

ORDINANCE NO. 180164

Approving the issuance by the City of Kansas City, Missouri, of its special obligation bonds on a taxable basis to reimburse a contribution made by the City in the amount of \$35,000,000.00, in connection with the Convention Center Hotel Project, such bonds to be issued in an aggregate principal amount not to exceed \$39,000,000.00; approving and authorizing certain documents and actions relating to the issuance of the bonds; renaming Fund No. 3435 as the 2018A Taxable Special Obligation Bond Fund; estimating and appropriating revenues in the amount of \$500,000.00 in the 2018A Taxable Special Obligation Bond Fund; designating requisitioning authority; authorizing the Director of Finance to close project accounts; and recognizing an accelerated effective date.

WHEREAS, the City of Kansas City, Missouri (the “City”) is authorized under its charter to issue its bonds or other obligations in evidence thereof; and

WHEREAS, on June 30, 2015, the Tax Increment Financing Commission of Kansas City, Missouri (the “Commission”) by Resolution No. 6-16-15, recommended that the City of Kansas City, Missouri, approve (i) the Kansas City Convention Center Headquarters Hotel Tax Increment Financing Plan (the “TIF Plan”), (ii) the designation of the Redevelopment Area described in the TIF Plan, (iii) Redevelopment Project 1 and Redevelopment Project 2 described by the TIF Plan (collectively, the “Redevelopment Projects”) and (iv) the designation of Redevelopment Project Area 1 and Redevelopment Project Area 2 (collectively, the “Redevelopment Project Areas”) for the respective Redevelopment Projects; and

WHEREAS, on July 23, 2015, by passage of Committee Substitute for Ordinance No. 150597 (the “2015 Ordinance”), the City Council approved (i) the TIF Plan, (ii) the designation of the Redevelopment Area described by the TIF Plan, (iii) the Redevelopment Projects and the designation of the Redevelopment Project Areas and (iv) the authorization of tax increment financing within the Redevelopment Project Areas; and

WHEREAS, on June 24, 2015, the Land Clearance for Redevelopment Authority of Kansas City, Missouri (the “Authority”) recommended approval of the Truman & Wyandotte Urban Renewal Plan (the “Urban Renewal Plan”) and the Urban Renewal Area for the Urban Renewal Plan (the “Urban Renewal Area”); and

WHEREAS, on July 23, 2015, by adoption of the 2015 Ordinance, the City Council approved the Urban Renewal Plan and the Urban Renewal Area; and

WHEREAS, the TIF Plan and the Urban Renewal Plan provide for the development of a convention center hotel, including related improvements and certain public improvements (as described in the below-defined TIF Bond Indenture, collectively, the “Project”); and

WHEREAS, KC Hotel Developers, LLC, a Missouri limited liability company (the “Development Manager”), was selected by the Commission as the developer of the

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TIF Plan and the Redevelopment Projects, and the Development Manager was selected by the Authority as the developer of the Urban Renewal Plan; and

WHEREAS, as authorized by the 2015 Ordinance, the City and the Development Manager entered into a Master Financing Agreement, as amended and restated (the "Master Financing Agreement"), setting forth certain covenants and agreements of the parties thereto as to the anticipated financing of the Project; and

WHEREAS, the Authority issued its \$60,405,000.00 principal amount of Taxable Project Revenue Bonds (Convention Center Hotel Project – CID Special Assessments), Series 2018A (the "CID Bonds"), pursuant to a Trust Indenture dated as of January 1, 2018, between the Authority and BOKF, N.A., as trustee ("BOKF"), to finance certain costs of the Project authorized under the Community Improvement District Act, Section 67.1400 *et seq.*, Revised Statutes of Missouri; and

WHEREAS, concurrently with the issuance of the CID Bonds, the Authority issued its \$63,400,000 principal amount of Project Revenue Bonds (Convention Center Hotel Project – TIF Financing), Series 2018B (the "TIF Bonds"), pursuant to a separate Trust Indenture dated as of January 1, 2018 (the "TIF Bond Indenture"), between the Authority and BOKF, as trustee for the TIF Bonds, to finance eligible costs of the Project authorized under the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri; and

WHEREAS, the City, on the issue date of the CID Bonds and the TIF Bonds, contributed funds in the amount of \$35,000,000.00 (the "City Contribution"), in accordance with the Master Financing Agreement, to finance a portion of the costs to acquire, construct, reconstruct and/or improve certain capital improvements in connection with the Project; and

WHEREAS, the City proposes to issue its Taxable Special Obligation Bonds (Convention Center Hotel Project), which shall be designated the Series 2018A Bonds or such other series designation as the Director of Finance shall determine (the "Series 2018A Bonds"), to provide funds: (a) to reimburse the City for the City Contribution, and (b) to pay certain costs related to the issuance of the Series 2018A Bonds; and

WHEREAS, the Series 2018A Bonds shall be issued pursuant to a Trust Indenture (the "Indenture"), by and between the City and BOKF, as trustee for the Series 2018A Bonds (the "Trustee"); and

WHEREAS, in order to enhance the security for the Series 2018A Bonds and achieve a lower cost of borrowing, it may be desirable for the City to arrange for a municipal bond insurance policy, letter of credit or other credit enhancement facility, insuring or guaranteeing the payment of the principal of and interest on the Series 2018A Bonds and/or a surety bond or debt service reserve fund policy for any debt service reserve fund, to be issued by a bond insurance company, commercial bank or other financial institution acceptable to the City; and

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WHEREAS, the City has found and determined that the issuance of the Series 2018A Bonds for the purposes described above will benefit the citizens of the City; and

WHEREAS, in order to accomplish the foregoing, it is necessary and desirable that the City approve the transactions described in this Ordinance and the execution and delivery of the financing documents and certain other matters in connection with the transaction, as herein provided; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. Authorization of Bonds; Authorization and Execution of Bond Purchase Agreement and Certificate of Final Terms. The City hereby authorizes the issuance of its Series 2018A Bonds in the principal amount not to exceed \$39,000,000. The City hereby authorizes the issuance of its Series 2018A Bonds for the purpose of providing funds for the following: (a) to reimburse the City for the City Contribution, and (b) to pay certain costs of issuance of the Series 2018A Bonds. The Series 2018A Bonds shall be dated the date set forth in the Indenture and the form of Series 2018A Bond. The Series 2018A Bonds shall bear interest at rates initially not to exceed a true interest cost of 5.75%. The Series 2018A Bonds shall have such other terms and provisions as shall be provided in the Indenture and the Bond Purchase Agreement approved by the Director of Finance.

The Director of Finance is hereby authorized and directed to approve the purchase price for the Series 2018A Bonds, the principal amounts by maturity, the interest rates, the terms of credit enhancement, if any, and the other final terms of the Series 2018A Bonds, including applicable redemption provisions, subject to the limitations set forth in this Section, and in that connection, to execute and deliver, for the Series 2018A Bonds, the Certificate of Final Terms 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 for the Series 2018A Bonds 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. The City is authorized to enter into a Bond Purchase Agreement for the Series 2018A Bonds in accordance with the Certificate of Final Terms. The Director of Finance is authorized to execute the Bond Purchase Agreement for and on behalf of and as the act and deed of the City.

Section 2. Limited Obligations. The Series 2018A Bonds and the interest thereon shall be special, limited obligations of the City payable solely out of Appropriated Moneys (as defined in the Indenture) and moneys in the Funds and Accounts held by the Trustee under the Indenture, and shall be secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Series 2018A Bonds. The Series 2018A Bonds and the interest thereon shall not be deemed to constitute a debt or liability of the City within the meaning of any constitutional, statutory or charter limitation or provision, and shall not constitute a pledge of the full faith and credit of the City, but shall be payable solely from the funds provided for in the Indenture. The issuance of

the Series 2018A Bonds shall not, directly, indirectly or contingently, obligate the City to levy any form of taxation therefor or to make any appropriation for their payment.

Section 3. **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 authorized to execute and deliver the Financing Documents with such changes therein and additions thereto as the Director of Finance deems necessary or appropriate.

(a) Indenture.

(b) Continuing Disclosure Undertaking under which the City agrees to provide continuing disclosure of certain financial information, operating data and material events, for the benefit of the owners of the Series 2018A Bonds and to assist the Underwriters thereof in complying with Rule 15c2-12 of the Securities and Exchange Commission.

(c) Bond Purchase Agreement between the City and the Underwriters of the Series 2018A Bonds, under which the City agrees to sell and the Underwriters agree to purchase the Series 2018A 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**.

The City Council further approves the execution and delivery by the City of any documents which may be required in connection with the execution and delivery by the City of the Indenture and issuance of the Series 2018A Bonds and of such other documents as the Director of Finance deems necessary or appropriate in connection with the transactions authorized by this Ordinance.

Section 4. **Credit Enhancement.** The City hereby authorizes the Director of Finance to obtain a bond insurance policy, letter of credit or other credit enhancement (“Credit Enhancement”) for the Series 2018A Bonds and the purchase or 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 2018A 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.

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Section 5. Official Statement. The City hereby delegates authority to the Director of Finance to prepare, approve and deem final any Preliminary Official Statement and any final Official Statement, with the signature of the Director of Finance thereon being conclusive evidence of the Director's approval and the City's approval thereof and to approve the final terms of the Series 2018A Bonds, including any credit enhancement of the Series 2018A Bonds. 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 the Series 2018A Bonds.

Section 6. 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 2018A Bonds. The City approves the selection of Kutak Rock LLP and the Hardwick Law Firm LLC to act as Co-Bond Counsel in connection with the issuance of the Series 2018A Bonds. The City approves the selection of Kutak Rock LLP and the Hardwick Law Firm LLC to act as Co-Disclosure Counsel in connection with the issuance of the Series 2018A Bonds.

(b) The City approves the selection of Piper Jaffray & Co. or an affiliate thereof to act as senior Underwriter in connection with the issuance of the Series 2018A Bonds, and authorizes the Director of Finance to select the remaining members of the underwriting syndicate.

Section 7. Fund Name. That Fund No. 3435, the 2016F Special Obligation Bond Fund, is hereby renamed the 2018A Taxable Special Obligation Bond Fund, in the records of the City.

Section 8. Estimation of Revenue. That the revenue in the following account of Fund No. 3435, the 2018A Taxable Special Obligation Bond Fund, is hereby estimated in the following amount:

AL-3435-120000-590000	Proceeds from Sale of Bonds	\$500,000.00
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Section 9. Appropriation. That the sum of \$500,000.00 is hereby appropriated from the Unappropriated Fund Balance of Fund No 3435, the 2018A Taxable Special Obligation Bond Fund, to the following accounts:

AL-3435-129620-B	Costs of Issuance	\$250,000.00
AL-3435-129631-B	Underwriter Discount	<u>250,000.00</u>
	TOTAL	\$500,000.00

Section 10. Designating Requisitioning Authority. That the Director of Finance is hereby designated as requisitioning authority for Account Nos. AL-3435-129620-B and AL-3435-129631-B.

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Section 11. **Closing Project Accounts.** That the Director of Finance is hereby authorized to close project accounts upon applicable project completion and return the unspent portion of the appropriation to the Fund Balance from which it came.

Section 12. **Further Authority.** That 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 13. **Declaration of Accelerated Effective Date.** That 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 2018A BONDS

The undersigned Director of Finance of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's \$_____ Taxable Special Obligation Bonds (Convention Center Hotel Project), Series 2018A (the "Series 2018A Bonds"), certifies pursuant to Section 1 of Ordinance No. _____ of the City (the "Ordinance"), as follows:

1. Original Principal Amount. The Series 2018A Bonds are issued in the original principal amount of \$_____.
2. Maturity Schedule. The Series 2018A 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, 2018 (the "Indenture") by and between the City 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 2018A Bonds is _____%, as shown on Schedule __ to this Certificate.
4. Purchase Price. The purchase price of the Series 2018A Bonds is \$_____, representing \$_____ principal amount, [plus] original issue [premium/discount] of \$_____, less Underwriters' discount of \$_____.
5. Optional Redemption. The Series 2018A 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 _____, 2018.

CITY OF KANSAS CITY, MISSOURI

By: _____
Randall J. Landes
Director of Finance