

# GENERAL

## Ordinance Fact Sheet

180365

Ordinance Number

### Brief Title

To authorize the defeasance of taxable General Improvement Airport Refunding Revenue Bonds, Series 2005C

### Reason

To authorize the defeasance of taxable General Improvement Airport Refunding Revenue Bonds, Series 2005C

#### Reason for Legislation

Authorizing the defeasance of the City's Subordinated Taxable Airport Improvement and Refunding Revenue Bonds, Series 2005C; directing the execution of an Escrow Deposit Agreement between the City and Wells Fargo Bank, N.A., relating to the defeasance; approving the selection of defeasance counsel; transferring \$4,371,996.00 from the Unappropriated Fund Balance of Fund No. 8590, the KCI Overhaul Base Fund to Fund No. 8360, the Customer Facility Charges Fund; estimating revenue in the amount of \$4,371,996.00 in Fund No. 8360, the Customer Facility Charges Fund; and appropriating the amount of \$10,371,996.00 from the Unappropriated Fund Balance of Fund No. 8590, the KCI Overhaul Base Fund, the Customer Facility Charges Fund.

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

On April 1, 2005, the City issued its Subordinated Taxable Airport Improvement and Refunding Revenue Bonds, Series 2005C ("Airport Series 2005C Bonds"), pursuant to ordinance number 050299 for the purpose of paying for a portion of the costs of a Consolidated Rental Car Facility ("Facility") and refunding a series 2000 subordinated taxable airport revenue bond issue that funded developmental costs of the Facility.

This ordinance will authorize the actions to be taken to defease \$15,575,000 of outstanding Airport Series 2005C Bonds through an optional redemption on September 1, 2018 wherein \$15,575,000 of outstanding principal and accrued interest of \$405,080.00 will be paid. The ordinance also estimates and appropriates \$10,371,996 in defeasance appropriations and transaction costs. \$5,623,084.00 was appropriated, in the City's Annual Budget, for annually scheduled principal, interest and trustee fees payments in fiscal year 2019. Approximately \$6 million is being appropriated from fund balance in Fund No. 8360, the Customer Facility Charges Fund and the remaining \$4.3 million is being transferred from Fund No. 8590, the KCI Overhaul Base Fund. The amount being transferred from the Overhaul Base Fund will come from the unappropriated fund balance of the Overhaul Base Fund. These funds are generated from the operation of the overhaul base. The Sources of funds are Consolidated Facility Charges collected from the Rental Car operations at KCI. The amount being transferred from the Overhaul Base Fund will be repaid from these collections as well. The defeasance of these bonds allows the Airport to reduce outstanding debt prior to any new upcoming terminal obligations.

<b>Sponsor</b>	Randall J. Landes, Director of Finance Pat Klein, Director of Aviation
<b>Programs, Departments, or Groups Affected</b>	Finance Department Aviation Department
<b>Applicants / Proponents</b>	<b>Applicant</b>  City Department Finance Department Aviation Department <b>Other</b>
<b>Opponents</b>	<b>Groups or Individuals</b>  None Known Basis of opposition
<b>Staff Recommendation</b>	<input checked="" type="checkbox"/> For <input type="checkbox"/> Against  Reason Against
<b>Board or Commission Recommendation</b>	<b>By</b> <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No action taken  <input type="checkbox"/> For, with revisions or conditions (see details column for conditions)
<b>Council Committee Actions</b>	<input type="checkbox"/> Do pass <input type="checkbox"/> Do pass (as amended) <input type="checkbox"/> Committee Sub. <input type="checkbox"/> Without Recommendation <input type="checkbox"/> Hold

**Details**

Is it good for the children?

Yes, reduction of outstanding debt ultimately assists the Aviation Department in the construction of a new Airport terminal.

How will this contribute to a sustainable Kansas City? The cash defeasance of debt saves the Aviation Department interest costs in the future with respect to the financing of the Consolidated Rental Car facility.

**Policy/Program Impact**

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

**Finances**

<b>Cost &amp; Revenue Projections -- Including Indirect Costs</b>	
<b>Financial Impact</b>	
<b>Fund Source (s) and Appropriation Account Codes</b>	The source of revenue for the appropriations approximately \$11.6 million in proceeds from customer facility charges and \$4.3 million is from other Airport revenues generated by the Overhaul Base.

(Use this space for further discussion, if necessary)

**Applicable Dates:**

**Fact Sheet Prepared by:**

Name: Dan Grandcolas  
Title: Public Finance Manager

Date May 3, 2018

**Reviewed by:**

Name: Douglas Buehler  
Title: City Treasurer

Date May 4, 2018

**Reference Numbers**