

ORDINANCE NO. 190490

Approving an Industrial Development Plan for Trillium Industrial No. 1, LLC, for the purpose of the acquisition, installation and construction of a 275-room Kimpton branded hotel, located at 1 East 45th Street, Kansas City, Missouri; authorizing and approving various agreements for the purpose of setting forth covenants, agreements and obligations of the City and Trillium Industrial No. 1, LLC; authorizing the issuance of taxable industrial revenue bonds in a maximum aggregate principal amount not to exceed \$55,000,000.00; authorizing and approving certain other documents; and authorizing certain other actions in connection with the issuance of said bonds.

WHEREAS, the City of Kansas City, Missouri, a constitutional charter city and municipal corporation of the State of Missouri (the "City") is authorized pursuant to the provisions of Article VI, Section 27(b) of the Missouri Constitution, as amended, and Sections 100.010 to 100.200, inclusive, of the Revised Statutes of Missouri, as amended, and the City of Kansas City Charter (collectively, the "Act"), to issue its revenue bonds for carrying out a project or projects under the Act, such revenue bonds to be paid solely from revenue received from such project, and to enter into a lease of certain property associated with the project to be financed with the proceeds of such revenue bonds with any person, firm or corporation; and

WHEREAS, the City has heretofore prepared and approved plans for the industrial development of the City and desires to approve an Industrial Development Plan (the "Plan") for the purpose of carrying out a development project (the "Project") for Trillium Industrial No. 1, LLC, an Illinois limited liability company, or an affiliate, joint venture, or other designee thereof (the "Company"); and

WHEREAS, the City intends to issue its Taxable Industrial Revenue Bonds (Trillium Industrial No. 1, LLC Project) (the "Bonds") for the purpose of furthering the Project located at 1 East 45th Street, Kansas City, Missouri (the "Project Site"); and

WHEREAS, notice of the Project was given to the taxing jurisdictions in accordance with Section 100.059.1 of the Revised Statutes of Missouri; and

WHEREAS, the City Council has heretofore and does hereby find and determine that it is desirable for the economic development of the City and within the public purposes of the Act that the City Council approve a Chapter 100 Industrial Development Plan as proposed by the Company; and that the City issue the Bonds, as more fully described in the Indenture and in the Lease, as hereinafter defined and authorized, proceeds of which shall be used for the acquisition and construction the Project and which shall be located at the Project Site and leased by the City to the Company, with an option to purchase; and

WHEREAS, the principal amount of the Bonds will be issued in taxable Chapter 100 bonds over a period of time not to exceed the year ending December 31 of the year in which the second (2nd) anniversary of the issuance of the Bonds occurs (or sooner at the Company's option) and which will be repaid solely by the Company under the terms of the Lease; and

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WHEREAS, for a Chapter 100 bond issuance, the City Council has previously established a policy (Resolution No. 041033) for the review and approval of these projects, one component of which suggests a maximum bond term of 10 years and another of which suggests payments-in-lieu-of-taxes (PILOTS) at a level of no less than 50% of the amount that would have been paid to the affected taxing jurisdictions on the property if it had been fully taxed during the term of the bonds; and

WHEREAS, the City Council has previously established a policy (Ordinance No. 160383) capping the amount of real property tax abatement for Chapter 100 projects at 50% for 10 years; and

WHEREAS, the issuance of the Bonds is designed to provide a sales tax exemption on construction materials for the Project, which does not require any waiver of the policy described immediately above (found in Ordinance No. 160383); and

WHEREAS, the Company has agreed to maintain certain levels of retained and/or created jobs in conjunction with the Project as required by City Council policy (which agreement will be memorialized in the Lease); and

WHEREAS, the principal amount of the Bonds will be advanced over a period of approximately two years following Project commencement, and the Project will be leased by the City to the Company during the period of construction, which is expected to end no later than December 31 of the year in which the second (2nd) anniversary of the issuance of the Bonds occurs (subject to earlier termination as provided in the Lease); and

WHEREAS, the City finds and determines that it is necessary and desirable in connection with the Project to provide a sales tax exemption on construction materials for the Project; and

WHEREAS, the City further finds and determines that it is necessary and desirable in connection with the Project and the issuance of the Bonds that the City enter into certain documents, and that the City take certain other actions and approve the execution of certain other documents as herein provided; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. Approval of Plan. The City Council hereby finds and determines that the Project will promote the economic well-being and industrial development of the City and the Project will be in furtherance of the public purposes set forth in the Act. The City Council hereby approves the Plan for the Project, which includes the following provisions:

(a) Acquisition, construction and installation of the Project located at the Project Site in the City;

(b) A total estimated Project cost of approximately \$95,049,000.00 to fund the acquisition, installation and construction of the Project; and

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(c) A portion of the costs of acquiring, constructing and installing the Project that will be funded from proceeds of the sale of up to \$55,000,000.00 maximum principal amount of Taxable Industrial Revenue Bonds to be issued by the City and purchased by the Company or other purchaser named in the herein-defined Purchase Agreement.

Section 2. Authorization of Documents. The City is hereby authorized to enter into the following documents (the "City Documents"), in such form as shall be approved by the officials of the City executing such documents, such officials' signatures thereon being conclusive evidence of their approval thereof:

(a) Trust Indenture (the "Indenture"), between the City and the trustee named therein (the "Trustee"), pursuant to which the Bonds shall be issued and the City shall pledge the Project and assign certain of the payments, revenues and receipts received pursuant to the Lease to the Trustee for the benefit and security of the owners of the Bonds upon the terms and conditions as set forth in the Indenture;

(b) Lease Agreement (the "Lease"), between the City and the Company, under which the City will acquire the Project and lease the Project to the Company pursuant to the terms and conditions in said Lease, in consideration of rental payments by the Company which will be sufficient to pay the principal of, premium, if any, and interest on the Bonds; and

(c) Purchase Agreement, as defined below, under which the purchaser named therein agrees to purchase the Bonds.

Section 3. Authorization of the Bonds. The City is hereby authorized to issue and sell its Taxable Industrial Revenue Bonds (Trillium Industrial No. 1, LLC Project), Series 2019, in a maximum aggregate principal amount not to exceed \$55,000,000.00, for the purpose of providing funds for the acquisition, installation and construction of the Project. The Bonds shall be issued and secured pursuant to the herein authorized Indenture and shall bear such date, shall mature at such time, shall be in such denominations, shall bear interest at such rates, shall be in such form, shall be subject to redemption and other terms and conditions, and shall be issued in such manner, subject to such provisions, covenants and agreements, as are set forth in the Indenture.

Section 4. Sale and Terms of Bonds; Authorization and Execution of Bond Purchase Agreement. The Bonds will be sold to the Company or other purchaser under the terms of a Bond Purchase Agreement between the City and the Company or other purchaser (the "Purchase Agreement"). The maximum aggregate principal amount of the Bonds shall be \$55,000,000.00, the interest rate on the Bonds shall not exceed 5.00%, principal shall be payable at maturity, the maturity date shall be no later than December 31 of the year in which the second (2nd) anniversary of the issuance of the Bonds occurs, the Bonds shall be purchased at 100% of the principal amount thereof and the Bonds may be redeemed at any time at a redemption price equal to the principal amount thereof plus accrued interest. The Director of Finance or the City Treasurer is each authorized to

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execute the Purchase Agreement for and on behalf of and as the act and deed of the City.

Section 5. Limitation on Liability. The Bonds and the interest thereon shall be limited obligations of the City payable solely out of certain payments, revenues and receipts derived by the City from the Lease described herein, and such payments, revenues and receipts shall be pledged and assigned to the Trustee as security for the payment of the Bonds as provided in the Indenture. The Bonds and the interest thereon shall not constitute general obligations of the City or the State of Missouri. The Bonds shall not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and are not payable in any manner by taxation.

Section 6. Creation of Bond Fund. The City is hereby authorized to establish with the Trustee pursuant to the Indenture, a special trust fund in the name of the City to be designated the "City of Kansas City, Missouri, Bond Fund – Trillium Industrial No. 1, LLC Project" and the City shall cause all sums required by the Indenture to be deposited therein and shall create all accounts therein required by the Indenture.

Section 7. Execution of Documents. The Mayor is hereby authorized and directed to execute the Bonds and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Indenture. The Director of Finance is hereby authorized and directed to execute the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance, for and on behalf of and as the act and deed of the City. The City Clerk or a deputy City Clerk, of the City is hereby authorized and directed to attest to and affix the seal of the City to the Bonds and the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 8. Further Authority. The Mayor, Director of Finance and other officials, agents and employees of the City as required, are hereby authorized and directed to take such further action, and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance and to carry out, comply with and perform the duties of the City with respect to the Bonds, the City Documents, and tax redirection.



Authenticated as Passed

[Signature]

Sty James Mayor

[Signature]

Marilyn Sanders, City Clerk

JUL 1 2019

Date Passed

Approved as to form and legality:

[Signature]

Galen P. Beaufort

Senior Associate City Attorney