City of Pittsburg, Kansas
Economic Development Advisory Committee
Official Minutes of the Meeting of June 22, 2011

Members Present: Mark Werner, Chuck Hosman, Bill Coleman, and Judy Westhoff

Others present: Mark Turnbull, John VanGorden, Henry Menghini, Marty Beezley, Bill Beasley, 2 applicants from a development company, and Stacie Perry

The Economic Development Advisory Committee met at 10:00 a.m. on Wednesday, June 22, 2011 in room B1, Memorial Auditorium. Director of Economic Development, Mark Turnbull, opened the meeting at 10:04 a.m. with four (4) members present.

The first agenda item was PROJECT PITT 2011-006, an RLF application submitted by the managing development company. Turnbull began discussion by summarizing the project. He introduced the applicants to the committee. Turnbull stated the project is located in the TIF which is in the northern corridor of the city and approximately 80% of the square footage is occupied. The application submitted requests to locate a business in an existing building. Turnbull stated there have been numerous meetings discussing this project between staff and the developers. He stated they looked at a CID which was not favorable to the City staff. The applicants began by giving some background on their company and how they acquired the property. They stated the property was sold to the development company with an existing TIF and while an existing business occupied the building. They continued once they acquired the property, the existing business left. The applicants stated their development company has a retail business willing to commit to Pittsburg. They stated this business will be an asset to the community because this business can help bring national names to the community. The applicants continued that this business has cancelled all other deals in the Midwest except Pittsburg. They said this business is committed to Pittsburg. The applicants stated if Pittsburg does not commit to this deal, it could be 5 to 6 years before these businesses come back. Mayor Beezley stated she had two questions for them: First, why is Pittsburg so attractive to this business? The applicants answered because they are asking the City of Pittsburg to subsidize the rent by 30% to $6/sq. ft. Original proposal was contingent upon a CID but since that was not favorable to the City of Pittsburg, they are seeking assistance in the form of a grant. They said it is the only way to make the numbers work. Mayor Beezley said original proposal was contingent upon $5 million in sales annually which has dropped to $4.5 million and they will leave in five years if the numbers are not good. The applicants answered they believed that was still in place and it is 5 or 7 years, they are not certain. The applicants added this business could be attracted to Pittsburg because of the good size college and stable population. The applicants stated they will get something in writing from the business stating why they want to come to Pittsburg and have cancelled their other planned expansions. Mayor Beezley stated her second question is if they know of any projects that are ongoing and not making it with a CID, TIF, and/or TDD. The applicants answered they are not currently working

with any that are underwater. They said they are aware of two which are two outdoor/recreation stores located in Olathe, KS and Independence, MO where the cities over extended themselves. Turnbull stated the jobs area and job projections are not complete. The applicants stated they are hoping for projected sales of $1-2 million in the 15,240 sq. ft. business and 10,000 sq. ft. multi-user retails, and $1.5 million for the anticipated sit down restaurant. They said the number of jobs projected in all tenants is 75-100 (full time equivalents). Hosman asked the status of the sit down restaurant. The applicants answered they are finalizing a deal in another city before looking at Pittsburg. This is their next planned project but they do not start another until completion of last so it is not a secured deal. The applicants stated the sit down restaurant has given their intentions the previous evening and again this morning before this meeting. Hosman asked if the proposed business for this RLF application will have a lease. The applicants answered a 10 year lease but there is a kick out. Werner stated they are projecting $7.3 million in sales which calculates to $293 per square foot. He asked how that relates to Pittsburg's sales. Mr. Werner mentioned the assessed value of the property. The applicants answered the market is addressing this issue. He stated they are seeking cost to retrofit the existing building for the secured deal and the parking lot for the anticipated sit down restaurant. Turnbull asked if a 99 year loan would be difficult for their people. The applicants answered they are requesting a grant and hope it will be funded by sales tax. They added they are hopeful for another national retailer as well. Werner asked if there was anything in writing from sit down restaurant. The applicants answered no. Werner asked if they needed the parking lot improvements at this time. The applicants answered they do not, they can wait on that. The applicants continued that it is perceivable that the sit down restaurant comes before the business in this application. Mayor Beezley asked what has changed since the previous year. The applicants answered availability and economics. The CID is not there anymore. They stated while the restaurant was waiting for Pittsburg and the development company to come to an agreement, they made a deal in another city. Mayor Beezley asked if they have only focused on this chain restaurant and if any other restaurants are coming. The applicants stated their company does more restaurants than any other company. They said their incentive is to keep these centers full. They stated their goal is to fill this space with a tenant that is satisfactory to Pittsburg. They will try to fill their space first but will work to fill other sites within the center. The applicants added they are seeking help from the City to continue progress on this project. Investors are continuing to fund this project and want to see some return. They are looking for solutions. The applicants stated this is their only plan, there is no backup plan. They said it could be five years before they find something else. Hosman asked if they were in an agreement with this business. The applicants answered yes, they are ready to sign contingent upon credits from the City. Turnbull asked if there were any other questions. The applicants added that they have had written proposals from other businesses where they went in for $8/sq. ft. and $7/sq. ft. as anchors. They added they had to

use all incentives to bring a business to the Legends Shopping Center in Kansas City. They continued these guys won't pay the rates they have been paying. Turnbull thanked the applicants for their time. The applicants also thanked the committee for their time.

Hosman made a motion to enter executive session for twenty (20) minutes to discuss confidential matters of a corporation at 11:02 a.m. Werner seconded.

The meeting reconvened into open session at 11:22 a.m. No votes were taken and no decisions were made in executive session.

The second agenda item was approval of minutes from the May 17, 2011 Economic Development Advisory Committee meeting. Westhoff motioned to approve the minutes, seconded by Coleman. Motion carried.

Being no further business, Werner made the motion to adjourn at 11:24 a.m. Hosman seconded. All carried, motion approved.

The next meeting will be held on Wednesday, August 10, 2011 at 10:00 a.m.

Respectfully Submitted,

Stacie Perry
Administrative Assistant