollars in providing the needed equipment to operate a facility of this magnitude. Included in that is equipment to not only paint lines on turf fields but also remove that same paint enabling these fields to be used by many different sports teams and in some cases in the same weekend. This purchase became necessary after many attempts to outsource this painting and removal proved too expensive for clubs and teams to afford.

Obviously much of our focus is to drive regional and national traffic to Wichita. During and post COVID this has been and will be increasingly tougher and tougher with travel restrictions and the overall sentiment regarding travel in general by families that represent teams. The numbers below represent 2019.

2019 By the Numbers
League Play:
Total of +/- 600 teams for Spring and Fall combined
Approx. 30% from outside the Wichita Metro Area

Tournament Play:
Approx. 200 of 450 teams from out of region

Traffic:
Weekend in-season traffic: 8,000 - 10,000 players, coaches and spectators
The complex is literally in use in one fashion or another 7 days a week and +/- 350 days a year minus major holidays.

This is not an exhaustive list but below are a few of the great events that Stryker has already or will play host to in the coming months.

WRSA Youth League - The 2019 spring inaugural season of the Stryker Wichita Regional Soccer Association Youth League was a massive success with 240 teams participating in a 9-week league that extended through May. All age groups enjoyed 8 games of excellent competition. Since then the league has expanded to 360+ teams for the Fall 2019 season which was a great success. The Spring 2020

season was completely cancelled, and the Fall 2020 season is projected to rebound to approx. 360 teams and will begin August 14.

WRSA Youth Winter League – This winter season solely utilizes the indoor building. No other city within hundreds of miles of Wichita can, or does, offer full sided 11v11 games indoor to the masses. Stryker also services the 9v9 and 7v7 age groups within the league. Coaches, players can now play the traditional game of soccer year around instead of having to play an altered version of the game because of other facility's inadequacies. During the winter months you will only see smiling faces inside the gem of Stryker. Coaches, players and spectators of all sports from around the region are all too happy and thankful to play in a wonderful climate-controlled environment throughout the winter.

Tournaments – With Spring and Fall 2019 combined, Stryker was able to still host 5 of the anticipated 8 tournaments. Additionally, the facility was rented out for to a 3rd party who hosted 2 of their own tournaments, one in the spring and one in the fall. More than 450+ teams participated in these 3-day events and stayed in local hotels ate at local establishments and shopped local stores. The pandemic cancelled all of the Stryker Spring Tournament Series and scheduled outside rental events. We are prepared and plan to host / operate a full fall 2020 tournament calendar unless restricted to do so.

Stryker Stadium - The Stryker stadium has seen many fantastic events since opening in March of 2019. Just to name a few events: Sporting KC vs OKC Energy, NAIA Conference and Regional Championship, NJCAA Regional Championships, KSHSAA State Championships, HS Football games, a collegiate pre-season league, a neutral site for colleges to meet at and play, and many more! The Stryker Team's hard work in promoting the facility and the City of Wichita is paying off. Coming November of 2020 Stryker will host it's very first National Event. The NJCAA National Soccer Championship for both the Men and Women will be held in Wichita, KS at the Stryker Sports Complex. Truly a historic event where a National Champion will be crowned.

Midweek Youth Events & Practices - 11 of the 11 fields are booked M-TH 5pm-10pm through the end of the year with some fields booked starting as early as 3:30pm.

College Women's League - Stryker has nurtured relationships with local colleges of all affiliations to the extent that we are host to a Women's College Soccer league comprised of 6 NJCAA Women's teams not to mention becoming a second home to colleges/universities who want a perfectly lit playing surface when their own facilities aren't playable for one reason or another.

KSYSA Coaching Clinics - The State of KS Youth Soccer Association frequently comes to Stryker to put on classes designed to educate youth coaches and allow them to test in order to reach the next level of classification. Additionally, the state has utilized Stryker as referee recruitment and education. This helps improve the quantity of referees we have as well as improves the quality of officiating we can provide those that participate in Stryker programming.

Stryker Adult Soccer League - Adult league includes both men's and women's leagues. These leagues play year around and the results are excellent! Adult soccer leagues play every week for 8 weeks and continues throughout the year and recently expanded to offer both recreational and competitive leagues.

Lacrosse - The Adult and Youth Lacrosse Associations are currently renting field time on a weekly basis at Stryker for practices, scrimmages and games. The lacrosse goals are in place and their field lines are

painted with turf approved paint. The Stryker team is working with area lacrosse teams as well as national organizations to bring regional competition of this growing sport to our area.

Adult Flag Football - Stryker hosted an Adult Flag Football League in the spring of 2019 that was very fun to watch!

Ultimate Frisbee – These groups are loving Stryker both inside and outside and will be continuing to utilize it for regional events going forward. They particularly enjoy the indoor building because it offers the perfect playing environment to allow a true flight unaffected by the Kansas wind.

Baseball and Softball – Winter of 2019 saw teams and clubs take notice of Stryker and play in the first ever indoor baseball and softball tournaments hosted at Stryker. These events were a resounding success! Local and regional clubs, high schools and colleges have taken notice of the indoor facility and its potential to host camps, clinics, indoor games and tournaments. These events have generated a new level of excitement to draw great regional competition to this area for sports that are typically limited to spring and summer.

Rugby – Plans for a rugby tournament fell though for the spring of 2019 but our hopes are to continue that relationship and have many regional rugby matches out at Stryker in the future.

Sporting KC Youth Camp - SKC frequently travels to Wichita to rent Stryker to host their youth camps. Their registration matrons are great and the SKC coaches were very complimentary about the complex.

RUSH Soccer Club Camps - The Rush SC is operating their youth camps throughout the summer at Stryker pulling athletes from all over KS and OK.

Alliance Youth Camps - This is a youth club camp provider that frequently rents 1-2 fields for their youth soccer camps.

HS Boys & Girls Soccer - Stryker plays host to multiple HS soccer games throughout the year. Pre-season friendlies, practices and sanctioned competitions are a regular site at Stryker. The facility has a fantastic working relationship with KSHSAA that will see more of the high school divisions play their playoff games in Wichita as well as potential expansion to HS Football Championship events once the stadium amenities can be increased to include showers, additional press boxes and locker rooms.

HS Football Games – Stryker started hosting USD 259 HS Football this Fall. The Fall 2020 football dates are confirmed and we are ready for some Friday Night Lights!

KSYSA State Tournaments - Stryker is working with the State to finalize an agreement to host the Kansas State Cup Tournament play-in games, state sponsored events and Olympic Development Program training in the fall of 2020.

KSHSAA State Tournaments - The Kansas High School Athletic Association and Stryker have agreed that Stryker will host the 4A State Championships for 2020 through 2021. Moving forward the state believes that more classes of state championships will be played at Stryker.

NJCAA Region 6 Tournaments - Region 6 of the NJCAA and Stryker have agreed that Stryker will host the Region 6 Regional soccer tournament 2020 through fall of 2021. Stryker saw both the men's and women's champion crowned fall of 2019.

NCAA and NAIA – Much time and effort is currently being devoted to talks / negotiations with people in both of these groups to set the stage for major college competition to come to Stryker.

Winter Youth Soccer Camps - Utilizing the uniquely sized indoor building, Stryker will host multiple regional youth soccer camps this fall and winter.

In additional to what has already been mentioned, because of the uniqueness of the full-size indoor facility, the Stryker marketing team has been busy communicating to regional and national clubs and independent teams of all sports, from all over the region to travel to Wichita to utilize the facility during the cold winter months. Response has been great.

Adult State Championship Tournament - Stryker and the United States Adult Soccer Association have finalized the agreement for Stryker to host the Adult State tournament for the foreseeable future. This event will see many adult teams traveling to Wichita to participate in the event, stay at hotels, and visit local restaurants and shops.

LaLiga from Madrid - The Stryker management team doesn't stop its marketing efforts at the coast. Stryker and the internationally famous professional soccer league from Spain are currently negotiating making Stryker a prime location for LaLiga to host soccer camps during the Winter 2020 months and throughout 2021. The administration and coaches will be flying in from Madrid to visit the facility and city as soon as it is safe to travel internationally.

Stryker Referee Program – Seeing a growing need for good quality refs, Stryker has designed and implemented a referee development program that recruits new refs, educates/trains them with scheduled classes and then utilizes them in league and tournament games.

Professional Opportunities – The Stryker Team with its vast sporting relationships has worked hard and closely with professional soccer leagues such as the MLS and the USL to establish Stryker as a neutral site for friendly/preseason games. This past February Stryker hosted the Sporting KC vs OKC Energy game. The game was negotiated to be free to the public and the turn out was great. Both team's ownership were impressed by the stadium and the complex as a whole so much that they asked to engage in discussions about creating a USL pre-season tournament at Stryker. We are working on that as we speak.
Stryker has also established open lines of communication with the leagues themselves. The USL league is interested in finding a way to promote and establish second tier professional soccer in Wichita. Stryker management is assisting them in their research.

Teqball – Stryker is in on the ground level of the movement to introduce Teqball in the USA. Teqball is ping pong with a soccer ball but you can't use your hands and is already being played around the world. There is a special table specifically designed for the game and it can be played 1v1 or 2v2. Stryker staff is working the with the inventors of the game out of Los Angles to promote it, establish a regional league and tournaments at Stryker to ultimately host the mid-west qualifier for nationals.
It is the ultimate goal of the game's inventors to get it accepted as an Olympic sport and have it be included in the 2028 Olympics held in Los Angles. Great traction has been gained with political and

Olympic Committee support of the game being considered for the games and we are very excited to be a part of the process.

Visit Wichita – Has proven to be a great ally of Stryker. Stryker and Visit Wichita work hand in hand to highlight the City of Wichita and all it has to offer as well as bidding to host events that draw tourism dollars to the area. We look forward to a continued, unified and orchestrated effort to bring big events to Wichita.

Complex Growth Challenge/Opportunities:

The Stryker management team is constantly out recruiting major regional, national and international events to come to Wichita and host their event at Stryker. As you can imagine, most of these events have a list of requirements that must be met in order to come to Wichita. As we continue to look to improve the customer experience and the capabilities of the facility there are some things the facility needs in order to meet the minimal requirements of regional, collegiate and national tournament events. It is vital that we consider these immediate future improvements to be in contention for hosting big events. A few of these items include:

- **Protective Netting:** Protective backstop netting on the ends of the soccer fields, specifically behind the goals are needed to keep balls from flying into active play on other adjoining fields and keep balls and youth from going into dangerous areas such as the retention pond or climbing perimeter fencing to get their soccer balls. Potential regional / national tournament providers are consistently asking and showing concern that these nets are not in place.
    - The same backstop netting is needed for the stadium field for both the soccer goals and the football uprights. During the HS football season this fall, one of the games was delayed because the footballs had all been kicked out of the stadium. A backstop netting to catch them would immediately rectify the situation.

- **Stadium Press Box:** The current size is usable by only one team if the actual press, game announces and score board controllers sit on top of each other. Ideally, it needs to be enlarged by possibly adding another press box on each side of the existing press box or adding another level on top of the existing one. Presently, the visiting team sets up on the roof of the press box in the elements in what is loving referred to as the "crow's nest." Again, this is always a point of conversation and issue when we are out trying to attract major national events to Stryker.

- **Stadium Grandstand Lighting:** The center sections of the main grandstand on the north side of the stadium are extremely dark and pose a serious safety hazard for spectators ascending and descending the stairs.

- **Locker Room Showers:** Many of the collegiate and national events Stryker, in partnership with Visit Wichita, are seeking to attract require showers onsite. Without them Stryker cannot, and will not, be considered in any capacity as the facility does not meet the minimal required amenities. In analyzing the current locker rooms layouts, the addition of showers could be added under the bleachers connected to the current locker rooms. Not only do the players' locker rooms need showers but the referees do as well.

- **Stadium Locker Room AC units:** The stadium locker rooms do not have any air conditioning in them. We have events that call for stadium and locker room use during the late spring through the fall when temperatures can be in the upper 90s to 100 degrees. Teams will avoid using the locker rooms as the temperature is hotter inside them than it is outside. Ultimately, we want the facility to maximize its effectiveness and have teams that play here singing its praises far and wide…not commenting on its limitations.

- **Additional Locker Rooms & Showers:** Stryker only has two locker rooms under the grandstand of the stadium which is great for an event where only two teams are competing. The vast majority of the large regional and national events we are pursuing will have far more teams competing over days and even over an entire week in back to back competitions. This means that there is always a log jam of teams. There are the teams that just finished playing still occupying the locker rooms, the teams getting ready to play who need the locker rooms and then the teams who are arriving to play the following game. Per the requirements to be considered for hosting these events, 6 locker rooms are the minimum.

- **Facility wide intercom.** Currently there is no safe way to inform the public/visitors throughout the entire facility, on every field, of any safety issues at one time. Hazardous weather (lightning/tornado/hail), delays/cancelations or an active shooter situation are just a couple of reason for this request. The way that Stryker staff now must address these situations are not only inefficient but put them at risk or injury, or worse, themselves. Without the intercom it is simply impossible to inform everyone in the 52 acre complex of a situation.

COVID Impact:
WSF / STRYKER, as have most businesses during COVID, have been hit very hard by the closures, restrictions and the overall fear that most families now have regarding group activities and travel. As mentioned above, our 2020 Spring league, tournament and major event season was ripe with potential stemming from months of hard work only to be cut short and canceled from the forced shutdown. From March to July we had to lay off most of our staff to weather the storm and keep only management around to make sure that when the clouds lifted we were ready to bounce back as best we could. Communication with local, regional and national sporting groups was weekly if not daily for much of this time. Sports have proven to not be a major spreader of this virus here in Wichita, a fact that has been proven by our communication with and reports by KDHE. Having said that, safety and taking the needed and recommended precautions were very important to us. We have established great lines of communication with all of our clubs, teams, parents, coaches and individuals which enabled us to effectively and efficiently communicate the ever changing restrictions placed on sports games and practices. We continue to be in constant contact with these groups to do our part to ensure sports continue during the upcoming months. Even though Stryker is mainly an outdoor complex, our cleaning / disinfecting operations for the indoor facility and other high tough areas around the complex has been modified extensively for the times we live in. We have also added a COVID-19 tab to our website with all the up to date complex guidelines that must be adhered to for coaches, players and spectators.

Regional and National travel for business, pleasure and sports will be a topic of conversation for many months. It may be 12-24+ months before we truly understand and realize the almost instant change COVID has had and continues to have on the travel habits of all these groups. What used to be a norm may not / will not be same for the future. As anyone can see by the past, present and future activity included in this report, Stryker's focus has been and will remain on doing our best to draw regional and

national participants to our City. Having said this, please note that the world we live in has drastically changed since this project began and thus so has the ability to draw as many outsiders in to any other city regardless of the location of that complex.

All in all, the Wichita Sports Forum / Stryker management team is excited about the future of the Stryker Sports Complex for the City of Wichita. We are focused and determined to put Stryker and the City of Wichita on the regional, national and even international sports "map" drawing quality competition / events from literally all over the world to our city. The City of Wichita and community have a lot to be proud of and we are honored to play our part in its success. Having said that, we would like to extend an invitation to tour Stryker Sports Complex to all City Council Members and any other City of Wichita official.

Thank you!

Agenda Report No. II-11

City of Wichita
City Council Meeting
October 6, 2020

TO: Mayor and City Council

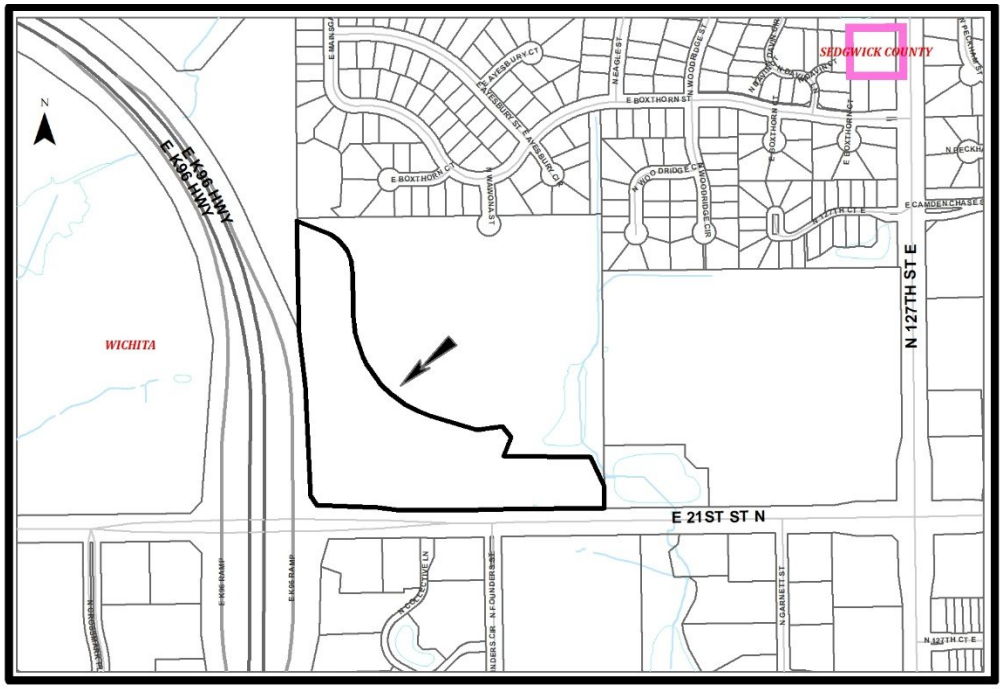
SUBJECT: SUB2020-00027 -- Plat of NewSpring Commercial Addition Located on the Northeast Corner of East 21st Street North and East K-96 Highway (District II)

INITIATED BY: Metropolitan Area Planning Department

AGENDA: Planning (Consent)

MAPC Recommendation: Approve the plat (10-0).

Staff Recommendation: Approve the plat.



Background: The site consists of eight lots on 14.37 acres. A zone change (ZON2020-00009) has been approved from SF-5 Single-Family Residential to LC Limited Commercial. The NewSpring Commercial Community Unit Plan (DP-354) was also approved for the site.

Analysis: The applicant has submitted a Certificate of Petition for sewer, water and traffic improvements. The applicant has submitted an Encroachment Agreement. The applicant has submitted a Grant of Joint Access Easement. The applicant has submitted a Notice of Community Unit Plan (CUP) identifying the approved CUP and special conditions for development. The applicant has submitted a Restrictive Covenant to provide for the ownership and maintenance responsibilities of the reserves being platted. The applicant has submitted a financial guarantee and a Restrictive Covenant to assure that the private street will be constructed to a public street standard. The applicant has submitted a Drainage and Utility Easement.

The plat has been reviewed and approved by the Metropolitan Area Planning Commission subject to conditions.

Financial Considerations: There are no financial considerations associated with the plat.

Legal Considerations: The Law Department has reviewed and approved the pertinent documents as to form and the documents will be recorded with the Register of Deeds.

Recommendations/Actions: It is recommended that the City Council approve the documents and plat and authorize the necessary signatures.

Attachments: Certificate of Petition
Encroachment Agreement
Grant of Joint Access Easement
Restrictive Covenants
Notice of Community Unit Plan
Drainage and Utility Easement

CERTIFICATE OF PETITION

STATE OF KANSAS)
COUNTY OF SEDGWICK) SS:

We, NewSpring Church, Inc., a Kansas corporation, owners of NEWSPRING COMMERCIAL ADDITION, Wichita, Sedgwick County, Kansas, do hereby certify that petition(s) for the following improvements have been submitted to the City Council of the City of Wichita, Kansas:

1. Sanitary Sewer Improvements
2. Water Improvements
3. Right Turn Decel Lane Improvements

As a result of the above-mentioned petition(s) for improvements, all lots or portions thereof within NEWSPRING COMMERCIAL ADDITION, may be subject to special assessments assessed thereto for the cost of constructing the above-described improvements.

Signed this 28th day of August, 2020.

NewSpring Church, Inc.

By: _____
Billy W. Poore, Treasurer

STATE OF KANSAS)
COUNTY OF SEDGWICK) SS:

BE IT REMEMBERED, that on this 28 day of August, 2020, before me, the undersigned, a Notary Public, in and for the County and State aforesaid, came Billy W. Poore, as Treasurer of NewSpring Church, Inc., a Kansas not-for-profit corporation, personally known to me to be the same person(s) who executed the within instrument of writing and such person(s) duly acknowledged the execution of the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

Notary Public

My Appointment Expires: 04-21-2022

TRISHA WOODBURY
NOTARY PUBLIC
STATE OF KANSAS
My Appointment Expires:
04-21-2022

ENCROACHMENT AGREEMENT
EA 2020-15

THIS ENCROACHMENT AGREEMENT, made this 28th day of August, 2020, by and between NewSpring Church, Inc., a Kansas not-for-profit corporation, party of the first part (hereinafter referred to as "Owner") and the City of Wichita, party of the second part (hereinafter referred to as "City").

WITNESSETH:

WHEREAS, the public has been or will be granted easements within the boundary of NewSpring Commercial Addition, either by virtue of the plat or separate instrument (hereinafter referred to as "Easements"); and

WHEREAS, Owner desires or may desire to construct private improvements within said Easements (hereinafter referred to as "Improvements");

NOW THEREFORE, in consideration of the premises and the several mutual and reciprocal promises of the parties, it is agreed as follows:

(1) City hereby agrees to allow Owner to construct Improvements without footings within said Easements limited to pavement, concrete slabs, pavers and landscaping including irrigation systems and berms, and trash enclosures (non-structural fence only), provided that no Improvement shall cause a waterline within Easements to be buried in excess of seven feet, nor cause an existing manhole to be deeper than allowed by its diameter per City Specifications;

And to construct Improvements with footings within said Easements limited to light poles (including electrical conduit, perpendicular to easement, directly to light pole), signs and non-structural fenceposts, provided that a minimum of five horizontal feet of clear space is maintained between all said footings and the outside of the nearest utility pipe when measured horizontally. Masonry walls may cross Easements provided all footings are outside the Easements.

Any manholes, valves, meters and/or fire hydrants buried by Improvements shall be adjusted to grade at the expense of Owner with engineered plans approved by the City Engineer. No Improvements may obstruct surface drainage.

Improvements other than indicated in this Agreement require a separate Use of Easement permit as per Title 10 of the City Code including the annual usage fee and insurance requirement.

(2) Owner covenants and agrees that it will not begin construction of any Improvements with footings, trash enclosures, or berms without first submitting an **Encroachment Exhibit** including plan, profile, footing detail and specifications for such Improvements to the City Engineer for approval by the City Engineer and all franchised utilities. An **Encroachment Exhibit Submittal Form** shall accompany the Exhibit. The City Engineer and franchised utilities reserve the right to require adjustments to locations of Improvements. Owner further covenants and agrees that City, its successors and assigns, shall have no responsibility or obligation for the maintenance or repair of any Improvements, with or without footings. In the event that the Improvements are in need of repair, **Owner shall be responsible for the cost of any maintenance, reconstruction, and/or repair of any Improvements including pavement**. An Encroachment Exhibit shall be submitted to the City Engineer's Office for each encroachment instance.

(3) In the event that any utility permitted within Easements is planned for construction or requires repair and/or maintenance and the same construction or repair is determined by the City Engineer to be impossible or impractical due to the presence of Improvements, Owner shall be obligated to (a) allow City to damage or remove by the best practices of the construction industry, any Improvements within said Easements; (b) remove Improvements and clear Easements; or (c) pay the costs of tunneling under Improvements to allow for construction, repair and/or maintenance of the permitted utility. After being notified by City of the planned repair, maintenance or construction, Owner shall have fifteen (15) days to notify City of its option. If removal of the structure is selected, then Owner shall have 30 days from the date in which the Owner communicated its slectedtion to the City to complete the removal of said Improvements. If Owner fails to remove Improvements or agree to pay the costs of tunneling under Improvements within thirty (30) days, City may remove or damage any Improvements within Easements, with Owner being responsible to pay the costs to remove and replace that portion of Improvements within Easements. The time to select an option or remove Improvements may be extended by City in writing. City is not obligated to repair or replace Improvements.

(4) In the event of an emergency or situation in which extensive notice is not feasible, that requires a repair and/or maintenance of any permitted utility within Easements, and the same repair and/or maintenance is determined by the City Engineer to be impossible or impractical due to the presence of Improvements, City may damage or remove by the best practices of the construction industry, Improvements within Easements, with the Owner being responsible to pay the costs to remove that portion of Improvements within Easements. City is not obligated to repair or replace Improvements including pavement.

(5) Owner agrees to protect and indemnify City and adjacent property owners against any increased cost related to new extensions for future development or service connections that may accrue to them due to the necessity of construction of greater distance to avoid conflicts with any Improvements that may be built within Easements. In the event Owner fails to provide such indemnification, Owner agrees that City may charge any cost incurred by the greater distance against the property of Owner.

(6) Owner agrees to indemnify and hold harmless City from any and all claims for personal injury and/or property damage resulting from the leaking, cave-in or failure of that portion of said utility within Easements for which injury and/or damage is caused by the presence of Improvments. Owner hereby releases City from any and all claims that it might have for property damage caused by work performed by City, or its employees, agents and

contractors, in connection with the inspection, repair and/or maintenance of the Easements.

(7) **Owner agrees to pay the current Easement Use Permit application fee** per Title 10 of Municipal Code for Improvements with footings and trash enclosures for each Encroachment Exhibit submitted. There will be no recurring annual fee or insurance requirements for the encroachments allowed by this Agreement.

(8) The provisions contained herein are to be construed as covenants running with the land and may be enforced against any titleholder of the within described premises, so long as Improvements contemplated by this agreement are in existence.

(9) This document creates a temporary, non-exclusive interest in real property and is not a construction contract governed by K.S.A. 16-121 as amended.

IN WITNESS WHEREOF: The parties hereto have caused these presents to be executed in their names the day and year set forth above.

OWNER
NewSpring Church, Inc.

By _____
Billy W. Poore, Treasurer

STATE OF KANSAS, SEDGWICK COUNTY, ss:

BE IT REMEMBERED, that on this 28 day of August, 2020, before me, a Notary Public, in and for said county and state aforesaid, came Billy W. Poore, as Treasurer, of NewSpring Church, Inc., a Kansas not-for-profit corporation, to me personally known to be the same person(s) who executed the within and foregoing instrument and duly acknowledged the execution of the same as the authorized act and deed of the Corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal, the day and year last written.

_____
Notary Public

My Appointment Expires: 04-21-2022

TRISHA WOODBURY
NOTARY PUBLIC
STATE OF KANSAS
My Appointment Expires:
04-21-2022

CITY ENGINEER

for _____
Gary Janzen, P.E.

GRANT OF JOINT ACCESS EASEMENT

WHEREAS, NewSpring Church, Inc., a Kansas not-for-profit corporation, is the owner of the real property hereinafter described:

Lots 7 and 8, Block A,
NewSpring Commercial Addition
Wichita, Sedgwick County, Kansas

and

WHEREAS it is determined that it is in the best interests of the parties and their successors and assigns that a certain common easement, as hereinafter described, be established and conveyed for the use and benefit of all the parties hereto, their successors, assigns, and licensees.

NOW, THEREFORE, be it known that the undersigned does hereby grant and convey for itself, its successors, grantees, licensees and assignees in interest, the right to use for ingress and egress the joint access easement as are hereinafter set forth.

Joint access easement for ingress and egress to Lots 7 and 8, Block A, NewSpring Commercial Addition, from 21st Street North, over and across the following real estate:

The east 15.00 feet of the south 52.00 feet of Lot 7, Block A, Newspring Commercial Addition, Wichita, Sedgwick County, Kansas, TOGETHER with the west 15.00 feet of the south 52.00 feet of Lot 8 in said Block A.

It is agreed that such easement shall be a perpetual easement until and unless amended, revoked, or released by all of the parties in interest or their successors or assigns and that the same shall be a covenant running with the land and shall be binding upon the grantors herein, their grantees, their heirs, assigns, licensees, successors, and assignees in interest.

It is further contracted and covenanted that such easement shall be for driveway, ingress, and egress purposes and such easement shall not be used for parking purposes or utilized in any manner so as to impede or inconvenience the use of such easement for the purposes herein set forth. Maintenance of said easements shall be in the mutual interests and responsibilities to all parties interest and their successors, heirs, and/or assigns.

In testimony whereof the undersigned has set their hands this 28 day of August, 2020.

NEWSPRING CHURCH, INC.
a Kansas not-for-profit corporation

By: _____
Billy W. Poore, Treasurer

STATE OF KANSAS)
SEDGWICK COUNTY) SS:

BE IT REMEMBERED, that on this 28 day of August, 2020, before me, the undersigned, a Notary Public, in and for the County and State aforesaid, came Billy W. Poore, as Treasurer of NewSpring Church, Inc., a Kansas not-for-profit corporation, personally known to me to be the same person(s) who executed the within instrument of writing and such person(s) duly acknowledged the execution of the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

_____
Notary Public

(My Appointment Expires: 04-21-2022)

TRISHA WOODBURY
NOTARY PUBLIC
STATE OF KANSAS
My Appointment Expires:
04-21-2022

RESTRICTIVE COVENANT

THIS DECLARATION is made this 28th day of August, 2020, by NewSpring Church, Inc., a Kansas not-for-profit corporation, hereinafter called "Declarant",

WITNESSETH

WHEREAS, Declarant is the owner of the following described property:

NEWSPRING COMMERCIAL ADDITION
Lots 1 through 8, Block A

WHEREAS, Declarant is desirous in connection therewith that various provisions for the maintenance and responsibility for the maintenance be placed of record for Reserves "A" and "B", NewSpring Commercial Addition, Wichita, Sedgwick County, Kansas.

NOW, THEREFORE, Declarant hereby declares and covenants:

1. Reserve "A" is hereby reserved for open space, landscaping, berms, lakes, drainage purposes, signage, and utilities as confined to easements.

Reserve "B " is hereby reserved for open space, landscaping, entry monuments, berms, a private street, drainage purposes, signage, and utilities as confined to easements.

No regrading within abutting rights-of-way shall be allowed with the construction of the berms allowed within Reserves "A" and "B".

2. Reserves "A" and "B" shall be owned and maintained by the Owner of Lot 1, Block A, Messiah Baptist 4th Addition, Wichita, Sedgwick County, Kansas.

3. That the owners hereby grant an irrevocable easement to whichever appropriate governing body or authority has jurisdiction, to enter upon the Reserves, as defined, for the purposes of maintaining such Reserves. This easement is conditioned upon the following event or events happening:

A. That the Declarant or the Lot Owner, as may be appropriate, has failed to maintain the reserves in a reasonable and prudent manner.

and,

B. That the appropriate governing body has given written notice to the Declarant or the Lot Owner and neither entity has responded in initiating corrective action within thirty (30) days of such notice. If the governing body has taken action to maintain the reserve under this covenant, the Declarant or Lot Owner shall pay promptly the costs expended. If the costs are not paid within thirty (30) days of the rendering of an account, the costs shall be considered an assessment against Lots 1 through 8, Block A, in NewSpring Commercial Addition, and shall be considered a lien thereon and be treated in the same manner as a special assessment.

This covenant shall be binding on the owner, their heirs, or successors or assigns and is a covenant running with the land and is binding on all successors in Lots 1 through 8, Block A, in NEWSPRING COMMERCIAL ADDITION, Wichita, Sedgwick County, Kansas.

The covenants, conditions, and restrictions on the property created and established in this instrument may be waived, terminated, or modified only upon written consent of the City of Wichita. No such waiver, termination or modification shall be effective until such written consent is recorded in the office of the Register of Deeds for Sedgwick County, Kansas.

EXECUTED the day and year first written.

NewSpring Church, Inc.

By: _____
Billy W. Poore, Treasurer

STATE OF KANSAS)
COUNTY OF SEDGWICK) SS:

BE IT REMEMBERED, that on this 28 day of August, 2020, before me, the undersigned, a Notary Public, in and for the County and State aforesaid, came Billy W. Poore, as Treasurer of NewSpring Church, Inc., a Kansas not-for-profit corporation, personally known to me to be the same person(s) who executed the within instrument of writing and such person(s) duly acknowledged the execution of the same on behalf, and as the act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

TRISHA WOODBURY
NOTARY PUBLIC
STATE OF KANSAS
My Appointment Expires:
04-21-2022

Notary Public

(My Appointment Expires: 04-21-2022)

Approved as to form:

Jennifer Magaña, City Attorney and Director of Law

RESTRICTIVE COVENANT

This covenant is executed this 28th day of August, 2020.

WITNESSETH:

WHEREAS, the undersigned is platting certain real property to be known as NewSpring Commercial Addition, Wichita, Sedgwick County, Kansas; and

WHEREAS, the undersigned is the current owner of the following described portion of NewSpring Commercial Addition, Wichita, Sedgwick County, Kansas:

NEWSPRING COMMERCIAL ADDITION
Lots 1 through 8, Block A,
(hereafter "Subject Lots")

and

WHEREAS, the undersigned desires to construct a private street, to be platted and designated as Reserve "B" on the plat, to provide access to Subject Lots; and

WHEREAS, the City of Wichita desires that no building permits be issued on Subject Lots until such time that subject private street is constructed or an acceptable guaranty has been submitted, accepted and approved by the City of Wichita for said paving.

NOW THEREFORE, The undersigned owner of Subject Lots does hereby subject said Lots to the following covenants and restrictions:

No building permits shall be issued for any permanent structures on Subject Lots until such time that the owner of said Subject Lots provides acceptable certification to the City of Wichita that Reserve "B" has been constructed to meet the requirement of the City Engineer's Office; or an acceptable guaranty has been submitted, accepted and approved by the City of Wichita to provide for the paving of subject street if the owner of said Subject Lots fails to construct the street privately.

This covenant runs with the land and is binding on the future owners and assigns.

The covenants, conditions, and restrictions on the property created and established in this instrument may be waived, terminated, or modified only upon written consent of the City of Wichita. No such waiver, termination or modification shall be effective until such written consent is recorded in the office of the Register of Deeds for Sedgwick County, Kansas.

EXECUTED the day and year first written above.

NewSpring Church, Inc.

By:_____
Billy W. Poore, Treasurer

STATE OF KANSAS)
COUNTY OF SEDGWICK) SS:

BE IT REMEMBERED, that on this 28 day of August, 2020, before me, the undersigned, a Notary Public, in and for the County and State aforesaid, came Billy W. Poore, as Treasurer of NewSpring Church, Inc., a Kansas not-for-profit corporation, personally known to me to be the same person who executed the within instrument of writing and such person duly acknowledged the execution of the same, for and on behalf and as the act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

_____
Notary Public

(My Appointment Expires: 04-21-2022)

TRISHA WOODBURY
NOTARY PUBLIC
STATE OF KANSAS
My Appointment Expires:
04-21-2022

Approved as to form:

_____
Jennifer Magaña, City Attorney and Director of Law

NOTICE OF COMMUNITY UNIT PLAN

THIS NOTICE made this 28th day of August, 2020, by NewSpring Church, Inc., a Kansas not-for-profit corporation, hereinafter called Declarant.

WITNESSETH

WHEREAS, Declarant is the owner of the following described property:

NEWSPRING COMMERCIAL ADDITION
Lots 1 through 8, Block A

and

WHEREAS, Declarant is desirous to file notice that a community unit plan approved by the Wichita City Council is on file with the Metropolitan Area Planning Department, known as The NewSpring Commercial Community Unit Plan (DP-354).

NOW, THEREFORE, the Declarant wants to make notice that the approved community unit plan has placed restrictions on the use and requirements on the development of the above described real property.

The Metropolitan Area Planning Department is located on the 2nd Floor, The Ronald Reagan Building, 271 West Third Street, Wichita, Kansas, (316) 268-4421.

The community unit plan shall be binding on the owners, their heirs, or successors or assigns and is a document running with the land and is binding on all successors in title to Lots 1 through 8, Block A, NewSpring Commercial Addition.

EXECUTED the day and year first written above.

NewSpring Church, Inc.

By_____
Billy W. Poore, Treasurer

STATE OF KANSAS, SEDGWICK COUNTY, ss:

BE IT REMEMBERED, that on this 28 day of August, 2020, before me, a Notary Public, in and for said county and state aforesaid, came Billy W. Poore, as Treasurer of NewSpring Church, Inc., a Kansas not-for-profit corporation, to me personally known to be the same person(s) who executed the within and foregoing instrument and duly acknowledged the execution of the same as the authorized act and deed of the corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal, the day and year last written.

_____
Notary Public

My Appointment Expires: 04-21-2022

TRISHA WOODBURY
NOTARY PUBLIC
STATE OF KANSAS
My Appointment Expires:
04-21-2022

DRAINAGE AND UTILITY EASEMENT

THIS EASEMENT made this 28th day of August, 2020, by and between NewSpring Church, Inc., a Kansas not-for-profit corporation, Grantor, and the City of Wichita, Kansas, a municipal corporation, Grantee.

WITNESSETH: That the Grantor, in consideration of the sum of One Dollar ($1.00) and other valuable consideration, the receipt whereof is hereby acknowledged, do hereby grant and convey unto the Grantee or the franchised utility entity, a perpetual easement for the purpose of constructing, operating, maintaining, and repairing all public and/or franchised utilities, and drainage ways and any appurtenances thereto, over, along, and under the following described real estate situated in Sedgwick County, Kansas, to-wit:

> That part of Lot 1, Block A, Messiah Baptist Church 4th Addition, Wichita, Sedgwick County, Kansas described as follows: Beginning at the northeast corner of Lot 7, Block A, Newspring Commercial Addition, Wichita, Sedgwick County, Kansas, said northeast corner also being a deflection corner in the east line of Reserve "B" in said Newspring Commercial Addition; thence N21°56'03"E, (platted basis of bearings), coincident with a segment of the east line of said Reserve "B", 10.84 feet to a point 10.00 feet normally distant north of the north line of said Lot 7; thence N89°13'13"E parallel with the north line of said Lot 7 and Lot 8 in said Block A, 212.51 feet to a point 10.00 feet normally distant east of the northerly prolongation of the lot line common to said Lots 7 and 8; thence S00°46'47"E parallel with the northerly prolongation of the lot line common to said Lots 7 and 8, 10.00 feet to the intersection with the north line of said Lot 8; thence S89°13'13"W coincident with the north line of said Lots 8 and 7, 216.70 feet to the point of beginning.

And said Grantee and/or agents of the franchised utilities are hereby granted the right to enter upon said premises at any time for the purpose of constructing, operating, maintaining, and repairing such utility or drainage way, and any appurtenances thereto.

IN WITNESS WHEREOF: The said Grantor has signed this document the day and year first written.

NewSpring Church, Inc.
a Kansas not-for-profit corporation

By:_____
Billy W. Poore, Treasurer

STATE OF KANSAS)
COUNTY OF SEDGWICK) SS:

This instrument was acknowledged before me on August 28, 2020, by Billy W. Poore, as Treasurer of NewSpring Church, Inc., a Kansas not-for-profit corporation.

_____
Notary Public

(seal)

(My Appointment Expires: 04-21-2022)

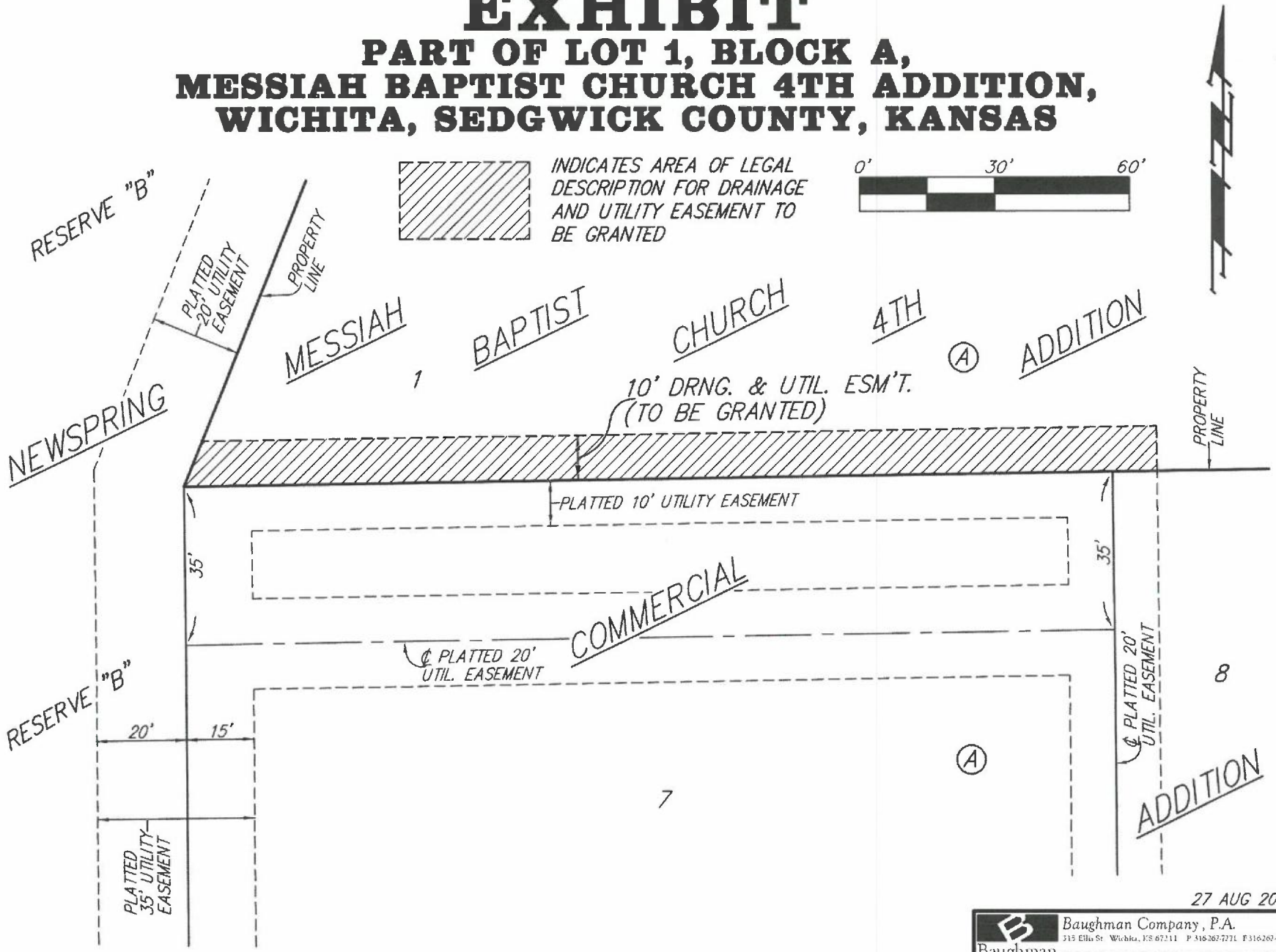
TRISHA WOODBURY
NOTARY PUBLIC
STATE OF KANSAS
My Appointment Expires:
04-21-2022

Reviewed and approved by the City Engineer:

for _____
Gary Janzen, PE

EXHIBIT

PART OF LOT 1, BLOCK A, MESSIAH BAPTIST CHURCH 4TH ADDITION, WICHITA, SEDGWICK COUNTY, KANSAS



27 AUG 2020

Baughman Company, P.A.
315 Ellis St Wichita, KS 67211 P 316-267-7271 F 316-267-0149
Baughman ENGINEERING | SURVEYING | PLANNING | LANDSCAPE ARCHITECTURE

F:\BAUGHMAN LIBRARY\SURVEYING INFO\EXHIBITS\EXHIBITS\NEWSPRING COMM OFFSITE UTIL ESMT.DWG MGC

City of Wichita
City Council Meeting
October 6, 2020

TO: Wichita Airport Authority

SUBJECT: Ashby Street Outdoor CC, LLC
Supplemental Agreement No. 1
Wichita Dwight D. Eisenhower National Airport

INITIATED BY: Department of Airports

AGENDA: Wichita Airport Authority (Consent)

Recommendation: Approve the supplemental agreement.

Background: On December 1, 1997, Donrey Outdoor Advertising Company and the Wichita Airport Authority (WAA) entered into an agreement for outdoor billboard advertising for a sign located near the northern entrance to Eisenhower National Airport. Due to market consolidation in the outdoor advertising market, this agreement has been assigned over the years to successive operating entities. The current operator is Ashby Street Outdoor CC, LLC (Ashby). Ashby operates in the Wichita community under the business name of Lamar Advertising of Wichita.

Analysis: Airport staff and Ashby desire to modify the rent and term. The term is for one-year, effective August 1, 2020 through July 31, 2021.

Financial Considerations: Due to the lack of demand for the billboard sign location and the decline of interest in billboard advertising, the annual rent has been reduced to $2,000 compared to the previous year of $3,300.

Legal Considerations: The Law Department has reviewed and approved the supplemental agreement as to form.

Recommendations/Actions: It is recommended that the Wichita Airport Authority approve the supplemental agreement, authorize the payment of the commission, and authorize the necessary signatures.

Attachment: Supplemental Agreement No. 1.

SUPPLEMENTAL AGREEMENT NO. 1

By and Between

WICHITA AIRPORT AUTHORITY
Wichita, Kansas

and

Ashby Street Outdoor CC, LLC

for

Outdoor Billboard Advertising

THIS SUPPLEMENTAL AGREEMENT NO. 1 is entered into this October 6, 2020, between THE WICHITA AIRPORT AUTHORITY, Wichita, Kansas (OWNER) and Ashby Street Outdoor CC, LLC, successor in interest to Donrey Outdoor Advertising Company, (ADVERTISER).

WHEREAS, the parties previously entered into an Agreement, effective December 1, 1997 for the purpose of outdoor billboard advertising; and

WHEREAS, the OWNER and ADVERTISER now wish to enter into this Supplemental Agreement No. 1 for the purpose of setting the final term, modifying the applicable fee and payment terms.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein set forth, OWNER and ADVERTISER do hereby covenant and agree as follows:

1. TERM

This Agreement establishes the final extension of the Original Agreement, and shall expire on July 31, 2021. Any use of this property beyond this expiration date shall require a new agreement.

2. RENT

During this extension, August 1, 2020 through July 31, 2021, the Rent for the Lease Site shall be $2,000.00, payable in monthly installments of $166.67, due on the first day of each month.

3. PAYMENT PROCEDURE

a. ADVERTISER shall pay to OWNER in advance on the first day of each month, without demand or invoicing, for Rent for the Premises as set forth herein. ADVERTISER shall pay to OWNER all other fees within thirty (30) days of the date of invoices of all amounts due as set forth in this Agreement. In the event ADVERTISER fails to make payment within ten (10) days of the dates due as set forth in this Agreement, and after OWNER has provided ADVERTISER with written notice and ADVERTISER does not make payment within seven (7) calendar days after the date said notice is received, then OWNER, may charge ADVERTISER a monthly service charge of twelve percent (12%) on an annual basis for any such overdue amount, unless a lesser sum is set as the maximum allowable under state statutes on any such overdue amount, plus reasonable attorneys' and administrative fees incurred by OWNER in attempting to obtain payment. If OWNER does not receive payment within seven (7) days of the date of receipt of said written notice, then the monthly service charge shall retroactively commence on the date the payment was originally due.

b. ADVERTISER shall make all payments to the Wichita Airport Authority and in a form acceptable to OWNER. ACH direct deposit is preferred. Bank account and routing information is available upon request. Payments made by check shall be delivered or mailed to:

Wichita Airport Authority
2173 Air Cargo Road
Wichita, Kansas 67209

or such other address as designated in writing.

4. OTHER TERMS

All other terms and conditions of the existing Agreement between the parties hereto are incorporated herein and reaffirmed.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

ATTEST:

THE WICHITA AIRPORT AUTHORITY
WICHITA, KANSAS

By _____
Karen Sublett, City Clerk

By _____
Brandon J. Whipple, President
"OWNER"

By _____
Victor D. White, Director of Airports

ATTEST:

By _____

By _____
Brian Latta, GM/VP Wichita Division
Ashby Street Outdoor CC, LLC
COMPANY, WICHITA
"ADVERTISER"

APPROVED AS TO FORM: _____ Date: 09-21-20
Jennifer Magaña,
City Attorney and Director of Law

City of Wichita
City Council Meeting
October 6, 2020

TO: Wichita Airport Authority

SUBJECT: TENAX Aerospace, LLC – Supplemental Agreement No. 1
Wichita Dwight D. Eisenhower National Airport

INITIATED BY: Department of Airports

AGENDA: Wichita Airport Authority (Consent)

Recommendation: Approve the supplemental agreement.

Background: On June 16, 2017, the Wichita Airport Authority (WAA) approved an agreement with TENAX Aerospace, LLC (TENAX), to lease 824 square feet of office and storage space at the multi-tenant facility located at 1761 Airport Road, Suite 100 on the Wichita Dwight D. Eisenhower National Airport (Airport) campus. The agreement expired April 30, 2020 and has been on a month-to-month holdover status.

Analysis: Staff and TENAX are desirous of extending the agreement for an additional three, one-year option periods.

Financial Considerations: The multi-tenant facility rent for the 800 square feet of office space for the first option continues at the rate of $12.60 per square-foot and the storage space at the rate of $10 per square-foot, with annual revenue of $10,320. The second and third options will increase to $13 per square-foot of office space and $10.30 per square-foot for the storage space.

Legal Considerations: The supplemental agreement has been reviewed and approved as to form by the Law Department.

Recommendations/Actions: It is recommended that the Wichita Airport Authority approve the supplemental agreement and authorize the necessary signatures.

Attachment: Supplemental Agreement No. 1.

SUPPLEMENTAL AGREEMENT NO. 1

By and Between

WICHITA AIRPORT AUTHORITY
Wichita, Kansas

and

TENAX AEROSPACE, LLC

for

Multi-Tenant Office Facility
1761 Airport Road, Suite 100
Wichita Dwight D. Eisenhower National Airport
Wichita, Kansas

THIS SUPPLEMENTAL AGREEMENT NO. 1 is entered into this October 6, 2020, between THE WICHITA AIRPORT AUTHORITY, Wichita, Kansas (LESSOR) and TENAX AEROSPACE, LLC, (LESSEE).

WHEREAS, the parties previously entered into an Agreement, dated June 16, 2017 for the purpose to be used in connection with LESSEE's business of support services to Airport communications network.; and

WHEREAS, the LESSOR and LESSEE now wish to enter into this Supplemental Agreement No. 1 for the purpose of adding renewal option terms and modifying the facility rents.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein set forth, LESSOR and LESSEE do hereby covenant and agree as follows:

1. OPTION TERMS

This Agreement may be renewed upon the mutual written agreement of the Parties, for up to three (3), consecutive one (1) year periods ("Option Terms") as follows:

- The first Option Term shall commence on May 1, 2020 and expire on April 30, 2021
- The second Option Term shall commence on May 1, 2021 and expire on April 30, 2022.
- The third Option Term shall commence on May 1, 2022 and expire on April 30, 2023.

2. FACILITY RENT DURING OPTION TERMS

FACILITY RENT OFFICE SPACE Total of 800 sq. ft.							
Options				**Size**	**Rate Per Sq. Ft.**	**Monthly**	**Annual**
1	5/1/2020	-	4/30/2021	800	$12.60	$840.00	$10,080.00
2	5/1/2021	-	4/30/2022	800	$13.00	$866.67	$10,400.04
3	5/1/2022	-	4/30/2023	800	$13.00	$866.67	$10,400.04

FACILITY RENT STORAGE SPACE Total of 24 sq. ft.							
Options				**Size**	**Rate Per Sq. Ft.**	**Monthly**	**Annual**
1	5/1/2020	-	4/30/2021	24	$10.00	$20.00	$240.00
2	5/1/2021	-	4/30/2022	24	$10.30	$20.60	$247.20
3	5/1/2022	-	4/30/2023	24	$10.30	$20.60	$247.20

FACILITY RENT COMBINED TOTAL (OFFICE & STORAGE SPACE) Total of 824 sq. ft.							
Options						**Monthly**	**Annual**
1	5/1/2020	-	4/30/2021			$860.00	$10,320.00
2	5/1/2021	-	4/30/2022			$887.27	$10,647.24
3	5/1/2022	-	4/30/2023			$887.27	$10,647.24

3. OTHER TERMS

All other terms and conditions of the original Agreement between the parties hereto are incorporated herein and reaffirmed.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

ATTEST:

THE WICHITA AIRPORT AUTHORITY
WICHITA, KANSAS

By _____
Karen Sublett, City Clerk

By _____
Brandon J. Whipple, President
"LESSOR"

By _____
Victor D. White, Director of Airports

ATTEST:

TENAX AEROSPACE, LLC

By _____

By DocuSigned by: BFCB3C668DBE44D...
Alan Oswalt, EVP Operations
"LESSEE"

APPROVED AS TO FORM: _____ Date: 09-14-20
Jennifer Magaña,
City Attorney and Director of Law