

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 190028

Approving the issuance of Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2019 by The Industrial Development Authority of the City of Kansas City, Missouri in one or more series in an aggregate principal amount not to exceed \$900,000,000.00 to finance, among other things, the Kansas City International Airport Terminal Modernization Project; approving and authorizing certain documents and actions in connection with the issuance of such bonds; renaming fund and estimating and appropriating revenues in the amount of \$10,000.00 in Fund No. 8560, the 2019 Airport Terminal Bond Fund; designating requisitioning authority; and recognizing an accelerated effective date.

WHEREAS, the City of Kansas City, Missouri (the “**City**”), is a constitutional charter city and political subdivision duly organized and existing under the laws of the State of Missouri, and owns and operates a revenue producing airport system (the “**Airport System**” as defined in the hereinafter defined Master Bond Ordinance) serving the City and its inhabitants and others; and

WHEREAS, on November 7, 2017, the voters of the City approved a proposition which authorizes the City to construct a new passenger terminal at Kansas City International Airport; and

WHEREAS, the City wishes to request The Industrial Development Authority of the City of Kansas City, Missouri (the “**Authority**”) to issue its Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2019 (the “**Series 2019 Bonds**”) in one or more series, including an AMT series and a Non-AMT series, for the purposes of providing funds (a) to finance a portion of the costs of certain improvements to the Airport System including the construction of a new passenger terminal at Kansas City International Airport (the “**Terminal Modernization Project**”), (b) to fund capitalized interest on the Series 2019 Bonds, (c) to fund a deposit to the debt service reserve fund established under the hereinafter-defined Indenture and (d) to pay costs of issuance of the Series 2019 Bonds; and

WHEREAS, the Series 2019 Bonds will be issued pursuant to a Trust Indenture (the “**Indenture**”) to be entered into by and between the Authority and BOKF, N.A., as trustee (the “**Trustee**”); and

WHEREAS, in consideration of the Authority making the proceeds of the Series 2019 Bonds available to the City for the purposes described above, the City wishes to enter into a Financing Agreement (the “**Financing Agreement**”) among the Authority, the City and the Trustee, pursuant to which, among other things, the City will make Debt Service Payments and Additional Payments (as such terms are defined in the Financing Agreement) (subject to such limitations as set forth therein and in the Master Bond Ordinance) to the Authority and such other applicable persons, in sufficient amounts to pay the principal of and interest on the Series 2019 Bonds and such other amounts due and payable by the City as described therein, subject to appropriation as described therein; and

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WHEREAS, pursuant to Ordinance No. 190026 (as amended and supplemented from time to time, the “**Master Bond Ordinance**”) and Committee Substitute for Ordinance No. 190027 (as amended and supplemented from time to time, the “**Series 2019 Supplemental Ordinance**”), the City has agreed to evidence its payment obligations under the Financing Agreement through the incurrence of a Senior Appropriation Obligation (as defined in the Master Bond Ordinance); and

WHEREAS, the City finds and determines that in order to finance a portion of the costs of the Terminal Modernization Project, it is necessary and desirable to approve the issuance by the Authority of the Series 2019 Bonds; and

WHEREAS, the City further finds and determines that it is necessary and desirable in connection with the issuance of the Series 2019 Bonds that the City execute and deliver certain documents and that the City take certain other actions as herein provided; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. Approval of Issuance of Bonds. The City hereby requests, directs and instructs the Authority to issue, and consents to and approves the issuance by the Authority of, the Series 2019 Bonds in one or more series in the aggregate principal amount not to exceed \$900,000,000.00, for the purpose of financing a portion of the costs of the Terminal Modernization Project (the “**Costs of the Project**”), funding capitalized interest on the Series 2019 Bonds, funding a deposit to the debt service reserve fund to be established under the Indenture and paying costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds shall be dated the date set forth in the Indenture and the applicable form of Series 2019 Bond. The Series 2019 Bonds shall bear interest at rates initially not to exceed a true interest cost of 5.75% for the AMT series, a true interest cost of 5.50% for the Non-AMT series, and a true interest cost of 6.00% for any taxable series, if any. The Series 2019 Bonds shall have such series designations and other terms and provisions as shall be provided in the Indenture and in the Bond Purchase Agreement approved by the Director of Finance.

The Director of Finance is further authorized and directed to approve the purchase price for each series of the Series 2019 Bonds upon the issuance thereof, the principal amounts by maturity, the interest rates, the terms of credit enhancement and the other final terms of each series of the Series 2019 Bonds, including applicable redemption provisions, subject to the limitations set forth in this Section. The Director of Finance is authorized and directed to execute and deliver the Certificate of Final Terms for the Series 2019 Bonds for and on behalf of and as the act and deed of the City, which approval will be conclusively evidenced by the Director of Finance’s execution of the Certificate of Final Terms. Upon execution, the Certificate of Final Terms will be attached to this Ordinance as **Exhibit A** and the City Clerk is hereby authorized to file such Certificate of Final Terms with this Ordinance.

Section 2. Authorization and Approval of Financing Documents. The proposed documents relating to the financing (the “**Financing Documents**”) are hereby approved in substantially the forms submitted to the City Council, and the Director of Finance is

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authorized to execute and deliver the Financing Documents with such changes therein and additions thereto as the Director of Finance deems necessary or appropriate. The Financing Documents include:

(a) Financing Agreement under which the City agrees, among other things, to make payments, subject to appropriation, from Net Revenues (as defined in the Master Bond Ordinance) of the Debt Service Payments and the Additional Payments (as such terms are defined in the Financing Agreement), with such Debt Service Payments and Additional Payments being in sufficient amounts in order for the Authority to pay the debt service on the Series 2019 Bonds and such other costs and expenses relating to the Series 2019 Bonds.

(b) Tax Compliance Agreement among the Authority, the City and the Trustee which sets forth certain representations, facts, expectations, terms and conditions relating to the use and investment of the proceeds of the Series 2019 Bonds, to establish and maintain the exclusion of interest on the Series 2019 Bonds from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended.

(c) Continuing Disclosure Undertaking under which the City, as an obligated person with respect to the Series 2019 Bonds, agrees to provide continuing disclosure of certain financial information, operating data and material events, for the benefit of the owners of the Series 2019 Bonds and to assist the Underwriters thereof in complying with Rule 15c2-12 of the Securities and Exchange Commission.

(d) Bond Purchase Agreement between the Authority and the Underwriters (as described below) and approved by the City, under which the Authority agrees to sell and the Underwriters agree to purchase the Series 2019 Bonds, upon such terms and conditions thereof as set in such Bond Purchase Agreement and the Certificate of Final Terms, as described in **Section 1** hereof.

The City Council further approves the execution and delivery by the City of any documents which may be required in connection with the issuance of the Series 2019 Bonds and execution and delivery by the City of the Financing Documents and of such other documents as the Director of Finance deems necessary or appropriate in connection with the transactions authorized by this Ordinance.

Section 3. Official Statement. The City hereby delegates authority to the Director of Finance to approve and deem final any Preliminary Official Statement and any final Official Statement of the Authority for the offering and sale of the Series 2019 Bonds, with the signature of the Director of Finance on any certificate relating thereto being conclusive evidence of the Director's approval and the City's approval thereof. The City hereby consents to the use and public distribution of any Preliminary Official Statement and any final Official Statement in connection with the offering for sale of each series of the Series 2019 Bonds.

Section 4. Approval of Selection of Professionals.

(a) The City approves the selection of Hilltop Securities, Inc., and Moody Reid Financial Advisors to act as Co-Financial Advisors in connection with the issuance of the Series 2019 Bonds. The City approves the selection of Kutak Rock LLP, the Hardwick Law Firm LLC and Martha E. Schach, Attorney at Law, LLC to act as Co-Bond Counsel in connection with the issuance of the Series 2019 Bonds. The City approves the selection of Lewis Rice LLC, Fields & Brown, LLC and Martha E. Schach, Attorney at Law, LLC to act as Co-Disclosure Counsel in connection with the issuance of the Series 2019 Bonds.

(b) The City approves the selection of Morgan Stanley & Co. LLC or an affiliate thereof to act as senior Underwriter in connection with the issuance of the Series 2019 Bonds, and authorizes the Director of Finance to select the remaining members of the underwriting syndicate.

Section 5. Credit Enhancement. The City hereby authorizes the Director of Finance to obtain and/or assist the Authority in obtaining a bond insurance policy, letter of credit or other credit enhancement (“Credit Enhancement”) for the Series 2019 Bonds and the purchase of a surety bond or debt service reserve fund policy for any debt service reserve fund, if necessary or desired, from a credit provider with such credit rating that, in the opinion of the Underwriters, the Financial Advisors and the Director of Finance, there will be achieved an economic benefit for the City if the Series 2019 Bonds are secured by such Credit Enhancement. The purchase of such Credit Enhancement and the entering into of such agreements with respect thereto as may be necessary or appropriate are hereby approved. Such credit enhancement may be such type, in such amount and provided by such entity or entities as the Director of Finance shall determine to be in the best interest of the City. The officials of the City are authorized and directed to execute all documents, agreements, instruments and certificates in connection with such credit enhancement.

Section 6. Further Authority. The officials of the City are further authorized and directed to execute such documents, instruments and certificates and to take such further actions on behalf of the City as shall be necessary or desirable to effect the terms and provisions of this Ordinance.

Section 7. Fund Name. Fund No. 8560, the 2018 Airport Terminal Bond Fund, is hereby renamed the 2019 Airport Terminal Bond Fund, in the records of the City.

Section 8. Estimation of Revenue. The revenue in the following account of Fund No. 8560, the 2019 Airport Terminal Bond Fund, is hereby estimated in the following amount:

AL-8560-120000-590000	Bond Proceeds	\$10,000.00
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Section 9. Appropriation. The sum of \$10,000.00 is hereby appropriated from the Unappropriated Fund Balance of the 2019 Airport Terminal Bond Fund to the following account:

AL-8560-129620-B	Cost of Issuance	\$10,000.00
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Section 10. Designating Authorities. The Director of Finance is hereby designated as requisitioning authority for Account No. AL-8560-129620-B.

Section 11. Declaration of Accelerated Effective Date. This Ordinance is recognized as an ordinance with an accelerated effective date as provided by Section 503(a)(3)(C) of the City Charter in that it appropriates money, and shall take effect in accordance with that section.

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.

Randall J. Landes
Director of Finance

Approved as to form and legality:

Katherine Chandler
Assistant City Attorney

EXHIBIT A

CERTIFICATE OF FINAL TERMS SERIES 2019 BONDS

A. The undersigned Director of Finance of the City of Kansas City, Missouri (the “City”), in connection with the issuance of the \$_____ Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2019A (AMT) (the “Series 2019A Bonds”) of the Industrial Development Authority of the City of Kansas City, Missouri (the “Authority”), certifies pursuant to Section 1 of Ordinance No. _____ of the City (the “Ordinance”), as follows:

1. Original Principal Amount. The Series 2019A Bonds are issued in the original principal amount of \$_____.
2. Maturity Schedule. The Series 2019A Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Trust Indenture dated as of _____ 1, 2019 (the “Indenture”) by and between the Authority and BOKF, N.A., as Trustee, and as summarized on Schedule ___ to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2019A Bonds is _____%, as shown on Schedule ___ to this Certificate.
4. Purchase Price. The purchase price of the Series 2019A Bonds is \$_____, representing \$_____ principal amount, [plus] original issue [premium/discount] of \$_____, less Underwriters’ discount of \$_____.
5. Optional Redemption. The Series 2019A Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

B. The undersigned Director of Finance of the City, in connection with the issuance of the \$_____ Airport Special Obligation Bonds (Kansas City International Airport Terminal Modernization Project) Series 2019B (Non-AMT) (the “Series 2019B Bonds”) of the Authority, certifies pursuant to Section 1 of the Ordinance, as follows:

1. Original Principal Amount. The Series 2019B Bonds are issued in the original principal amount of \$_____.
2. Maturity Schedule. The Series 2019B Bonds will mature on the dates and in the amounts and bear interest at the rates as set forth in the Indenture, and as summarized on Schedule ___ to this Certificate.
3. True Interest Cost: The true interest cost of the Series 2019B Bonds is _____%, as shown on Schedule ___ to this Certificate.

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4. Purchase Price. The purchase price of the Series 2019B Bonds is \$_____, representing \$_____ principal amount, [plus] original issue [premium/discount] of \$_____, less Underwriters' discount of \$_____.
5. Optional Redemption. The Series 2019B Bonds are subject to optional redemption pursuant to the Indenture on the dates and in the amounts as set forth therein.

The terms set forth in this Certificate of Final Terms are within the limitations of Section 1 of the Ordinance.

Delivered this ____ day of _____, 2019.

CITY OF KANSAS CITY, MISSOURI

By: _____
Randall J. Landes,
Director of Finance