



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #: 230999

Submitted Department/Preparer: Finance

Revised 11/01/23

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

The ordinance authorizes of the Director of Finance to accept a proposal of Banc of America Public Capital Corp (“BAPCC”) to finance the acquisition of municipal golf course equipment (“Project”). The ordinance also authorizes the execution of any and all documents and agreements necessary for the financing; estimates revenue and appropriates \$880,000.00 in the 3230 Fund; designates requisitioning authorities; authorizes the Director of Finance to close project accounts; approves Lease Counsel in connection with the transaction; declares the intent of the City to reimburse itself from the lease purchase proceeds for certain expenditures.

Discussion

The ordinance requests authorization to finance the acquisition the Project with one draw upon the Master Lease Purchase Agreement between the City and Bank of America Public Capital Corporation (“BAPCC”). The lease term is expected to not exceed a four (4) year period.

Ordinance No. 220211, passed on March 10, 2022, authorized the financing of \$404,000.00 of turf management equipment for the Shoal Creek and Hodge Park Golf Courses.

Some of the existing turf management equipment for the Heart of America, Minor Park, and Swope Memorial Golf Courses has reached the end of its useful life. The Project will replace the most needed pieces of equipment that are in poor condition

On May 1, 2020, Banc of America Public Capital Corp. was selected as the Master Lease Purchase Agreement (“MLPA”) vendor via a competitive RFP process for a 5-year engagement and approved in Ordinance No. 200273 passed on April 23, 2020. The MLPA sets forth terms, conditions, and contract rates for short-term (no more than 10 years) financings, secured by the assets being financed and the City’s pledge of annually appropriating debt service under the Schedule. The contract rate is based upon current market swap rates and a credit spread. Common terms under the MLPA provide for more efficient financing with lower transactions

costs than a conventional bond issue. The City retains the title to the asset during the term of the Schedule as long as there are no events of default under the MLPA.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

Initial funding will come from the Equipment Lease Capital Acquisition Fund:
AL-3230-709650-E Parks Department Mowers and Equipment \$875,000
AL-3230-129620-G Cost of Issuance \$5,000

Debt service is anticipated to be paid from future annual appropriations in Fund Number 2050 the Golf Course Operations Fund to include the net revenues of the Golf Courses.

3. How does the legislation affect the current fiscal year?

Project appropriations will become available for use in the current fiscal year upon passage of this ordinance.

4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

Yes. At a federally tax-exempt interest rate of 5% and aggregate principal amount of \$880,0000.00, average annual debt service is estimated at \$245,100.00 over a four year period. Debt service is assumed to begin in fiscal year 2025.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

This ordinance estimates the proceeds from a lease as described herein.

Office of Management and Budget Review

(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. Yes No

2. This fund has a structural imbalance. Yes No

3. Account string has been verified/confirmed. Yes No

Additional Discussion (if needed)

The Golf Operations Fund continues to see strong revenue related to resident participation.

Citywide Business Plan (CWBP) Impact

1. View the [FY23 Citywide Business Plan](#)
2. Which CWBP goal is most impacted by this legislation?
Infrastructure and Accessibility (Press tab after selecting.)
3. Which objectives are impacted by this legislation (select all that apply):
 - Engage in thoughtful planning and redesign of existing road networks to ensure safety, access, and mobility of users of all ages and abilities.
 - Enhance the City's connectivity, resiliency, and equity through a better-connected multi-modal transportation system for all users.
 - Build on existing strengths while developing a comprehensive transportation plan for the future.
 - Develop environmentally sustainable infrastructure strategies that improve quality of life and foster economic growth.
 - Ensure adequate resources are provided for continued maintenance of existing infrastructure.
 - Focus on delivery of safe connections to schools.

Prior Legislation

Ordinance No. 220211, passed on March 10, 2022, authorized the financing of \$404,000.00 of turf management equipment for the Shoal Creek and Hodge Golf Courses.

Ordinance No. 200273, passed on April 23, 2020, authorized a five-year engagement with Banc of America Public Capital Corp as the City's Mater Lease Purchase Agreement vendor.

Service Level Impacts

City golf courses serve as the hub for the First Tee of Kansas City. This organization teaches life skills through golf to thousands of Kansas City youth.

Other Impacts

1. What will be the potential health impacts to any affected groups?
None
2. How have those groups been engaged and involved in the development of this ordinance?
N/A
3. How does this legislation contribute to a sustainable Kansas City?
Newer mowers use less fuel burn and cleaner. The Parks Department is also using hybrid mowers when possible.
4. Does this legislation create or preserve new housing units?
No (Press tab after selecting)

N/A

Click or tap here to enter text.

5. Department staff certifies the submission of any application Affirmative Action Plans or Certificates of Compliance, Contractor Utilization Plans (CUPs), and Letters of Intent to Subcontract (LOIs) to CREO prior to, or simultaneously with, the legislation entry request in Legistar.

No - CREO's review is not applicable (Press tab after selecting)
Please provide reasoning why not:
The Master Lease Purchase Agreement, by which BAPCC is financing the City's Fleet Vehicles, was submitted to CREO in 2020 for evaluation and CREO set goals at 0%.
6. Does this legislation seek to approve a contract resulting from an Invitation for Bid?

No(Press tab after selecting)

No - This was accomplished in Ordinance No. 200273 passed by City Council on April 23, 2020. The equipment will be purchased through a national purchasing agreement with John Deere.
7. Does this legislation seek to approve a contract resulting from a Request for Proposal/Qualification (RFP/Q)?
No(Press tab after selecting)

