

MINUTES OF THE MISSION SPECIAL CITY COUNCIL MEETING

November 6, 2019

The Mission City Council met for a Special City Council Meeting at Mission City Hall on Wednesday, November 6, 2019 at 7:00 p.m. The meeting was called to order by Council President Arcie Rothrock. The following councilmembers were present: Sollie Flora, Kristin Inman, Debbie Kring, Pat Quinn, Arcie Rothrock, Nick Schlossmacher, Hillary Thomas. Absent: Mayor Appletoft and Councilmember Davis.

Resolution Authorizing the Offering for Sale of Special Obligation Tax Increment Revenue Bonds, (Gateway Project), Series 2019, of the City of Mission, Kansas

Ms. Smith provided background information on this item, stating these bonds have been contemplated in connection with the development agreement for The Gateway Project. The Mayor has signed an engagement letter with DA Davidson the bond underwriter, who is not paid unless these bonds move forward. A firm has been selected to complete the market study, which is required. The firm is PGAV and the developer has escrowed funds to pay for this study - there is no financial cost to the City.

Bruce Kimmel, Ehlers, referenced the memo included in the meeting packet and provided additional information, including:

- A handout with information on sources and uses of funds, bond debt service, net debt service, development projected revenues.
- Risk protection which was the intent of the development agreement and amendments which work to protect the City from financial risk or reputational risk.
- These special revenue bonds are only paid from the TIF and CID revenues so there is no liability to the City. The bonds are not rated, and only offered to sophisticated investors who do their own due diligence.
- There is additional debt coverage for these bonds (\$1.20 on \$1.00).
- Scheduled maturity is March 1, 2039, which coincides with the TIF term. There may be some CID tails, but we are not counting on these.
- The projected closing date for the sale of these bonds is mid-December 2019.
- Using PGAV's projections, DA Davidson (the bond underwriter) has structured a preliminary SO Bond offering at 43.5 million, yielding \$32.7 million in project funding.
- Discussed the difference between GO and SO bonds and the use of these funds - \$32.7 million is \$1.3 million shy of the developers target of \$34 million but they will try for a better yield. This is workable and the developer can bridge the gap.
- Discussed the capital interest and debt service reserve (a full year), and the cost

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of issuance is still to be determined.

- Estimated debt projections with a total debt service of \$69.5 million and a net debt service of \$61.4 million. The capitalized interest is paid up front.
- PGAV's projections for the project of \$74.2 million through 2039, but this does not include the .45% sales tax the City will collect on the 1% of the transient guest tax.
- The annual surplus that may be available and equal approximately \$13 million if never used. These could be released at the end as tails to the developer for eligible costs for the project.
- The accelerated maturity solution for the project - the first \$4.4 million could be used for a second year of debt reserve fund if funded with annual surpluses.
- The annual surplus could be used to pay off the bonds early and avoid interest (paying 2.5 to 3 years early).

Mr. Kimmel discussed the importance of the developer working with the City's team to be sure all are on the same page regarding the conditions precedent. There are clear milestones for the release of bond funds, as well as conditions precedent to the issuance of the bonds. He stated we will need to see where the developers other loans are in the process prior to going further. It is anticipated that marketing of the bonds will begin next week. Council will consider a bond ordinance at the November 18th City Council meeting, and if all hurdles by the developer are met, DA Davidosn will sell the bonds.

Moved by Quinn, seconded by Kring to adopt a resolution authorizing the offering for sale of Special Obligation Tax Increment Revenue Bonds (Gateway Project) Series 2019 of the City of Mission, Kansas. Voting AYE: Flora, Inman, Kring, Quinn, Rothrock, Schlossmacher, Thomas. **Motion carried.**

ADJOURNMENT

Moved by Quinn, seconded by Kring to adjourn the meeting at 7:28 p.m. All present voted AYE. **Motion carried.**

Respectfully submitted by Martha Sumrall, City Clerk.

Ronald E. Appletoft, Mayor

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Martha Sumrall, City Clerk