

ORDINANCE NO. 120636

Approving an Industrial Development Plan for Lockton Insurance Agency, Inc., for the purpose of equipping and furnishing an office industry consisting of an insurance company located at 444 W. 47th Street and 4900 Main Street; authorizing and approving various agreements for the purpose of setting forth covenants, agreements and obligations of the City, Lockton Insurance Agency, Inc., and BMO Harris; authorizing the issuance of taxable industrial revenue bonds in a maximum aggregate principal amount not to exceed \$13,000,000.00; authorizing and approving certain other documents; and authorizing certain other actions in connection with the issuance of said bonds.

WHEREAS, the City of Kansas City, Missouri, a constitutional charter city and municipal corporation of the State of Missouri (the "City") is authorized pursuant to the provisions of Article VI, Section 27(b) of the Missouri Constitution, as amended, and Sections 100.010 to 100.200, inclusive, of the Revised Statutes of Missouri, as amended, and the City of Kansas City Charter (collectively, the "Act"), to issue its revenue bonds for carrying out a project or projects under the Act, such revenue bonds to be paid solely from revenue received from such project, and to enter into a lease of certain personal property associated with the Project to be financed with the proceeds of such revenue bonds with any person, firm or corporation; and

WHEREAS, the City has heretofore prepared and approved plans for the industrial development of the City and desires to approve an Industrial Development Plan (the "Plan") for the purpose of carrying out a development project (the "Project") for Lockton Insurance Agency, Inc. (the "Company"); and

WHEREAS, in Ordinance No. 120529, passed June 14, 2012, the Council authorized execution of a Development Agreement with the Company that authorizes the issuance of Chapter 100 bonds upon the City Council's subsequent approval of a Chapter 100 Plan; and

WHEREAS, the City intends to issue its Taxable Industrial Revenue Bonds (the "Bonds") for the purpose of furthering the Project to be located at 444 W. 47th Street and 4900 Main Street, Kansas City, Missouri (the "Project Site"); and

WHEREAS, notice of the Project was given to the taxing jurisdictions in accordance with Section 100.059.1 of the Revised Statutes of Missouri; and

WHEREAS, the Company has obtained and intends in the future to obtain financing for certain of its projects, including the Project, from BMO Harris ("BMO") through an equipment leasing program, which program when applied to the Project may result in BMO rather than the Company being the entity which enters into a lease with the City and purchases the Bonds, in which event there would be a further lease of the Project from BMO to the Company pursuant to an agreement substantially in the form of the herein-defined Lease in return for lease payments to be made by the Company to BMO sufficient to provide for the payment of all amounts due from BMO under its lease from the City; and

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WHEREAS, the Company further intends that there be a sublease of the Project from the Company to the EDC Charitable Fund ("EDC") in order to qualify for the development tax credit program and a sub-sublease of the Project from EDC back to the Company; and

WHEREAS, the Council has heretofore and does hereby find and determine that it is desirable for the economic development of the City and within the public purposes of the Act that the Council approve a Chapter 100 Industrial Development Plan as proposed by the Company; and that the City issue the Bonds, as more fully described in the Indenture and in the Lease, as hereinafter defined and authorized, proceeds of which shall be used for the purchase of certain personal property associated with the Project and which shall be located at the Project Site and leased by the City either to BMO or to the Company, with an option to purchase; and

WHEREAS, the principal amount of the Bonds will be advanced over a period of ten years, commensurate with the City's incremental acquisition of the property comprising the Project, and such property will be leased by the City to the BMO or the Company for a period of ten years (subject to earlier termination as provided in the Lease) commencing in the year of the advance; and

WHEREAS, the City further finds and determines that it is necessary and desirable in connection with the Project and the issuance of the Bonds that the City enter into certain documents, and that the City take certain other actions and approve the execution of certain other documents as herein provided; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. Approval of Plan. The City Council hereby finds and determines that the Project will promote the economic well-being and industrial development of the City and the Project will be in furtherance of the public purposes set forth in the Act. The City Council hereby approves the Plan for the Project, which includes the following provisions:

- (a) Equipping of an office industry project consisting of an insurance company, including furniture, telecommunications equipment, office equipment and other related personal property at the Project Site in the City of Kansas City, Missouri;
- (b) A total estimated investment of \$13 million in personal property; and
- (c) The costs for the personal property will be funded from proceeds of the sale of up to \$13 million maximum principal amount of Taxable Industrial Revenue Bonds to be issued by the City and purchased by BMO or the Company.

Section 2. Authorization of Documents. The City is hereby authorized to enter into the following documents (the "City Documents"), in such form as shall be approved

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by the officials of the City executing such documents, such officials' signatures thereon being conclusive evidence of their approval thereof:

- (a) Trust Indenture (the "Indenture"), between the City and UMB Bank, N.A. (the "Trustee"), pursuant to which the Bonds shall be issued and the City shall pledge the Project and assign certain of the payments, revenues and receipts received pursuant to the Lease to the Trustee for the benefit and security of the owners of the Bonds upon the terms and conditions as set forth in the Indenture.
- (b) Lease Agreement (the "Lease"), between the City and BMO or the Company, under which the City will acquire the Project and lease the Project to the BMO or the Company pursuant to the terms and conditions in said Lease, in consideration of rental payments by BMO or the Company which will be sufficient to pay the principal of, premium, if any, and interest on the Bonds.
- (c) Purchase Agreement, under which the purchaser named therein agrees to purchase the Bonds.

The City further authorizes such additional leasing of the Project by the lessee under the Lease to the Company or to BMO as applicable so that the Company may utilize the BMO equipment leasing program, and also authorizes the sublease of the Project by the Company to EDC with a sub-sublease back from EDC to the Company so that the Company may qualify for the development tax credit program.

Section 3. Authorization of the Bonds. The City is hereby authorized to issue and sell its Taxable Industrial Revenue Bonds (Lockton Insurance Agency, Inc. Project), in a maximum aggregate principal amount not to exceed \$13,000,000, for the purpose of providing funds for certain personal property associated with the Project. The Bonds shall be issued and secured pursuant to the Indenture and shall bear such date, shall mature at such time, shall be in such denominations, shall bear interest at such rates, shall be in such form, shall be subject to redemption and other terms and conditions, and shall be issued in such manner, subject to such provisions, covenants and agreements, as are set forth in the Indenture.

Section 4. Sale and Terms of Bonds; Authorization and Execution of Bond Purchase Agreement. The Bonds will be sold to BMO or the Company under the terms of a Bond Purchase Agreement between the City and BMO or the Company (the "Purchase Agreement"). The maximum aggregate principal amount of the Bonds shall be \$13,000,000.00, the interest rate on the Bonds shall not exceed 8.00%, principal shall be payable at maturity, the maturity date shall be no later than December 1, in the year ten years subsequent to the advance, the Bonds shall be purchased at 100% of the principal amount thereof and the Bonds may be redeemed at any time at a redemption price equal to the principal amount thereof plus accrued interest. The Director of Finance or the City Treasurer is each authorized to execute the Purchase Agreement for and on behalf of and as the act and deed of the City.

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Section 5. Limitation on Liability. The Bonds and the interest thereon shall be limited obligations of the City payable solely out of certain payments, revenues and receipts derived by the City from the Lease described below, and such payments, revenues and receipts shall be pledged and assigned to the Trustee named below as security for the payment of the Bonds as provided in the Indenture. The Bonds and the interest thereon shall not constitute general obligations of the City or the State of Missouri, and neither the City nor said State shall be liable thereon. The Bonds shall not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and are not payable in any manner by taxation.

Section 6. Creation of Bond Fund. The City is hereby authorized to establish with the Trustee pursuant to the Indenture, a special trust fund in the name of the City to be designated the “City of Kansas City, Missouri, Bond Fund – Lockton Insurance Agency, Inc. Project” and the City shall cause all sums required by the Indenture to be deposited therein and shall create all accounts therein required by the Indenture.

Section 7. Execution of Documents. The Mayor is hereby authorized and directed to execute the Bonds and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Indenture. The Director of Finance is hereby authorized and directed to execute the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance, for and on behalf of and as the act and deed of the City. The City Clerk or a deputy City Clerk, of the City is hereby authorized and directed to attest to and affix the seal of the City to the Bonds and the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 8. Further Authority. The Mayor, Director of Finance and other officials, agents and employees of the City as required, are hereby authorized and directed to take such further action, hold such hearings and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance and to carry out, comply with and perform the duties of the City with respect to the Bonds, the City Documents, and tax redirection.

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Approved as to form and legality:

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Sarah Baxter  
Assistant City Attorney