

GENERAL

Ordinance Fact Sheet

210845

Ordinance Number

Brief Title
 Approving the issuance by the City of Kansas City Missouri of its Water Revenue Refunding Bonds, Series 2021A ("2021A Bonds").

Reason
 Refunding debt service on existing Water Revenue bonds.

Reason for Legislation
 To approve issuance by the City of Kansas City Missouri of its Water Revenue Refunding Bonds ("Series 2021A Bonds"), to refund certain Water Revenue Bonds previously issued in 2012 and 2013. This ordinance also approves and authorizes certain documents and actions relating to the issuance of the Series 2021A Bonds; estimates and appropriates revenues, designates requisitioning authority; declares the City's intent to reimburse itself from bond proceeds; and authorizes the Director of Finance to modify and close project accounts.

Sponsor
 Tammy Queen, Director of Finance

Programs, Departments, or Groups Affected
 Finance Department

Discussion (explain all financial aspects of the proposed legislation, including future implications, any direct/indirect costs, specific account

This ordinance authorizes the issuance of the Series 2021A Bonds. The Series 2021A Bonds are being issued in the aggregate principal amount not to exceed \$86,000,000, for the purpose of refunding the Water Revenue Bonds, Series 2012A, and Water Revenue Bonds, Series 2013A. The refunding is to achieve significant debt service savings to the Water System of approximately 18% on a net present value basis over sixteen years.

On February 21, 2012, the City issued \$47,725,000 par of the Water Revenue Bonds, Series 2012A ("2012A Bonds"). The 2012A Bonds funded capital improvement projects in the waterworks system. On March 14, 2013, the City issued \$54,000,000 par of the Water Revenue Bonds, Series 2013A ("2013A Bonds"). Like the 2012A Bonds, the 2013A Bonds also funded capital improvement projects in the waterworks system.

Second Committee Substitute for Ordinance No. 080197 serves as the Master Water Revenue Bond Ordinance ("Master Bond Ordinance") and passed on August 14, 2008. The Master Bond Ordinance prescribes the terms, provisions, covenants and conditions for the issuance of Water Revenue Bonds. The Series 2021A Water Bonds are being issued pursuant to the Master Bond Ordinance on parity with five other series of senior water revenue bonds. The Series 2021A Water Bonds are refunding bonds and therefore will not count against voted authorization obtained in 2014. Remaining voted authorization is \$297,360,000.

As of September 1st, the 2012A Bonds had \$34,710,000 in remaining principal, and the 2013A Bonds had \$45,640,000. This series ordinance will authorize the issuance of bonds in a principal amount not to exceed \$86,000,000 to fully refund the 2012A Bonds and 2013A Bonds, and also establish certain provisions and terms relating to the Series 2021A Water Bonds.

Applicants / Proponents
Applicant
 City Department
 Finance Department

Other

Opponents
Groups or Individuals
 None Known
Basis of opposition

Staff Recommendation
 For
 Against
Reason Against

Board or Commission Recommendation
 By
 For Against No action taken
 For, with revisions or conditions
 (see details column for conditions)

Council Committee Actions
 Do pass
 Do pass (as amended)
 Committee Sub.
 Without Recommendation
 Hold

(Continued on reverse side)

Details

The City has retained Gilmore & Bell, PC, and Clayborn & Associates, LLC to serve as co-bond counsel and co-disclosure counsel. The MBE/WBE goal for this engagement is 25%. Clayborn & Associates, LLC is currently a certified MBE/WBE firm. The estimated legal fees are \$32,300.

Hilltop Securities Inc., and Independent Public Advisors, LLC will serve as the City's co-financial advisors. The MBE/WBE goal for this engagement is 20%. Independent Public Advisors, LLC, is currently a certified MBE/WBE firm. At this time, the financial advisory fees are estimated at \$116,000 plus reimbursable printing and electronic dissemination costs.

The Bonds are anticipated to be sold on October 13, 2021, with a settlement date of October 27, 2021.

Is it good for the children?
By refunding the debt for Water Services at historically low interest rates, this allows for more funds to be allocated to the distribution of clean and safe drinking water to the customers of The Water Services Dept.

How will this contribute to a sustainable Kansas City?
By refunding the debt for Water Services at historically low interest rates, this allows for more funds to meet EPA mandates and operate in an environmentally sound manner.

Outstanding debt information as of August 31, 2021:

General Municipal Debt Outstanding: \$1,482,773,777

Debt Service as a Percent of Governmental Funds Revenue
Actual: 15.6%
Target: < 14.5%

Total Debt Outstanding as a Percent of Governmental Funds Revenue
Actual: 132.4%
Target: < 125.0%

Debt Outstanding as a Percent of Market Value
Actual: 3.7%
Target: < 4.5%

Percent of Debt Retired in 10 Years: 67%

Policy/Program Impact

Policy or Program Change	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
Operational Impact Assessment	

Finances

Cost & Revenue Projections -- Including Indirect Costs	Based on preliminary analyses prepared by Hilltop Securities, the City's co-financial advisor, the following are the debt service estimates: Par Amount: \$69,640,000 Avg. Annual Debt Service: \$5,930,033.67 Total Debt Service: \$95,440,597.50 Net PV Savings: \$12,588,933.17 Savings Percent of Refunding Bonds: 18.077%
Financial Impact	
Fund Source (s) and Appropriation Account Codes	The Series 2021A Bonds principal of and interest on such water revenue bonds shall be payable solely from the net revenues derived from the operation of the water system. The taxing power of the City is not pledged to the payment of the Series 2021A Bonds either as to principal or interest.

(Use this space for further discussion, if necessary)

Applicable Dates:

Fact Sheet Prepared by:

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Reviewed by:

Name: Kim Carter Date 09/09/2021
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