

WEDNESDAY

JUNE 09, 2021

The Governing Body of the City of Pratt met in Recessed Session in the Commission Room located at City Hall.

PRESENT:	Gary Schmidt	Mayor
	Don Peters	Commissioner
	Zach Deeds	Commissioner
	Jeanette Siemens	Commissioner
	Kyle Farmer	Commissioner
ALSO PRESENT:	Bruce Pinkall	City Manager
	LuAnn Kramer	City Clerk
	Brent Carver	Finance Director

**CALL TO ORDER:**

The recessed meeting was called to order by Mayor Schmidt. The Mayor instructed the Clerk to note that all Commissioners were present.

Mayor Schmidt reminded the audience that this meeting may be taped and/or recorded.

**BUSINESS:**

**CONTINUED DISCUSSION WITH THE ECONOMIC DEVELOPMENT BOARD:**

Mr. Mark Morgan, ED Board Chairman, opened the meeting by informing everyone that he had met with the City Commission earlier this week. Mr. Morgan stated that he had told them that Blanket Assets had asked for \$150,000 and we were here for their input on what to do and to see how bad we wanted Burkes to come in. Mr. Kevin Hamm addressed the ED Board and City Commission on behalf of Blanket Assets and stated that Burkes would bring in more sales tax and more revenue. Mr. Hamm commented that the matrix used by the ED Board only counts for \$500,000 worth of sales and they were projecting sales in the \$3,000,000 range. ED Board member Doug Meyer asked if Mr. Hamm could give the history of the funding of Tractor Supply vs. what the developer was asking for now. Mr. Hamm stated that was back in 2014 and they received \$125,000, but he was not sure if that was from ED or the Commission. Mr. Hamm commented that he thought that Arby's did theirs on their own. City Manager Pinkall commented that the City helped with some of the electrical tap fees.

Mr. Hamm commented that Burkes wanted to come to the east side of town and this was the perfect opportunity. Mr. Hamm explained that this property had not changed since Wal-Mart left and it needed a lot of work, which they were looking at \$750,000 for the upgrade. Mr. Hamm commented that the brunt of that burden would be on the developer. Mr. Morgan added that Burkes was asking for Blanket Assets to do the build out. Mr. Hamm added that Burkes was going to share in that cost, but then they would not be paying rent for three years. Mr. Hamm explained that Blanket Assets still had \$400,000 upfront costs. Mr. Hamm explained that there was almost six years of that opt out clause that Blanket Assets was going to eat up front. Mr. Hamm stated that the first part of getting them here was to get that build out done, so that was what they were asking the \$150,000 for. Commissioner Peters asked if the City could do some of the electrical work on the build out in kind. Mr. Hamm stated that there needed to be a new meter

outside and all new electrical inside, but he was not sure about the transformers and connections. Commissioner Peters asked if they were going to purchase the materials local. Mr. Hamm stated that they had talked about working with local contractors as much as they could. Commissioner Peters questioned if they had their own crew. Mr. Hamm commented that he did not know that they did; however, they would not be asking us to do the build out. Mr. Hamm stated that we had asked them to use local contractors.

Commissioner Deeds stated that they have checked a lot of the boxes. Commissioner Deeds commented that local competition was a concern for him, so he had gotten on their website to see what they had to offer and now he feels no one will be in direct competition. Commissioner Deeds commented that Burkes had a lot to offer and he had looked at their price points and they would not be much competition. Commissioner Deeds stated that he had gone back to the Charter Ordinance and the partnerships were to make things happen. Commissioner Deeds commented that the scenario was 'where would we need that \$740,000' and this was a prime opportunity. Mr. Morgan stated that for years it had been the theatre. Mr. Meyer commented that he had visited with Mr. Bill Keller and he felt that there was a 50/50 chance that the theatre would happen. Mr. Meyer stated that donors had dropped out and had said that they wanted to use their money and they had lost their momentum over time. Mr. Meyer added that Mr. Keller had not asked us to keep the money or release the money. Mayor Schmidt stated that Mr. Keller had told him that the cost had gone up about 20%. Mr. Meyer stated that Mr. Keller was very much for bringing businesses to Pratt. Mr. Meyer stated that there was plenty of money to do the theatre and keep Blanket Assets. Mr. Morgan commented that the model had changed on theatres.

Commissioner Deeds commented that there was the possibility of other entities helping out, but from the City's stand point that building was 45,000 square feet, so we were going to get that back in utilities and also in sales tax. Commissioner Deeds commented that it would be of tremendous value to the City. Commissioner Deeds stated that that building was probably one of the highest taxed properties in the County in its prime. Mayor Schmidt asked if they would utilize the revitalization plan. Mr. Hamm stated that they would. Commissioner Siemens stated that she saw sales tax for us; however, we needed to remember what we have on Main Street and support them as well. Commissioner Siemens commented that this was going to hurt them. Commissioner Siemens stated that she did not mean that it should not be here, but we just needed to remember our current businesses.

ED Board member Brian Moore stated that their group was struggling with only giving Blanket Assets \$51,000. Mr. Moore questioned if they should ignore their rules or adjust the rules on a grander scale. Mr. Moore commented that the the City was a good chunk of their financial backing. Commissioner Deeds asked if their ceiling was \$500,000. Mr. Moore stated that the cap was \$100,000 and we would need to make an adjustment. Mr. Morgan explained that the matrix was not designed for retail sales. Mr. Moore commented that he guessed that boards did other things. Mr. Meyer stated that there was a cap on sales tax, but industry would not have sales tax. Mr. Meyer added that this was a golden opportunity; however, there still needed to be an adjustment made. Mr. Meyer stated that they had talked about granting them \$51,000 and moving forward, but he did not want to lose them using a tool that we could have adjusted. Mr. Meyer stated that, looking at the big picture, it was a regional draw, the building was here in Pratt, the renovation is going to be done in Pratt and the workers are in Pratt. Mr. Meyer commented that they should adjust the matrix to cap at \$100,000 and there would always be an exception to the rule. Mr. Moore stated that he just wanted a blessing to our rules from our financial backers. Mr. Morgan commented that he would be annoyed if we lost this opportunity.

Commissioner Peters commented that there was the fact that materials would be purchased here, so there was sales tax and they would have employees. Commissioner Peters asked if they would bid the project out. Mr. Hamm stated that he was not sure. Commissioner Deeds asked about the 2014 reimbursement to Tractor Supply. Mr. Hamm stated that it was a reimbursement by invoice. Mr. Hamm explained that

about \$30,000 was for asbestos removal, because there was asbestos in the glue on the tile. Mr. Hamm stated that they had used a company out of Wichita, because those types of things could not be found here. Mr. Hamm explained that whatever they could do here they would and the \$150,000 would stay here. Commissioner Siemens stated that this was the beginning of various things to come, so they should change the matrix with that in mind.

Commissioner Farmer asked why they chose Pratt. Mr. Hamm stated that Pratt was not even on the map, but Esmirelda, Burke's real estate agent, was traveling from southeastern Missouri driving west and saw Arby's and the vacant building. Mr. Hamm explained that, when she came back from Liberal, she contacted him and asked some questions and they had a conversation about our community and he talked about the regional draw, the sporting events we host, the hospital, the shopping and grabbing a coffee. Commissioner Farmer questioned if these would be minimum wage jobs. Mr. Hamm stated that they would be around the \$9 to \$11 range.

Mayor Schmidt stated that we had talked a lot about this in other areas and having cooperation between the City and County. Mayor Schmidt commented that people want to know what you were doing for economic development at forums during major elections. Commissioner Peters clarified that the County was not opposed. Mr. Morgan stated that they were not opposed, so we were not going to get in trouble. ED Board member Ruth Ann Barker stated that they did not want us to change the rules in mid-stream and thought we should follow the matrix or the next person would want us to change the matrix for them. Ms. Barker commented that they questioned if we should wait for this project to be finished to change the matrix. Mayor Schmidt stated that this was an opportunity that might not come around again. City Manager Pinkall stated that this was a unique inquiry and request. Mr. Pinkall commented that we had looked at something that was fair and nothing that was outside the realm of considering, but needs to be taken seriously. Commissioner Peters asked how many downtown businesses had come to them for help. Ms. Heather Morgan stated that they were not eligible. Ms. Morgan explained that ED incentives stay out of retail businesses. Finance Director Carver stated that this did not prove that the matrix failed, but that there could be two different matrixes and that would make it be fair.

Mayor Schmidt asked if the renovation was inside the building. Mr. Hamm stated that it was inside and out. Mr. Hamm added that the parking lot needed work also. Mayor Schmidt questioned if that was part of the \$750,000. Mr. Hamm stated that it was not. Commissioner Siemens stated that it sounded like we were all on the same page, except we were trying to figure out how to be fair to everybody. Mr. Carver stated that having a matrix for retail would fix the issue. Mr. Carver added that anyone would benefit from the new and improved matrix. Commissioner Siemens stated that they need to feel important. Commissioner Farmer agreed and stated that he heard that during his campaign for Commissioner. Commissioner Farmer asked if the change in the matrix by the ED Board would change things for the person who was here earlier. Mr. Morgan stated that that was a new start-up and they were doing a build out and their job creation was four or five. Mr. Morgan commented that their taxable sales were going to be minimal due to it being a medical field, so it was marginal. Mr. Morgan added that the ED Board wanted to encourage them as a viable business, so they had a minimal amount that they were going to give them. Ms. Morgan commented that they did not get their funding from Great Plains either. Ms. Morgan stated that they could have a matrix for retail and one for industrial. Ms. Morgan commented that whatever Burkes comes to in the retail matrix, is what it is. Ms. Morgan stated that the ED Board should adopt the new matrix and up the cap to \$100,000 or \$125,000 and vote on the Burkes project. Ms. Morgan stated that the other option would be to vote on the Burkes project and then do everything else she just said. Mr. Moore commented that he was in favor of plan #1. Mr. Moore questioned who would modify the matrix. Ms. Morgan said that she would work on it with whomever wanted to. Mr. Meyer commented that he would prefer plan #2 because of the time crunch they were in. Mr. Meyer stated that, if the intent was to grant them more money to come, why would we not just do that today. Mr. Moore

stated that we did not know what number that was going to come up with. Mr. Meyer commented that it would come up with over \$100,000 if you used \$2.2 million.

After some discussion among the ED Board members, Mr. Morgan stated that doing a retail matrix only helps Pratt and that was what we were here for. Ms. Morgan added that there had to be guidelines and this needed to be done rather quickly so that someone did not feel like they were treated differently. Commissioner Deeds asked how soon Mr. Hamm needed an answer. Mr. Hamm stated that he had a Letter of Intent for Monday and it was ready to be signed. With no more discussion, Commissioner Farmer made a motion to recommend to the ED Board that they proceed with giving Blanket Assets the \$150,000 for development of the Burkes project as long as it aligns with an updated matrix. Commissioner Deeds had some hesitation with a motion and felt it should be a consensus of the Commission, so he took a moment to call City Attorney Goff. After a brief phone call, Commissioner Farmer withdrew his motion. Commissioner Deeds stated that he would recommend that the City Commission support the restricting of the ED matrix as presented by the ED Board. Mayor Schmidt asked for a consensus of the City Commission and all were in support with this idea.

**ADJOURN:**

Mayor Schmidt made a motion to adjourn. The motion was seconded by Commissioner Farmer and the motion and second passed unanimously.

APPROVED BY THE MAYOR:

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GARY A. SCHMIDT, Mayor



ATTEST:

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LUANN KRAMER, City Clerk