

ORDINANCE NO. 100906

Authorizing the Director of Finance to execute a six-month time deposit with Missouri Bank and Trust Company in an amount not to exceed \$250,000.00 for the purpose of providing security for a line of credit up to \$1,000,000.00 to the Economic Development Corporation of Kansas City, Missouri, in support of the City's Neighborhood Stabilization Program; authorizing the Director of Finance the option of one six-month renewal term; and authorizing execution of an amendment to an agreement with the Economic Development Corporation in connection with this transaction.

WHEREAS, on July 30, 2008, the U.S. Congress approved the Housing and Economic Recovery Act of 2008 ("HERA"), to be administered by the U.S Department of Housing and Urban Development ("HUD") and appropriated approximately \$3.92 billion of emergency assistance for redevelopment of abandoned and foreclosed homes, of which the City's allocation is \$7,323,734.00; and

WHEREAS, Title III of HERA established the Neighborhood Stabilization Program ("NSP") which requires that this funding be made available to cities on a formula basis as Community Development Block Grant funds are provided; and

WHEREAS, pursuant to Ordinance No. 090297, the City of Kansas City, Missouri (the "City") accepted a \$7,323,734.00 grant from HUD through the Neighborhood Stabilization Program to assist the City in the acquisition and redevelopment of foreclosed and abandoned properties; and

WHEREAS, the City issued Request for Proposals/Qualifications No. EV000673 to entities interested in being named the NSP Land Bank and Special Services Subrecipient; and

WHEREAS, EDC submitted a proposal to the City to provide both the services needed to administer the land bank program as well as the special services component of the City's NSP Program; and

WHEREAS, the City accepted the proposal and authorized execution of a contract in the amount of \$6,861,361.00 with the Economic Development Corporation of Kansas City, Missouri ("EDC") to provide land banking and special services to the City (the "NSP Contract"), which contract was executed July 29, 2009; and

WHEREAS, Committee Substitute for Ordinance No. 090847 authorized the Director of Finance to execute a one-year time deposit with a qualified banking institution in the amount of \$250,000.00 for the purpose of providing security for a line of credit of \$1,000,000.00 to the Economic Development Corporation of Kansas City, Missouri in support of the City's Neighborhood Stabilization Program, which time deposit and the pledging thereof was executed with Missouri Bank and Trust Company of Kansas City, Missouri (the "Bank") on October 16, 2009; and

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WHEREAS, the \$250,000.00 time deposit and \$1,000,000.00 line of credit at Missouri Bank and Trust Company have matured; and

WHEREAS, EDC believes it will be in a position in the near future where it can completely self-fund the NSP; and

WHEREAS, without \$250,000.00 of collateral from the City, the City does not anticipate that Missouri Bank and Trust Company will renew EDC's \$1,000,000.00 line of credit to provide working capital for the City's NSP until such time that federal dollars are available to reimburse paid expenses; and

WHEREAS, Ordinance No. 050120 authorizes the Director of Finance to allocate \$500,000.00 in time deposits to qualified Kansas City, Missouri banks under the City-Wide Deposit Program pursuant to execution of a Depository Trust Agreement but does not extend any authority beyond investment purposes; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the Director of Finance is hereby authorized to execute, on behalf of the City, a six-month time deposit, in an amount not to exceed \$250,000.00 with Missouri Bank and Trust Company, in the standard form on file with the Director of Finance.

Section 2. That the City's \$250,000.00 time deposit with the Bank shall be pledged as collateral for a line of credit in an amount up to \$1,000,000.00 between the Bank and the EDC to provide working capital in support of the City's NSP.

Section 3. That the Director of Finance is further authorized to execute an amendment to the NSP Contract with the EDC to modify certain terms and conditions therein.

Section 4. That the Director of Finance is further authorized to renew the time deposit and pledging thereof for one additional six-month term if he determines it necessary for the health and stability of the City's NSP.

Approved as to form and legality:

Cecilia Abbott
Assistant City Attorney