

# GENERAL

## Ordinance Fact Sheet

211037

Ordinance Number

### Brief Title

To approve the issuance of City of Kansas City, Missouri Special Obligation Bonds, Series 2021E, to finance and refinance certain obligations of the City on a Taxable basis in a principal amount not to exceed \$51,000,000.00, estimating and appropriating revenue in Fund No. 3340, the Taxable Special Obligation Refunding Bond Fund Series 2021E.

### Reason

To finance a fixed fee lump-sum payment for exclusive catering services at the Bartle Hall Conference Center and Ballroom and refinance a loan of the Hotel Property Owners secured by assigned contractual payments made by the City.

### Reason for Legislation

Approving the issuance by the City of Kansas City Missouri of its special obligation bonds (the "Series 2021E Bonds"), to finance and refinance certain obligations of the City on a taxable basis with an estimated cost of \$50,500,000.00, such Series 2021E Bonds to be issued in an aggregate principal amount not to exceed \$51,000,000.00; approving and authorizing certain documents and actions relating to the issuance of the Series 2021E Bonds; estimating and appropriating revenue in Fund No. 3340, the Taxable Special Obligation Refunding Bond Fund Series 2021E; designating requisitioning authority; and authorizing the Director of Finance to modify and close project accounts.

<b>Sponsor</b>	Tammy L. Queen, Director of Finance
<b>Programs, Departments, or Groups Affected</b>	Finance Department

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

The Series 2021E Bonds will be issued in the aggregate principal amount not to exceed \$51,000,000, for the purpose of providing (a) to refinance, retire and pay the Loan in full, (b) to finance the Upfront Payment and (c) to pay certain costs related to the issuance of the Series 2021E Bonds.

The KC Hotel Property Owner, LLC ("Hotel Owner") financed a portion of the construction of the downtown convention hotel through a term loan with NBH Bank (the "Loan"), in an original amount of \$35,400,728, that is secured by an assignment of contract payments the City agreed to make to the Hotel Owner under a financing agreement entered into in January 2018.

The City and the Hotel Owner also entered into an exclusive catering agreement ("Catering Agreement") in January 2018 whereby the Hotel Owner would provide catering services to events held in the City's Bartle Hall conference center and ballroom for a fifteen year period. Part of the compensation to the Hotel Owner for catering services provided included annual fixed fee payments over fifteen years in the original amount of \$ 9.7 million.

The City and Hotel Owner wish to amend the Catering Agreement, whereby the City would make a lump sum up-front payment for catering services during the same fifteen year period in an amount not to exceed \$5,893,312.00 (the "Upfront Payment").

The City will (1) finance the Upfront Payment and (2) refinance the Loan in full by issuing the privately placed Series 2021E Bonds in order to achieve overall savings (please refer to Financial Impact Section). The bonds will be purchased by NBH Bank.

<b>Applicants / Proponents</b>	<b>Applicant</b> City Department Finance Department  <b>Other</b>
<b>Opponents</b>	<b>Groups or Individuals</b>  None Known <b>Basis of opposition</b>
<b>Staff Recommendation</b>	<input checked="" type="checkbox"/> For <input type="checkbox"/> Against  <b>Reason Against</b>
<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

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**Details**

The City has retained Kutak Rock and the Hardwick Law Firm to serve as co-bond and disclosure counsel. Hardwick Law Firm is a City-certified MBE firm. The bond counsel fees are estimated at \$33,100.

The City has selected Hilltop Securities and Moody Reid Financial Advisors to serve as co-financial advisors. The MBE goal for this engagement is 20%. Moody Reid is a City-certified MBE firm. The financial advisory fees are estimated at \$80,000.

The City has also selected Security Bank of Kansas City as Paying Agent.

The Series 2021E Bonds are anticipated to be issued in December 2021.

Is it good for the children?

Yes. Refinancing the bonds will provide debt service savings and stability in the annual payments and reduce the total amount of payments.

How will this contribute to a sustainable Kansas City?

Refinancing the bonds will provide savings on future debt service, which the City can use for other purposes benefitting the citizens of Kansas City, Missouri.

**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>	Based on a November 3, 2021, analysis prepared by Hilltop Securities, the City's co-financial advisor, the following are the debt service estimates, assuming a taxable true interest cost of 2.25% over term of the bonds.
<b>Financial Impact</b>	<p>Par Amount: \$44,458,705.18*</p> <p>Avg. Annual Debt Service: \$3,731,840.82</p> <p>Total Debt Service: \$53,344,591.26</p> <p>Net Present Value Savings: \$4,957,890.04</p> <p>Percentage savings of refunding bonds 11.08%</p> <p>*Par amount is based upon a realistic expectation of financing.</p>
<b>Fund Source (s) and Appropriation Account Codes</b>	Source of repayment for debt service is an annual appropriation of general municipal revenues.

(Use this space for further discussion, if necessary)

**Applicable Dates:**

**Fact Sheet Prepared by:**

Name: Elisha Booker  
Title: Senior Analyst

Date: 11/04/2021

**Reviewed by:**

Name:  
Title:

Date:

**Reference Numbers**