

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 180862

Authorizing the City Manager to execute the KCI Airport Terminal Modernization Project Development Agreement, the Developer Pledge Agreement and the Terminal Workforce Enhancement Programs Agreement with Edgemoor Infrastructure and Real Estate II LLC; authorizing the Director of Aviation to execute a term sheet for a new Use and Lease Agreement with the Signatory Airlines; estimating new revenues in the amount of \$48,820,000.00 in Fund No. 8560, 2018 Airport Terminal Bond Fund; appropriating that amount to the 2018 Airport Terminal Bond Fund account; declaring the City's intent to reimburse itself for certain expenditures; and recognizing this ordinance as having an accelerated effective date.

WHEREAS, the City issued a request for qualifications and proposals for the design, construction and financing of a new single terminal at Kansas City International Airport ("KCI") and its appurtenant facilities, and the City's selection committee recommended that Edgemoor Infrastructure and Real Estate LLC ("Edgemoor") be selected as the proposer with whom the City would initially enter into direct negotiations of a memorandum of understanding, and the City Council adopted the selection committee's recommendation with its passage of Committee Substitute for Ordinance No. 170663, As Amended; and

WHEREAS, at the November 7, 2017 special election, a majority of the voters authorized the City "to construct a new passenger terminal at Kansas City International Airport and demolish existing terminals as necessary" by voting in favor of Question No. 1; and

WHEREAS, the City undertook negotiations with Edgemoor, which led to the introduction of Ordinance No. 180058, seeking Council authorization of both a proposed Memorandum of Understanding and an Agreement for Reimbursement of Out-of-Pocket Costs in the Event of Termination ("Reimbursement Agreement") and, by its vote on Committee Substitute for Ordinance No. 180058, a majority of the Council authorized the City Manager to execute both that proposed Memorandum of Understanding and the proposed Reimbursement Agreement; and

WHEREAS, that Memorandum of Understanding and Reimbursement Agreement were assigned with the City's consent on April 30, 2018, by Edgemoor to its affiliate, Edgemoor Infrastructure and Real Estate II LLC and have served as the foundation for the City's further negotiations with Edgemoor which have resulted in the KCI Terminal Modernization Project Development Agreement, the Terminal Workforce Enhancement Programs Agreement and the Developer Pledge Agreement for which this ordinance seeks authorization; and

WHEREAS, concurrently the City has engaged in negotiations with the Signatory Airlines which utilize the Kansas City International Airport that have resulted in the Term Sheet for a New Signatory Use and Lease Agreement for which this ordinance seeks authorization; and

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WHEREAS, the Council remains steadfast in its commitment that the KCI Airport Terminal Modernization Project provides an array of opportunities for participation by minority and women’s business enterprise businesses, small local business enterprises and other disadvantaged businesses, as well as opportunities for participation by members of the minority and women construction workforce; and

WHEREAS, the Council remains steadfast in its commitment to ensuring fair compensation for the workforce involved in the terminal modernization project, including prevailing wage payment; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is hereby authorized to execute a KCI Airport Terminal Modernization Project Development Agreement with Edgemoor Infrastructure and Real Estate II LLC in substantial form and substance to that attached hereto as Exhibit A.

Section 2. That the City Manager is hereby authorized to execute a Developer Pledge Agreement with Edgemoor Infrastructure and Real Estate II LLC related to the KCI Airport Terminal Modernization Project (the “Project”) in substantial form and substance to that attached hereto as Exhibit B.

Section 3. That the City Manager is hereby authorized to execute a Terminal Workforce Enhancement Programs Agreement with Edgemoor Infrastructure and Real Estate II LLC related to the Project in substantial form and substance to that attached hereto as Exhibit C.

Section 4. That the Director of Aviation is hereby authorized to execute a Term Sheet for a New Signatory Airline Use and Lease Agreement for the use of the Kansas City International Airport in substantial form and substance to that attached hereto as Exhibit D and the Director of Aviation is further authorized to negotiate a new signatory Airline Use and Lease Agreement for the use and lease of the new Kansas City International Airport terminal to be later submitted by ordinance to the Council for its consideration and approval.

Section 5. That additional revenue in the following account of Fund No. 8560, 2018 Airport Terminal Bond Fund, is hereby estimated in the following amount:

AL-8560-120000-590000	Bond Proceeds	\$48,820,000.00
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Section 6. That the sum of \$48,820,000.00 is hereby appropriated from the Unappropriated Fund Balance of the 2018 Airport Terminal Bond Fund to the following account:

AL-8560-627270-B-62180497	Consolidated Terminal Project	\$48,820,000.00
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Section 7. That the Director of Finance is authorized to release the encumbrance on the \$23,200,000.00 previously appropriated by Committee Substitute for Ordinance No. 180058 into the Consolidated Terminal Project account identified above for the payment of City obligations, if such arose, pursuant to the terms of the Agreement for Reimbursement of Out-of-Pocket Project Costs in the Event of Termination with Edgemoor Infrastructure and Real Estate LLC authorized by the same ordinance.

Section 8. That the Director of the Aviation Department is authorized to expend an amount not to exceed \$90,000,000.00 from funds previously appropriated and the funds appropriated above for the purposes of paying obligations arising under the KCI Airport Terminal Modernization Project Development Agreement with Edgemoor Infrastructure and Real Estate II LLC.

Section 9. That the Director of the Aviation Department is authorized to enter into changes to the KCI Airport Terminal Modernization Project Development Agreement increasing the Guaranteed Maximum Price in the KCI Airport Terminal Modernization Project Development Agreement by an amount up to and including an additional \$50,000,000.00.

Section 10. That the City hereby declares its official intent to reimburse itself for certain expenditures made within sixty (60) days prior to or on and after the date of this ordinance with respect to the appropriation listed in Section 7 with the proceeds of bonds expected to be issued for the Project. This declaration of official intent is in addition to, and does not rescind, any previous declaration of official intent set out in previous ordinances related to the Project. The maximum principal amount of bonds expected to be issued for the Project is not to exceed \$1,850,000,000.00. This constitutes a declaration of official intent under Treasury Regulation Section 1.150-2.

Section 11. That the Director of Finance is hereby authorized to close project accounts, open encumbrances and retainage and return the unspent portion of the Fund Balance from which it came upon the earliest of: (i) Project's completion; (ii) final maturity of financing or (iii) five years after issuance.

Section 12. That this ordinance, because it appropriates money and it relates to a contract relating to the design and construction of a public improvement, is hereby recognized as having an accelerated effective date pursuant to Section 503(a)(3)(C) and (D) of the Charter.

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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.

Randall J. Landes
Director of Finance

Approved as to form and legality:

Galen P. Beaufort
Senior Associate City Attorney