

# GENERAL

## Ordinance Fact Sheet

# 200703

Ordinance Number

**Brief Title**

Authorizing the incurrence of Senior Appropriation Obligations in the amount not to exceed \$710,000,000.00 in order to make certain debt service and additional payments to the Industrial Development Authority of Kansas City, Missouri related to its issuance of Special Obligation Series 2020A, 2020B and taxable 2020C bonds.

**Reason**

Authorize certain debt service and additional payments to the Industrial Development Authority of Kansas City, Missouri related to its issuance of Special Obligation Series 2020A and Series 2020B bonds for the terminal modernization project and taxable Series 2020C bonds to refund Series 2013A General Airport Refunding Revenue Bonds.

**Reason for Legislation**

Authorizing and directing the incurrence of a Senior Appropriation Obligation in the principal amount not to exceed \$710,000,000, which includes a maximum of \$615,000,000 in new money bonds and \$95,000,000 in refunding bonds, in order to evidence the agreement of the City of Kansas City, Missouri (the "City") to make certain debt service and additional payments to The Industrial Development Authority of the City of Kansas City, Missouri (the "Authority") in connection with the Authority's issuance of bonds in one or more series (collectively, the "Series 2020 Bonds"), the proceeds of which will be made available to the City to finance a portion of the costs of the construction of a new passenger terminal at Kansas City International Airport and related purposes as set forth herein and to refund certain bonds of the City issued to finance improvements at Kansas City International Airport; approving the issuance of such Series 2020 Bonds by the Authority; approving and authorizing certain documents and actions in connection with the issuance of such bonds; authorizing certain actions and documents and prescribing other matters relating thereto; establishing and renaming funds; estimating and/or appropriating revenues in Fund No. 8563, the IDA Series 2020A Airport Terminal Modernization Bond Fund, Fund No. 8564, the IDA Series 2020B Airport Terminal Modernization Bond Fund, Fund No. 8350, the KCI Passenger Facility Charge Fund, Fund No. 8350, the KCI Passenger Facility Charge Fund, and Fund No. 8565, the IDA Series 2020C Taxable Airport Special Obligation Refunding Bond Fund; and designating requisitioning authority.

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

**Background**

On July 13, 2013, the City Council of the City of Kansas City, Missouri ("Council") passed Committee Substitute for Ordinance No. 130081 that authorized the issuance of Airport General Airport Revenue bonds under a Master Bond Ordinance ("MBO"), and that such bonds shall be payable from the net revenues of the airport system.

On February 8, 2018, the Council passed Committee Substitute for Ordinance No. 180058 that authorized the City Manager to execute a Memorandum of Understanding ("MOU") with Edgemoor Infrastructure and Real Estate LLC ("Edgemoor"). The MOU allowed for direct negotiations between the City and Edgemoor for a development agreement ("Development Agreement") for the purpose of design and construction of a new single terminal and appurtenant facilities ("Terminal") at Kansas City International Airport.

In 2019 the City incurred Senior Appropriation Obligations ("Obligations"), pursuant to ordinances 190026, 190027 and 190028, related to three Industrial Development Authority of the City of Kansas City, Missouri ("IDA") Special Obligation Bonds issued to finance the Terminal.

**Purpose of this Legislation**

This ordinance, as a supplement to the first amendment to the amended and restated master bond ordinance ("MBO"), authorizes the incurrence of the Obligations pursuant to the MBO for the purpose of providing funds to finance the Terminal and refund the City General Improvement Airport Refunding Revenue Bonds, Series 2013A ("Series 2013A"). The Obligation will be incurred through the execution of a financing agreement between the City and the IDA related to the issuance of the IDA's issuance of its Special Obligation Bonds, Series 2020A (AMT) and Series 2020B (Non-AMT) and a taxable refunding Series 2020C. The ordinance also authorizes the estimation and appropriation of bond proceeds.

<b>Sponsor</b>	Tammy L. Queen, Director of Finance Pat Klein, Director of the Aviation Department
<b>Programs, Departments, or Groups Affected</b>	Finance Department Aviation Department
<b>Applicants / Proponents</b>	Applicant City Department Finance Department Aviation Department Other
<b>Opponents</b>	Groups or Individuals  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>	By <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 Terminal financing is expected to provide approximately \$500 million in additional project funds, in addition to the \$950 million in project funds financed in 2019, to complete total funding requirements for the project. A total of \$62 million of capitalized interest, \$43 million of debt service reserve and \$3.3 million of costs of issuance proceeds is also expected to be raised. The IDA taxable refunding Series 2020C bonds are expected to defease the Series 2013A bonds of which \$77 million is still outstanding. Approximately \$15 million of debt service reserve and debt service account funds related to the Series 2013A bonds will be applied toward the defeasance.

Is it good for the children?

Yes, the a new airport terminal will enhance economic activity in the City for current and future generations of citizens of Kansas City.

How will this contribute to a sustainable Kansas City? The ordinance authorizes the approval of an Obligation to complete the Terminal and refund outstanding general airport revenue bonds for debt service savings.

#### Policy/Program Impact

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

#### Finances

Cost & Revenue Projections -- Including Indirect Costs	
Financial Impact	<p>The average annual debt service related to the par amount of approximately \$524 million of improvement bonds is estimated to be approximately \$34 million, assuming a 3.94% federally tax-exempt interest rate over the a thirty-seven (37) year term.</p> <p>The average annual debt service related to the par amount of \$71.5 million taxable refunding bonds will be approximately \$10.6 million, assuming a taxable 2.25% interest rate over a seven (7) year term. It is estimated that there will be a present value savings of 5% of the refunding bonds.</p>
Fund Source (s) and Appropriation Account Codes	The annual appropriation of net revenues of the City's airport system will serve as the revenue source for the repayment of obligations incurred under this supplement to the amended and restated MBO.

(Use this space for further discussion, if necessary)

#### Applicable Dates:

#### Fact Sheet Prepared by:

Name: Dan Grandcolas  
Title: Public Finance Manager

Date August 21, 2020

#### Reviewed by:

Name: Kimberly C. Carter  
Title: City Treasurer

Date August 21, 2020

#### Reference Numbers