

Arena Tax Oversight Committee  
January 31, 2006 - 3:00pm  
Minutes

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

Committee members absent: Bruce Armstrong, Frank DeSocio

Others in attendance: Chris Chronis, Troy Bruun, Stephanie Knebel, Misha Jacob

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 October 25, 2005 meeting

- Motion made by Richard Schodorf
- Motion seconded by Christina Ricke
- Motion passed

Old Business           Discussion concerning appointment of Vice-Chairman

- Greg Sevier reviewed that it would be helpful, in the event of his absence from a meeting, that an appointed Vice-Chairman be able to lead the meeting. He then asked for any volunteers
- Christina Ricke asked what, if any, responsibilities the position would require
- Greg Sevier stated that the responsibilities would simply be to fill in when he was absent
- Christina Ricke volunteered to be Vice-Chairman

New Business       Review of July reports - Chris Chronis distributed the current reports concerning expenditures and revenues as obtained January 27, 2006

- The first report concerned the up-to-date expenditures, how much has been released for each set category as well as how much has been encumbered, expended and committed. The report also details how much is available to be spent of the released monies.
  - In regards to the Pavilions at the Kansas Coliseum, it is important to note that expenditures for this item actually refer to the amount reimbursed for repairs and updates done on the facility. Chris Chronis stated that, to his knowledge, the last of the reimbursements had been completed
  - It is also important to note that while the Commissioners will not be changing the total amount of the project budget (\$184.5 million), it is possible for them at any point during

New Business  
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the process to change how much is devoted to each line item. In fact, the Board will hear a presentation February 1, 2006 detailing the specifics of a new budget.

- The second report is simply a different way of summarizing the broad detail list from the first report (At the October meeting, staff was asked to develop a report format that would be easier to follow)
  - This report breaks down each broad category to the actual specifics of what has been spent. To date, a majority of funds (\$769,064.84) has been spent on A & E Services, with most of that cost being spent on the Design Consortium
  - This report will list what the committee has seen on prior reports, new expenditures that have taken place after the last meeting, the total spent in each category, the amount originally budgeted for each category, and the balance remaining in each category
  - Items to note: The \$13.53 associated with Public Meeting Supplies is actually food costs for the site visit to Oklahoma City and will be moved to the appropriate category for the next report.
- Questions on second report:
  - Richard Schodorf questioned whether there was a travel policy to ensure the best rate due to the media speculation that costs to Little Rock were high
    - Chris Chronis responded that the travel policy for the arena is simply the County travel policy and, in this particular case, travel costs were higher due to the timing of the reservation and the trip date
    - Stephanie Knebel (Arena project manager) also indicated that charges were done in this manner to ensure staff would travel together
  - Richard Schodorf also questioned whether or not the County Counselor (Rich Euson) and his staff could provide any of the legal services rather than having to outsource them and who ultimately made that decision
    - Chris Chronis responded that Rich Euson is ultimately responsible for making the decision on how legal services are handled, either internally or externally. In the case of the arena, he did not feel his staff possessed the necessary skills required of such a project and thus chose to outsource all legal responsibilities
  - Greg Sevier asked to see a display of the drilldown of all A & E fees
    - Troy Bruun was able to display the requested data and also show how it was possible to sort the data by different categories.

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- Greg Sevier indicated that the original invoices for design fees from Wilson, Darnell, Mann really don't show very much information. Chris Chronis agreed with the statement and indicated that *construction* invoices will show much more information
- Stephanie Knebel indicated that on some of the invoices, architects were accounting for travel time with the site visits
- Richard Schodorf then questioned whether or not the construction company, once the project reached that stage, would have to be bonded
  - Chris Chronis indicated that the construction company would indeed have to be bonded and explained that, in an effort to include small and minority businesses, it may become necessary for local firms to attach themselves to a larger firm that is able to handle the work and that is bonded for such a large project
- Troy Bruun then scrolled through all the expenditures for A & E fees to see if anyone had any questions
- Richard Schodorf questioned whether food costs for travel operated on a per diem rate or actual fees
  - Chris Chronis indicated that County policy allowed for either method, but in the case of the arena, all *actual* expenditures were covered
- Jose Gutierrez questioned whether, on travel expenses, each person was classified individually
  - Chris Chronis indicated that typically they are except in the case of meals, in which one person usually pays the tab for everyone and then the County simply reimburses that one person
- John Clevenger stated that basically, the committee should be handling charges that seem to be the exception rather than the rule (i.e. following normal procedure)
  - Chris Chronis indicated that nothing hits the financial system that isn't appropriate. Any entries made by Stephanie Knebel are double-checked by Troy Bruun for appropriateness and authority
- The third report works much like the first report except that it deals with revenues. It is important to note that the totals on this sheet are totals through the end of December that have actually hit the bank
- The fourth and final report is an updated forecast based on the new numbers that the County has received from the state. As now currently forecasted, the County is expecting to collect \$201 million during the 30-month period.
- Several members questioned the possibility of turning the

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tax off early if the projection of revenue earned is now \$201 rather than \$184.5

- Chris Chronis explained that in order to turn the tax off early, the Board of County Commissioners would need to indicate to the State of Kansas *six months in advance* that they wanted the tax turned off early. The earliest option to turn the tax off before the 30-month mark is at the 27<sup>th</sup> month. In order to *safely* turn off the tax, the County must be absolutely certain that, by the end of the 27<sup>th</sup> month, it will have collected enough revenue to fund the project. As of this point, the current financial forecast is not projecting that the County will have collected the necessary revenue, and will rather only be at approximately \$179.309 million
- George Arnold questioned what happens to any excess revenue the County earns
  - Chris Chronis indicated that all the revenue earned from the tax *must* be used for the arena. Thus, any revenue collected in excess of the actual project cost will go into the Operations and Maintenance Reserve

Greg Sevier then stated that County staff had drafted the committee's first official report to the Commissioners and asked the members to look over it for any changes they felt were necessary

- Chris Chronis indicated that, while the committee is charged with providing an official report to the Commissioners at least once every 6 months, there is no standard form of reporting - it can be as simple or as detailed as the committee wants. Right now, a letter is sufficient; however, as the project gets further along, it *may* become necessary for the committee chairman and/or additional members to make a presentation to the Commissioners at regularly scheduled Board meetings
- Richard Schodorf questioned whether or not the new forecast numbers needed to be included in the report due to potential political repercussions those numbers could have. Tim Short also agreed with this observation
  - Chris Chronis indicated that the Commissioners already had the new forecast numbers because of their retreat (on January 31, 2006) and thus the numbers were already a matter of public record and been released to the news media
  - Greg Sevier and Mark Dennett agreed that the numbers were already a matter of public record and Mark Dennett questioned the repercussions that would occur if the forecast was kept quiet. The whole point of the committee is to make the financial process as

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- transparent as possible
- Christina Ricke questioned whether the process of what happens to the excess revenue and the operations reserve is public. Chris Chronis indicated that it is public information
- John Clevenger questioned whether the committee played any part in saying when the tax should be turned off. Chris Chronis indicated that, while the committee could make a recommendation to the Commissioners, it was ultimately the Commissioners decision if the tax comes off early
- The decision was then made to simply eliminate the actual numbers from the report and include the statement that said original revenue forecasts had been revised by County staff
- Jose Gutierrez then questioned whether the County was now raising the revenue target to \$201 million
  - Chris Chronis indicated that the target still remains at \$184.5 million and any excess collected would go to the reserves for future deficits
- Richard Schodorf questioned if the report should include something about the Commissioners turning off the tax early due to the new forecast
  - Greg Sevier indicated that the word *forecast* suggested that the numbers were not set in stone
  - Christina Ricke and George Arnold indicated that that information was already a matter of public record and there was no need to restate it
- The committee then came to the conclusion to amend the draft report and authorized the Chair to send the amended copy to the Board of County Commissioners

Tim Short then indicated that since the reimbursements for the Pavilions were at \$1.5 million, perhaps the committee should look at those reimbursements in the County's financial system

- Troy Bruun was able to pull up the information on the screen, but it was also found in information provided to the members in previous reports

Richard Schodorf, with the rest of the committee in agreement, indicated that he would like to have Chris Chronis bring to the attention of the committee anything that needs to be looked at (i.e. the exception rather than the rule)

Greg Sevier then discussed the next meeting date. He stated, with the rest of the committee in agreement, that, as things stand right now, three-month intervals seem to be appropriate. Thus the next meeting of the Arena Tax Oversight Committee is tentatively set

New Business  
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for Tuesday, April 25, 2006 at 3:00pm at the Ark Valley Lodge

Stephanie Knebel indicated that there should be some initial land acquisition charges by that time for the committee to look at.

Adjourn

Greg Sevier adjourned the meeting at 4:05pm