

ORDINANCE NO. 230888

Director of Finance

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Establishing Fund No. 3452, the Special Obligation Bond Series 2024B Projects Fund, in the records of the City of Kansas City; estimating revenue in the amount of \$44,123,574.00 in Fund No. 3452, the Special Obligation Bond Series 2024B Projects Fund, and appropriating the same; designating requisitioning authorities; authorizing the Director of Finance to close project accounts upon completion; declaring the intent of the City to reimburse itself from the bond proceeds for certain expenditures, recognizing an accelerated effect date on the ordinance; and authorizing the Director of Finance to execute a two-party agreement between the City and Conrad Fire Equipment Inc.

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WHEREAS, the City of Kansas City, Missouri (the “City”) is a constitutional charter city, municipal corporation and political subdivision of the State of Missouri (the “State”) and is duly organized and existing pursuant to the Constitution and laws of the State; and

WHEREAS, pursuant to applicable law, the governing body of the City (“Governing Body”) is authorized to acquire, dispose of and encumber real and personal property, including, without limitation, rights and interest in property, leases and easements necessary to the functions or operations of the City; and

WHEREAS, the City previously accepted the proposal of Oshkosh Capital, previously also known as PNC Equipment Finance, LLC, and now known as PNC Bank, National Association (“PNC”) pursuant to Ordinance No. 150394, for financing the acquisition of new heavy fleet vehicles and equipment for the Fire Department of the City to properly perform its fire service duties, at an estimated purchase price of \$36,675,538 and a not-to-exceed purchase price of \$37,000,000 (the “2015 Project”), the purchase of which fleet vehicles and related equipment constituting the 2015 Project was carried out over a period of time pursuant to one or more lease-purchase agreements and related schedules and documents (each, a “2015 Project Lease”) with PNC as Lessor thereunder; and

WHEREAS, the fire fleet vehicles and equipment constituting the 2015 Project were ordered from Pierce Manufacturing, Inc. (“Pierce”); and

WHEREAS, the payment of scheduled debt service payments on a 2015 Project Lease for the financing of pumpers and certain equipment was to be paid over a successive seven-year (7) period and for the financing of rear-mount aerial platforms (RMAPs), rescues and tillers and certain equipment was to be paid over a successive ten-year (10) period, depending on the applicable useful life of the vehicle or equipment, from legally available funds; and

WHEREAS, as provided in Ordinance No. 150394 approving the 2015 Project, no fire fleet vehicle financed under a 2015 Project Lease will have been paid in full at the end of the applicable Lease term, instead, the form of Lease included an end-of-lease term rider setting out three options available to the City at the end of the lease term, as follows: (1) the City may pay a balloon rent payment and purchase the fire fleet vehicle, (2) the City may turn in the fire fleet vehicle to Pierce and agree to acquire a new fire fleet vehicle from Pierce or Pierce’s designated dealer, or (3) the City may refinance the balloon rent payment, subject to further approval as applicable by the governing body of the City prior to the exercise of such option; and

WHEREAS, PNC and the City entered into a 2015 Project Lease for the purchase of nine (9) rear mount platforms, three (3) Pierce tillers, three (3) Pierce Rescues and one (1) Pierce Hazmat vehicle (collectively “the Vehicles” in the principal amount of \$16,573,398.76 (net of prepay discounts) pursuant to a Lease Purchase Agreement (Turn-In Lease for Pierce Equipment) dated June 29, 2015 (the “2015 Pumper Lease”), with a lease term ending July 29, 2025; and

WHEREAS, the City wishes to replace the Vehicles with ten (10) rear mount platforms, three (3) Pierce tillers, three (3) Pierce Rescues and one (1) Pierce Hazmat vehicle (collectively the “2023 Replacement Vehicles Project”) at a cost not to exceed \$32,329,662.00 and finance the acquisition cost with special obligation bonds; and

WHEREAS, PNC and the City entered into a 2015 Project Lease for the purchase of 32 pumpers and equipment in the principal amount of \$18,067,251 (net of prepay discounts) pursuant to a Lease Purchase Agreement (Turn-In Lease for Pierce Equipment) dated June 29, 2015 (the “2015 Pumper Lease”), with a lease term ending July 29, 2022; and

WHEREAS, Ordinance No. 220036 approved the purchase of 11 new pumpers in 2022 (the “2022A Pumper Project”), including the turning in to Pierce of certain previously purchased fire fleet vehicles and the purchase from Pierce of new vehicles, at a cost of \$ 8,048,058.00, pursuant to a Lease Purchase Agreement (Turn-In Lease for Pierce Equipment) (the “2022A Pumper Lease”), which had comparable terms to the 2015 Pumper Lease; and

WHEREAS, Ordinance No. 220561 approved the purchase of an additional 11 new pumpers in 2022 (the “2022B Pumper Project” and with the 2022A Pumper Project, the “2022 Pumper Project”), at a cost not to exceed \$8,685,385.00, pursuant to a Lease Purchase Agreement (Turn-In Lease for Pierce Equipment) and attachments thereto including a Four-Party Agreement between the City, Pierce, PNC and Conrad Fire Equipment Inc. (the “2022B Pumper Lease”), which have comparable terms to the 2022A Pumper Lease; Pierce and its consultants advised that at present there is an approximately 25 month lead time between the payment of the purchase price and the delivery of the vehicles; and

WHEREAS, the City wishes to purchase an additional 12 new pumpers in 2023 (the “2023 Pumper Project”), at a cost not to exceed \$ 11,793,912.00 and finance the acquisition cost with special obligation bonds; and

WHEREAS, Conrad Fire Equipment Inc. acts as the broker dealer for the acquisition of the 2023 Replacement Vehicles Project and the 2023 Pumper Project under a two-party agreement; and

WHEREAS, the payment of scheduled debt service payments on the special obligation bonds to be issued to finance the 2023 Replacement Vehicles Project and the 2023 Pumper Project, respectively, will be made by annual appropriation of monies from the Fire Capital Sales Tax Fund over a successive twelve (12) year period beginning in fiscal year 2024-2025; and

WHEREAS, the Governing Body hereby finds and determines that the special obligation bonds to be issued in the Spring of 2024 for the purpose of acquiring the 2023 Replacement Vehicles Project and the -2023 Pumper Project in the total amount of \$44,123,574.00 is appropriate and necessary to the functions and operations of the City; NOW THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the Director of Finance is authorized to execute, deliver and file in the name of the City, a two-party agreement between the City and Conrad Fire Equipment Inc. with respect to the purchase of the 2023 Replacement Vehicles Project and the 2023 Pumper Project.

Section 2. That Fund No. 3452 is hereby established as the Special Obligation Series 2024B Project Fund in the records of the City of Kansas City, Missouri.

Section 3. That the revenue in the following account of Fund No. 3452, the Special Obligation Series 2024B Fund, is hereby estimated in the following amount:

AL-3452-120000-583000	Bond Proceeds	<u>\$44,123,574.00</u>
	TOTAL	\$ 44,123,574.00

Section 4. That the sum of \$ 44,123,574.00 is hereby appropriated from the Unappropriated Fund Balance of Fund No. 3452, the Special Obligation Series 2024B Fund to the following account:

AL-3452-237701-E-23FLTEQ23	Fire Fleet	\$ 44,123,574.00
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Section 5. That the Interim Chief of the Fire Department is hereby designated as requisitioning authority for Account Number AL-3452-237701-E-23FLTEQ23 and the Director of Finance is hereby designated as the requisitioning authority for Account Number AL-3452-129620-G.

Section 6. That the Director of Finance is hereby authorized to close accounts, open encumbrances and retainage related to the accounts in **Section 4** and return the unspent portion to the Fund balance from which it came upon the earliest of: (i) completion of the project; (ii) final maturity of financing or (iii) five years after issuance.

Section 7. That the City hereby declares its official intent to reimburse itself for certain expenditures made within sixty (60) days prior to or on and after the date of this ordinance with respect to the 2023 Replacement Vehicles Project and the 2023 Pumper Project with the proceeds expected to be drawn from special obligation bonds. The maximum principal amount of bonds to be issued to finance the 2023 Replacement Vehicles Project and the 2023 Pumper Project is \$ 44,123,574.00. This constitutes a declaration of official intent under Treasury Regulation Section 1.150-2.

Section 8. That this Ordinance is recognized as an ordinance with an accelerated effective date as provided by Section 503(a)(3)(C) of the City Charter in that it appropriates money and shall take effect in accordance with that section.

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

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Tammy L. Queen
Director of Finance

Approved as to form and legality:

Assistant City Attorney