



---

File #: 230972

---

ORDINANCE NO. 230972

Approving an Industrial Development Plan for McKesson Medical-Surgical Inc. (or an affiliate or other designee thereof) (the "Company"), for the purpose of developing or redeveloping a project for industrial development consisting of the acquisition, equipping and construction of a regional distribution center to be located in Kansas City, Missouri; authorizing and approving various agreements for the purpose of setting forth covenants, agreements and obligations of the City and Company; authorizing the issuance of taxable industrial revenue bonds in a maximum aggregate principal amount not to exceed \$48,000,000.00; 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 the Company; and

WHEREAS, the City intends to issue its Taxable Industrial Revenue Bonds (McKesson Medical-Surgical Inc. Project), or such other identifier deemed appropriate, in one or more series (the "Bonds"), to fund the acquisition and installation of certain machinery, equipment and personal property associated with the Project to be located at a site to be located in the City with a preliminary address of 9000 N.E. 48th Street, Suite 100-400 (the "Project Site"), which address may change in connection with various subdivision approvals, permitting and final design plans; 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 purchase, construction and equipping of the Equipment, 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 one or more series of taxable Chapter 100 bonds which will result in 10 years of personal property tax abatement at 50%, which Bonds will be repaid solely by the Company under the terms of the Lease and which shall mature not more than 10 years from the date of issuance thereof; and

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 ten (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 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 City finds and determines that it is necessary and desirable in connection with the development of the Project and the purchase of the Equipment to establish a 50% abatement of ad valorem personal property taxes for each component of the Equipment for the Project for a period of ten (10) years, with annual PILOTS equal to 50% of the personal property taxes to the affected jurisdictions that would have been payable had the Equipment been fully taxed, all as described in the Plan; and

WHEREAS, the City further finds and determines that it is necessary and desirable in connection with the development of the Project, the purchase of the Equipment 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) Construction, acquisition, equipping and installation of the Project located at the Project Site in the City;
- (b) A total estimated Project cost of approximately \$108,000,000 to fund the construction, acquisition, equipping and installation of the Project; and

(c) A portion of the costs of purchasing and installing the Equipment for the Project will be funded from proceeds of the sale of up to \$48,000,000 maximum principal amount of 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 Equipment and lease the Equipment 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 the Bonds in one or more series, in a maximum aggregate principal amount not to exceed \$48,000,000 for the purpose of providing funds for certain personal property associated with 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 not exceed \$48,000,000, the interest rate on the Bonds shall not exceed 8.00%, principal shall be payable at maturity, the final maturity date shall be no later than December 31, 2035, provided that the maximum term of each series of the Bonds shall not exceed 10 years from issuance; 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 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," with other appropriate identifiers deemed necessary, 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

  
Quinton Lucas, Mayor

  
Marilyn Sanders, City Clerk

NOV 30 2023

Date Passed

Approved as to form:



Emalea Black

Associate City Attorney