

Arena Tax Oversight Committee
January 29, 2008 - 3:00pm
Minutes

Committee members present: John Clevenger, Mark Dennett, Christina Ricke,
Tim Short

Committee members absent: Bruce Armstrong, Bradley Hawthorne, Tad
Mayhall, Dolan Pelley, Greg Sevier, Max Weddle

Others in attendance: Troy Bruun, Chris Chronis, Rich Euson, Ron Holt,
Stephanie Knebel, Commissioner Kelly Parks,
Ginger Radley, Anthony Swartzendruber, John
Dailey, Charlie Peaster

Call to Order The meeting was called to order by Committee Vice-Chair Christina
Ricke.

Acceptance of No corrections or changes to the minutes were suggested and since
Minutes a quorum was not present, no action was taken on the minutes.

Disclosures Mark Dennett disclosed that he is employed by Intrust Bank, the
company who has purchased the naming rights for the new
downtown area. Dennett stated that he doesn't personally sense a
conflict of interest, but if someone on the committee sees his being
on the committee as a conflict of interest to make that known.

John Clevenger also disclosed that he has a professional
relationship through Commerce Bank, with Dondlinger
Construction, but stated that he sees no conflict of interest being
on this committee.

New Business Expenditure Reports as of January 24, 2008 - Chris Chronis

- The first expenditure report discussed was the Budget-Actual
report as it appears in the County's financial system. Chronis
reviewed what each of the columns in the report means in
regards to fund expenditure: (beginning from the left)
 - Budget - The amount of budget authority currently
established for each component of the project
 - Released Budget - The amount of budget authority
released by Finance and currently eligible to be spent
 - Pre-Encumbrance - Occurs when the County knows they
are going to spend a particular amount but have not
established a contract with a vendor yet. This prevents
the budget from being overspent

New Business
(cont'd)

- Encumbrance - For work that has been contracted but not yet finished, thus no check has been cut
- Expended - Reflects actual checks written for completed work
- Total Committed - Total of pre-encumbered, encumbered and expended funds and reflects the entire amount currently committed to the project
- Available budget - The difference between the released budget and the total committed
- Total budget - The difference between the original budget and the total committed
- Chris Chronis pointed out that since the last meeting \$182.3 million has been released to use on the arena project. \$134.9 million has been encumbered, while nearly \$35.4 million has been expended. As of the 1/24/08, \$170.3 million of the total budget has been committed.
- Chris Chronis then discussed the Project Budget, which is based on numbers pulled from the County's financial system but presented in a form that provides greater clarity for analysis. Chronis explained each category listed on the sheet in terms of the amount seen by the committee in prior reports, the expenditures reflected on the new report and the total spent for each category. Additionally, the report now includes an "Estimated % Complete" column which indicates the approximate percentage of completion for each category. Chronis stated that since the last meeting, \$145,734 had been spent for A & E Services, and that while there is still a remaining balance of \$10.25 million, that 80% of the work is estimated to be complete. John Clevenger then asked if we had paid for 80% of the work, to which Chronis responded that the percent of the budget spent may not match the percent of work completed. Land acquisition is 95% complete, and Stephanie Knebel stated that 3 properties still need to be purchased, two of which are for street right-of-way. Ron Holt stated there are still some relocation expenses that will also need to be paid from the remaining land acquisition balance of \$2.4 million. Chronis also stated that since the last meeting, the largest expenditure had been \$7.56 million for construction, which brings the total spent on construction to \$7.82 million. Additionally, most of the pavilion budget has been spent, as only \$3,495 remains in the budget and the project is estimated to be 99% complete. Holt did state that when beginning the pavilion renovation project that the County did not engage enough user groups, and in turn, has identified some showers that need to be added in the

New Business
(cont'd)

pavilions. Specifically, Holt stated that user groups are being brought back to the table to identify additional improvements to be made. If the costs of these additional improvements exceed the remaining budget, contingency funds will be used. Finally, Chronis stated that as of January 24, 2008, 154,254,466 of the total project budget is unspent, with an additional \$15,846,072 in the Operating, Parking & Maintenance Reserve. Tim Short then asked if more expenditure reclassifications were expected in the future to which Chronis said no. Chronis also stated that that if members wish to know details of any line item that supporting documentation can be shown.

Revenue Reports as of January 24, 2008 - Chris Chronis

- Chris Chronis stated that to date, the arena sales tax has collected \$191,097,561. Chronis walked the committee through the forecasts stating that the County still expects to collect \$205,500,000 once the sales tax has ended. While not reflected in the revenue reports as of January 24, 2008, the State of Kansas has recently posted \$7.3 million in arena sales tax receipts for January 2008. Chronis also reminded the committee that there is a two month lag in remittance of collected sales tax by the State, and that all sales tax receipts should be recorded by the County by the end of February 2008.
- John Clevenger asked what billing method Dondlinger/Hunt is using, to which Chris Chronis responded time and materials.
- Christina Ricke then asked the committee if they wanted to drill down into any expenditures. First, Stephanie Knebel walked the committee through the Application and Certification for Payment form. Knebel stated that she expects to receive these on a monthly basis, and that a new state law requires the County to make payment in 20 days. Knebel pointed out that this form is signed by Wes Darnell, Architect, certifying it to be true and accurate. It is also signed by Knebel prior to it being sent to finance to be paid. Mark Dennett inquired about whether the architect communicates with Knebel about anything he has found in the Application and Certification for Payment form prior to signing it, to which Knebel responded yes.
- Mark Dennett then asked about the County's process for change orders. Stephanie Knebel stated that a special process has been developed for this project by the Board of County Commissioners (BoCC). The BoCC has approved that any change orders, up to a cumulative total of \$2 million are

New Business (cont'd)

approved administratively, after review by an internal committee, consisting of Ron Holt, Chris Chronis, Robert Parnacott, and Iris Baker. Knebel went on to state that if cumulative total of change orders goes over \$2 million, that the change orders then go to the County's Board of Bid and Contracts and is finally submitted to the BoCC for approval. Mark Dennett then pointed out that the administrative process is for approximately half of the contingency amount.

- Mark Dennett then asked about Larry Pecenka's work status. Stephanie Knebel responded that Pecenka is on site full time making sure that the work is being done and is the contractors' contact if a change order is needed.
- Charlie Peaster asked about items being stored off-site and if the County has a way to make sure they are not charged twice for these items. Stephanie Knebel replied that if items are stored off site that the contractor must show that the site is secured and insured and that there is no way by which the County can be billed twice.
- Tim Short then asked to drill down into the billing for Larry Pecenka. Ron Holt pointed out that the contract is with Spirit Aerosystems, and that the County pays Spirit an hourly rate for Pecenka's work.

Approval of Semi-Annual Report

- The committee reviewed the report and suggested no changes. Since no quorum was present, John Clevenger made a motion, which Tim Short seconded, to collect the votes of those committee members present at the meeting and request that Chris Chronis survey the other members by telephone. Chronis stated that if no additional changes are suggested over the telephone survey then no further approval would be needed. Chronis also stated if the members not present at the meeting want to make changes to the report, that he would schedule a conference call for all members.

Other Business

- John Clevenger stated his appreciation for the committee being chosen for the 2007 Chairman's Award. Chris Chronis responded by stating that the BoCC is very appreciative of the work this committee performs.
- Christina Ricke asked if the group wanted to start meeting more often than quarterly. Stephanie Knebel stated that the expenditures in the upcoming months will be primarily for construction, and a year from now, the County would begin purchasing the fixtures and supplies for the building. Chris

Chronis also stated that contractor invoices are typically received in the first ten days of the month, and paid the middle of the month, so having the meetings at the end of the month is best. Ricke suggested that the group meet in 3 months and then re-evaluate if the committee wants to meet more frequently. Mark Dennett also suggested that Chronis ask the other members, via telephone, if they are supportive of meeting in 3 months. Ron Holt added that from a transactions point of view, by summer time, the committee will begin seeing more payments to SMG for pre-opening services.

- Next Meeting Christina Ricke stated that the next meeting of the Arena Tax Oversight Committee will be **Tuesday, April 29, 2008 at 3:00 in the Ark Valley Board Room.**
- Adjourn Christina Ricke adjourned the meeting at 4:05pm
- Handouts
- Minutes from the October 30, 2007 meeting
 - SAP Expenditure detail
 - SAP Revenue detail
 - Arena sales tax revenue forecast
 - Project Budget
 - Draft Semi-annual report to the Sedgwick County BoCC