

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 180058

Authorizing the City Manager to execute a Memorandum of Understanding with Edgemoor Infrastructure and Real Estate LLC for a terminal modernization project at the Kansas City International Airport; authorizing the City Manager to execute a related Agreement for Reimbursement with Edgemoor Infrastructure and Real Estate LLC; establishing Fund No. 8560, the 2018 Airport Terminal Bond Fund, in the records of the City of Kansas City, Missouri; estimating revenues in the amount of \$23,200,000.00 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 pursuant to Sections 503(a)(3)(C) and (D) of the Charter.

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 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 has undertaken negotiations with Edgemoor, which led to the introduction of Ordinance No. 170941, seeking Council authorization of a proposed Memorandum of Understanding and, by its vote on Ordinance No. 170941, a majority of the Council found that proposed Memorandum of Understanding not to be in the best interests of the City and the regional flying public in response to a number of concerns; and

WHEREAS, the Council remains steadfast in its commitment to goals for combined 35 percent participation by minority and women's business enterprise businesses in the design and construction in the terminal modernization project pursuant to Chapter 3, Divisions 2 and 4 respectively, Code of Ordinances, which reflect the substantial amount and array of professional services, construction and construction-related work and materials needed for the proposed terminal modernization project; and

WHEREAS, the Council remains steadfast in its commitment to goals for combined 35 percent participation for minority and women construction workforce pursuant to Chapter 3, Division 3, Code of Ordinances, which reflect the substantial amount and array of construction and construction-related work needed for the proposed terminal modernization project; and

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WHEREAS, the Council remains steadfast in its commitment to goals for significant local workforce representation and the participation of small business enterprises; and

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

WHEREAS, the Council remains committed to ensure any contractual obligations, including the proposed Out-of-Pocket Agreement (formerly known as “Reimbursement Agreement”) and subsequent obligations reflect the best value for the City and the regional flying public; and

WHEREAS, the Council recognizes the aforementioned commitments are the cornerstone of the direction to the City Manager below; and

WHEREAS, the attached Memorandum of Understanding and Reimbursement Agreement have been negotiated with Edgemoor Infrastructure and Real Estate LLC; and

WHEREAS, the Council recognizes that the terms of the attached Memorandum of Understanding provide that each of the “Transaction Documents” needed to implement a terminal modernization project (e.g., the funding agreement, the development agreement, the lease, the sublease, the community benefit agreement and a new use agreement with the airlines) would be brought to the Council for its consideration and approval; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is hereby authorized to execute a Memorandum of Understanding with Edgemoor Infrastructure and Real Estate LLC in substantial form and substance to that attached hereto as Exhibit A.

Section 2. That the City Manager is hereby authorized to execute an Agreement for Reimbursement of Out-of-Pocket Project Costs in the Event of Termination with Edgemoor Infrastructure and Real Estate LLC in substantial form and substance to that attached hereto as Exhibit B.

Section 3. That Fund No. 8560, 2018 Airport Terminal Bond Fund, is hereby established in the records of the City of Kansas City, Missouri.

Section 4. That the 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	\$23,200,000.00
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Section 5. That the sum of \$23,200,000.00 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	\$23,200,000.00
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Section 6. That the Director of the Aviation Department is authorized to expend an amount not to exceed \$23,200,000.00 from the funds appropriated above for the purpose of making reimbursements pursuant to the Out-of-Pocket Cost Agreement.

Section 7. 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 5 (the "Project") with the proceeds of bonds expected to be issued for the KCI Consolidated Terminal Project. The maximum principal amount of bonds expected to be issued for the Project is not to exceed \$23,200,000.00. This constitutes a declaration of official intent under Treasury Regulation Section 1.150-2.

Section 8. 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 9. 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.

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Randall J. Landes  
Director of Finance

Approved as to form and legality:

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Galen P. Beaufort  
Senior Associate City Attorney