



Legislation Text

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File #: 240455, Version: 2

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[COMMITTEE SUBSTITUTE FOR]ORDINANCE NO. 240455

Sponsor: Councilmember Ryana Parks-Shaw  
COMMITTEE SUBSTITUTE

Authorizing the City Manager to negotiate and execute a development agreement with Swope Health Services or an affiliated entity for the property located at 5900 Swope Parkway, in Kansas City, Missouri, estimating revenue from the sale of property and appropriating funds to defease outstanding bonds; appropriating \$2,500,000.00 from the unappropriated fund balance of the Health Levy as a contribution toward redevelopment of the site; authorizing the Director of Finance to execute an escrow agreement and related documents; approving the selection of Kutak Rock LLP and Hardwick Law Firm as defeasance counsel for this matter; and directing the City Manager to identify additional funding sources for up to \$2,500,000.00 to be utilized for the redevelopment of the site.

WHEREAS, the City of Kansas City owns certain real property located at 5900 Swope Parkway; and

WHEREAS, by Ordinance No. 230144, the City declared the property located at 5900 Swope Parkway surplus to the City's needs; and

WHEREAS, the City issued a Request for Proposals on January 4, 2023, soliciting proposals for the purchase and redevelopment of 5900 Swope Parkway and received two proposals; and

WHEREAS, the selection committee recommended the proposal from Swope Health Village Alliance, LLC by Swope Health Services, a Missouri nonprofit corporation, for the purchase and redevelopment of 5900 Swope Parkway ("Property");

WHEREAS, a portion of the City Special Obligation Improvement and Refunding Bonds Series 2008A ("Series 2008A Bonds") used to finance improvements to the Property were issued on a tax-exempt basis and designated as 501c3 Bonds ("501c3 Bonds") which restricts use to qualified purposes under the federal tax code;

WHEREAS, the Series 2008A Bonds were refunded by the Special Obligation Refunding Bonds Series 2016C ("Series 2016C Bonds") which are subject to redemption and payment prior to maturity at the option of the City on and after October 1, 2025;

WHEREAS, in order to reduce the City's debt burden and to maintain the federal tax-exempt status of the portion of the Series 2016C Bonds designated as 501c3 Bonds the City desires to use proceeds of the sale of the Property to defease the 501c3 Bonds by the deposit into an escrow of moneys sufficient to pay principal and interest through the optional redemption date on October 1, 2025 pursuant to an Escrow Deposit Agreement ("Escrow Agreement") between the City and BOKF, N.A.; NOW THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager or his designee is hereby authorized to negotiate and execute agreements with Swope Health Services or an affiliated entity for the sale, funding, and redevelopment of the property located at 5900 Swope Parkway, which shall include requirements for such developer to apply for incentives through the Economic Development Corporation, Housing Trust Fund, and other funding sources, any reward of which will reimburse City for funds received through Sections 4 and 9 of this ordinance, and provisions for additional office space to be utilized by Health Department staff, providing a 120-day period for negotiations, unless otherwise extended by City Council; and is authorized to execute such amendments and related instruments from time to time as he may deem advisable and are consistent with the objectives of this ordinance.

Section 2. That the revenue in the following account of the General Fund is hereby estimated in the following pursuant to a sale of the property located at 5900 Swope Parkway:

25-1000-120000-485010	Sale of City Property	\$600,000.00
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Section 3. That the sum of \$600,000.00 is hereby appropriated from the unappropriated fund balance of the General Fund to the following account:

25-1000-129671-G	Defeasance of Bonds	\$588,100.00
25-1000-129698-G	Cost of Defeasance	<u>11,900.00</u>
	TOTAL:	\$600,000.00

Section 4. That the sum of \$2,500,000.00 is hereby appropriated from the unappropriated fund balance of the Health Fund to the following account:

25-2330- 107002 -B- 10007702	5900 Swope Parkway	\$2,500,000.00
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Section 5. That the Director of Finance is hereby designated as the requisitioning authority with respect to Account Nos. 25-1000-129671-G and 25-1000-129698-G and the City Manager is hereby designated as the requisitioning authority for Account No. 25-2330-107002-B- 10007702.

Section 6. That the City is hereby authorized, subject to receipt of sufficient sale proceeds of the Property to defease the 501c3 Bonds and to enter into the Escrow Agreement in such form as shall be approved by the Director of Finance of the City.

Section 7. That the Director of Finance is hereby authorized and directed to execute the Escrow Agreement 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 Escrow Agreement 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. That the City hereby approves the selection of Kutak Rock LLP and Hardwick Law Firm as defeasance counsel to render an opinion, if necessary, that a portion of the Series 2016C Bonds are legally defeased at such time as the escrow is funded under the Escrow Agreement.

Section 9. That the City Manager is hereby directed to identify funding sources for an additional \$2,500,000.00 to be utilized for the redevelopment of the Property from existing sources including, but not limited to, the Health Fund, and other possible federal, state, and private grants, and report his findings to Council in 120 days.

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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:

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Abigail Judah  
Assistant City Attorney