

Arena Tax Oversight Committee  
April 25, 2006 - 3:00pm  
Minutes

Committee members present: George Arnold, John Clevenger, Mark Dennett,  
Frank DeSocio, Christina Ricke, Richard Schodorf,  
Greg Sevier, Tim Short

Committee members absent: Bruce Armstrong, Jose Gutierrez

Others in attendance: Chris Chronis, Troy Bruun, Misha Jacob-Warren

Call to Order           The meeting was called to order by Committee Chairman Greg Sevier

Acceptance of Minutes       Greg Sevier asked for a motion to approve the minutes from the January 31, 2006 meeting

- Motion made by Richard Schodorf
- Motion seconded by Tim Short
- Motion passed

Old Business           Discussion concerning the presentation of first committee report to the Board of County Commissioners

- Greg Sevier stated that he attended the Board of County Commissioners meeting on February 22, 2006 when Chris Chronis made the presentation to the BoCC of the first Arena Tax Oversight Committee report
- Greg Sevier passed along to all committee members that the Commissioners are very supportive and appreciative of the members participation on the committee and that they will make sure that any and all requests made by the committee are addressed

New Business       Review of recent reports - Chris Chronis distributed the current reports concerning expenditures and revenues as obtained April 24, 2006

- First Report - Kansas Coliseum and Downtown Arena Funds as reported in Sedgwick County's Comprehensive Annual Financial Report (CAFR), December 31, 2005
  - This report details how Sedgwick County will be accounting for the Kansas Coliseum and the downtown arena
  - Currently, these two entities are treated as separate
  - Downtown Arena Subfund (as of 12/31/2005):
    - Cash in the bank = \$22,723,005
    - Sales Tax receivable = \$14,145,996
      - In municipal accounting, the government is required to book any reasonably anticipated revenue
    - Construction in progress = \$2,149,505

New Business  
(cont'd)

- The construction in progress is not an actual expenditure, rather, it will be amortized over time
- Total assets = \$39,018,506
- Transfers from other funds is indicative of the reimbursement for the Kansas Coliseum and totals \$1,330,305
- Chris Chronis stated that the expenditures/revenues are fairly limited for 2005, however, they will become quite lengthy over the course of the next year, so if anything is needing to be changed regarding the reporting format, now is the time to do so
- Second Report - Current Finances
  - Expenditures Budget - Actual Report
    - To date, expenditures (includes Arena A & E Services, Land Acquisition, and Pavilions) for the arena project total \$2,500,698.78
    - Encumbrances (those items that have been committed, but not yet expended) total \$7,212,648.19
  - Detailed Expenditure Report
    - Since the January 31, 2006 meeting, \$227,523.07 has been spent on the arena project:
      - A & E Services = 181,159.07
      - Land Acquisition = \$46,364.00
    - In regards to Land Acquisition, Sedgwick County has not yet acquired any land, only received property appraisals for the site. These price proposals are scheduled to go to the landowners in the very near future. Each parcel of land will then be negotiated individually with the landowners
    - *Richard Schodorf asked how much time would elapse between the purchase of the properties and the subsequent demolition of the properties*
      - Chris Chronis responded that arena construction is set to begin in April/May 2007, so the length of time for each property may be different. He also noted that some property owners may choose to go through the courts and have a condemnation hearing rather than just accepting the price proposed by the County
      - Chris Chronis stated that the County will acquire demolition services on a parcel by parcel basis, and each parcel of land will be bid out competitively for demolition purposes
    - *Richard Schodorf questioned whether the governor had signed the current eminent domain bill into law*

New Business  
(cont'd)

*yet and if that would have any affect on land acquisition for the arena*

- Chris Chronis stated that he did not think that particular bill would have any affect on the County's process
- *George Arnold questioned whether demolition would occur immediately upon the acquisition of a parcel*
  - Chris Chronis stated that each property would need to go through an asbestos test, and, if necessary, asbestos removal, before the property could undergo demolition
- Christina Ricke then confirmed with Chris Chronis that all legal fees are currently related to the property appraisals
- Chris Chronis stated that the project expenditures to date total \$2,500,695.78, leaving a project balance of \$158,373,846.22
- *Greg Sevier questioned why there were new expenditures related to site visits when all of those trips were taken prior to the last oversight committee meeting and thus should have appeared on the last report*
  - Troy Bruun stated that those were bills received after the last meeting (i.e. monthly credit card statements)
- Greg Sevier then confirmed with Chris Chronis that the \$1,503,699.27 seen on this report for Pavilion reimbursements tied to the \$1,330,305 on the CAFR report as being the same expenditure
- *Greg Sevier questioned what the legal fees for Land Acquisition were for*
  - Chris Chronis and Troy Bruun answered that they were for Martens and LAI companies and were essentially professional fees rather than legal fees.
  - Troy Bruun showed the committee a drilled down analysis of one of the Land Acquisition invoices
- Richard Schodorf, in reference to Chris Chronis' earlier comment that some of land owners might opt for condemnation hearings, confirmed that the landowners would simply be arguing over price and not the County's right to take the property
- *Richard Schodorf also questioned how the County determined the price of each parcel*
  - Chris Chronis responded that the County hired an outside firm to do this, but that the State of Kansas does have statutes stating the minimum

New Business  
(cont'd)

- price the County can ask for a parcel of land
- *Greg Sevier questioned what relocation fees were in reference to*
  - Troy Bruun responded that those fees were to pay LAI. The company put together a pamphlet which was distributed to all landowners regarding how Sedgwick County would help them relocate. Additionally, LAI also met individually with each landowner
- Revenue Budget-Actual Report
  - To date, the County has collected \$45,122,535.39 in tax revenue
    - Local Sales Tax = \$41,139,871.58
    - Local Use Tax = \$3,982,663.81
- Forecast compared to Actual Receipts
  - The State Treasurer posted April's tax receipts just this afternoon
    - County Sales = \$5,505,980
    - County Compensating Use = \$550,591
  - The actual numbers for April are coming in just slightly under the revised April projection
  - *Greg Sevier asked Chris Chronis if there had been any financial reports since the last forecast revision that would cause any concern*
    - Chris Chronis stated that it was too soon to tell
- *Greg Sevier questioned how the arena project was going overall*
  - Chris Chronis responded that the project as a whole is looking good. The design selection process is about a week behind schedule, but that should not be a cause for concern. The biggest concern for the project at this point is the construction bids due to the rising costs of oil and steel. Although we have not yet seen a problem in South-Central Kansas, many states across the country are encountering increased costs
  - John Clevenger stated that many of the projects he has worked on have come in over the target in terms of construction because of rising oil and steel prices
- *Richard Schodorf questioned when the arena designs would be going public*
  - Chris Chronis responded that the three designs would be revealed tomorrow morning, Wednesday, April 26, 2006 at the BoCC meeting. There will be several public meetings during the course of the next month where citizens will have the opportunity to see the designs and offer feedback. The BoCC will then make

New Business  
(cont'd)

a design selection, and the design team will begin concentrating on that particular selection. Bidding for construction is scheduled to begin at this time next year

- *Richard Schodorf questioned why the revised forecast amount is lower for April than the original forecast*
  - Chris Chronis responded that the projections for each month were based on the same month for the prior year, which provides a fairly predictable cycle. He also noted that the rate of growth for each month is a fixed amount
- *Richard Schodorf questioned whether there is anything on the community horizon that would change the forecast*
  - Chris Chronis responded that the County's financial report placed next year's revenue growth at 5% and the rate of growth for property tax at 4%. The biggest factor for the County is Medicaid, which currently totals approximately \$30 million/year versus the \$10 million five years ago
- *Greg Sevier then questioned whether the committee should keep meeting on a quarterly basis*
  - Chris Chronis advised the committee to keep its meetings quarterly, as the next few months will bring land acquisition activity
- The next meeting for the Arena Tax Oversight Committee is set for Tuesday, July 25, 2006 from 3:00-5:00pm at the Ark Valley Lodge

Adjourn

Greg Sevier adjourned the meeting at 3:40pm

