

AN ORDINANCE AUTHORIZING THE CITY OF GLADSTONE, MISSOURI, TO ENTER INTO A BASE LEASE WITH FIRST BANK OF MISSOURI, AS TRUSTEE, WHEREBY THE CITY WILL LEASE CERTAIN PROPERTY TO SAID TRUSTEE, A LEASE PURCHASE AGREEMENT WITH SAID TRUSTEE WITH RESPECT TO THE ACQUISITION, CONSTRUCTION, FURNISHING, EQUIPPING AND INSTALLING OF CERTAIN CAPITAL IMPROVEMENTS AND PREPAYING CERTAIN OUTSTANDING CERTIFICATES OF PARTICIPATION; APPROVING A DECLARATION OF TRUST MADE BY THE TRUSTEE PURSUANT TO WHICH CERTAIN CERTIFICATES OF PARTICIPATION WILL BE EXECUTED AND DELIVERED; AND APPROVING CERTAIN OTHER DOCUMENTS AND THE TAKING OF CERTAIN RELATED ACTIONS NECESSARY TO DELIVER THE CERTIFICATES OF PARTICIPATION.

WHEREAS, the City of Gladstone, Missouri (the "City"), desires to obtain financing for (a) acquisition, construction, furnishing, equipping and installing of certain capital improvements, which may include to the extent funds are available (i) improvements at Hobby Hill Park, including new access from Broadway Avenue, two shelters, restroom, generational play structures, sled hill, wetland development, .25 paved trail around the wetlands, clearing of primitive trails (mulched as needed), and installation of drive lanes, parking, and lighting, (ii) improvements to the City's outdoor pool, and (iii) construction of a senior center (the "Project"); (b) refunding the City's \$20,540,000 outstanding principal amount of Certificates of Participation, Series 2006-A (the "Series 2006 Certificates"); and (c) paying certain costs related to such actions; and

WHEREAS, in order to accomplish the purposes set forth herein, the City desires to authorize the execution and delivery of not to exceed \$24,000,000 of Certificates of Participation, Series 2015A (the "Series 2015A Certificates") and not to exceed \$450,000 of Taxable Certificates of Participation, Series 2015B (the "Series 2015B Certificates," and together with the Series 2015A Certificates, the "Certificates"); and

WHEREAS, in order to facilitate the foregoing and to provide financing to pay the cost thereof, it is necessary and desirable for the City to take the following actions:

1. Enter into a Base Lease (the "Base Lease") with First Bank of Missouri, Gladstone, Missouri (the "Trustee"), pursuant to which the City will lease the property therein described (the "Real Property") to the Trustee;
2. Enter into an annually renewable Lease Purchase Agreement (the "Lease Purchase Agreement") with the Trustee, pursuant to which the City will lease the Leased Property described therein on a year-to-year basis from the Trustee with an option to purchase;

3. Enter into an Escrow Agreement (the "Escrow Agreement") with First Bank of Missouri pursuant to which certain moneys and securities will be deposited and held to provide for the payment of the 2006 Certificates;

4. Enter into a Certificates of Participation Purchase Agreement (the "Certificates of Participation Purchase Agreement") with George K. Baum & Company, as the purchaser of the Certificates (the "Purchaser"), pursuant to which the Purchaser will purchase the Certificates;

5. Enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") with First Bank of Missouri, pursuant to which the City will agree to provide ongoing disclosure of financial and other information with respect to the Certificates; and

6. Enter into a Tax Compliance Agreement (the "Tax Compliance Agreement") with First Bank of Missouri with respect to the tax-exempt status of the interest portion of the Basic Rent Payments with respect to the Series 2015A Certificates.

7. Approve the Declaration of Trust (the "Declaration of Trust") made by the Trustee, as settlor and trustee, pursuant to which the Trustee will execute the Certificates; and

WHEREAS, the City has agreed that the Certificates shall be sold on a negotiated basis to the Purchaser;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, AS FOLLOWS:

Section 1. Authorization of Documents. The Base Lease, the Lease Purchase Agreement, the Escrow Agreement, the Certificates of Participation Purchase Agreement, the Tax Compliance Agreement and the Continuing Disclosure Agreement are hereby authorized and approved in substantially the forms submitted to and reviewed by the City Council of the City on the date hereof, with such changes therein as shall be approved by the Mayor or the City Manager of the City, with the Mayor's or City Manager's execution thereof to be conclusive of the approval thereof, provided that such documents reflect the following final terms of the Certificates:

- (a) The principal amount of the Series 2015A Certificates shall not exceed \$24,000,000; the principal amount of the Series 2015B Certificates shall not exceed \$450,000.
- (b) The True Interest Cost of the Series 2015A Certificates shall not exceed 3.43%; the True Interest Cost of the Series 2015B Certificates shall not exceed 2.25%.
- (c) The Purchaser's discount related to the Certificates shall be not greater than .575% of the principal amount thereof.
- (d) The Series 2015A Certificates shall be subject to optional prepayment beginning not later than the year 2025, the Series 2015B Certificates may not be subject to optional prepayment prior to maturity.

- (e) The weighted average maturity of the Series 2015A Certificates shall be between 8.0 years and 10.0 years; the weighted average maturity of the Series 2015B Certificates shall be between 1.0 years and 2.0 years.
- (f) The refunding of the 2006 Certificates shall result in present value savings of at least 5.0% of the principal amount of the Refunded Certificates.
- (g) The final maturity of the Series 2015A Certificates shall be not later than the year 2031; the final maturity of the Series 2015B Certificates shall be not later than the year 2016.
- (h) The issuance of the Certificates and the prepayment of the Series 2006 Certificates shall result in proceeds of the Certificates being available for the Project in an amount not exceeding \$2,500,000.

The obligation of the City to pay Basic Rent Payments (as defined in the Lease Purchase Agreement) under the Lease Purchase Agreement is limited to payment from Available Revenues (as defined in the Lease Purchase Agreement) and shall constitute a current expense of the City and shall not in any way be construed to be an indebtedness or liability of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness or liability by the City, nor shall anything contained in the Lease Purchase Agreement constitute a pledge of the general tax revenues, funds or moneys of the City, and all provisions of the Lease Purchase Agreement shall be construed so as to give effect to such intent.

The Mayor or the City Manager is hereby authorized and directed to execute and deliver the Base Lease, the Lease Purchase Agreement, the Escrow Agreement, the Certificates of Participation Purchase Agreement, the Tax Compliance Agreement and the Continuing Disclosure Agreement on behalf of the City. The City Clerk is hereby authorized to affix the City's seal thereto and attest said seal where appropriate.

Section 2. Approval of Declaration of Trust. The City hereby recognizes and acknowledges that the Trustee, pursuant to the Declaration of Trust, intends to execute and deliver the Certificates and hereby approves the form of the Declaration of Trust submitted to and reviewed by the City Council on the date hereof with such changes as shall be approved by the Mayor, the Mayor's execution of the Lease Purchase Agreement being conclusive of the approval of the Declaration of Trust. The City Council hereby acknowledges and consents to the execution and delivery of the Certificates pursuant to the Declaration of Trust.

Section 3. Sale of Certificates. The sale of the Certificates to the Purchaser is hereby approved. The Certificates of Participation Purchase Agreement is hereby authorized and approved in substantially the form submitted to and reviewed by the City Council on the date hereof, with such changes therein as shall be approved by the Mayor or the City Manager of the City, the Mayor's or City Manager's execution thereof to be conclusive of the approval hereof. The Mayor or the City Manager is hereby authorized and directed to execute and deliver the Certificates of Participation Purchase Agreement on behalf of the City.

Section 4. Official Statement. The Preliminary Official Statement, in substantially the form presented to and reviewed by the City Council on the date hereof, is hereby ratified and approved, and the final Official Statement is hereby adopted by supplementing, completing and amending the Preliminary Official Statement. The Mayor or the City Manager is hereby authorized to execute the Official Statement on behalf of the City.

Section 5. Prepayment. The City hereby exercises its option to purchase the interest of First Bank of Missouri of Missouri, as Trustee, in the "Project" as that term is defined in the Lease Purchase Agreement, dated as of September 15, 2006, with respect to the prepayment of the Series 2006 Certificates. The Mayor, the City Manager, the Purchaser, the Trustee and the Escrow Agent are hereby authorized to subscribe for the purchase of United States Treasury Securities, State and Local Government Series and/or Open Market Securities, in order to effect the prepayment of the Series 2006 Certificates.

Section 6. Further Authority. The City shall, and the officials and agents of the City are hereby authorized and directed to, take such action, expend such funds 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 Base Lease, the Lease Purchase Agreement, the Declaration of Trust, the Certificates of Participation Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Agreement, the Tax Compliance Agreement and the Project.

Section 7. Severability. If any one or more of the terms, provisions or conditions of this ordinance shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, none of the remaining terms, provisions or conditions of this ordinance shall be affected thereby and each provision of this ordinance shall be valid and enforceable to the fullest extent permitted by law.

Section 8. Effective Date. This ordinance shall take effect and be in full force from and after its passage by the City Council.

PASSED, SIGNED AND MADE EFFECTIVE BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, THIS 22ND DAY OF JUNE, 2015.



Mayor Bill Garnos

(SEAL)

ATTEST:



Ruth Bocchino, City Clerk


First Reading: June 22, 2015

Second Reading: June 22, 2015

**OFFICE OF THE CITY MANAGER
MEMORANDUM KLD #15-51**

DATE: JUNE 18, 2015

TO: BILL GARNOS, MAYOR
JEAN MOORE, MAYOR PRO TEM
CAROL SUTER, COUNCILMEMBER
BRIAN HILL, COUNCILMEMBER
R. D. MALLAMS, COUNCILMEMBER

FROM: KIRK L. DAVIS, CITY MANAGER 

RE: PARAMETER ORDINANCE FOR REFUNDING OF 2006
CERTIFICATES OF PARTICIPATION ADDITIONAL FUNDING FOR
HOBBY HILL PARK

On May 26, 2015 the Council approved the "Go to Market" Resolution No. 15-30 that provided authority to move forward with preparation of bond documents and ordinances related to the proposed 2006 Certificates of Participation refunding and additional funding for the Hobby Hill Park. A provision in the issuance of the 2006 COP allows the City to refund the bonds and reissue them if economic conditions are advantageous. In this particular case, refunding the bonds will result in a savings of between \$1,000,000 and \$1,800,000 depending on bond market fluctuations. The planned use of the savings is allocated to the School District (26%) and the City (74%). The City plans to consider a multi-purpose room/office addition to the Community Center and upgrades to the outdoor pool mechanical infrastructure.

Additional funding in the amount of approximately \$2,000,000 is proposed to implement Phase I of the Hobby Hill Master Plan. This phase provides a new N. Broadway entrance, two shelters, restrooms, play structures, sled hill, wetlands, paved and mulched trails, drive lanes, parking, and lighting. Debt service is budgeted in the CIST and TST funds.

As authorized by the Go to Market Resolution No. 15-30, a bond parameter ordinance has been prepared for Council consideration. This parameter ordinance is used in situations in which it is advantageous to authorize the execution of the transaction in advance. In this case, the advantage is to accelerate the issuance of the Certificates in a rising interest rate environment. Waiting until the next regularly scheduled City Council meeting could delay the transaction, resulting in higher interest rates. Authorization to execute the Certificate documents is explicitly conditioned on satisfaction of all the parameters provided within the ordinance.

The parameter ordinance will be presented to Council on June 22, 2015. Representatives of Gilmore & Bell will be available to answer any questions the Council may have. Should you have any questions or concerns, please contact me at your convenience.