

AN ORDINANCE APPROVING THE DELIVERY OF A FIRST AMENDMENT TO AN EXISTING PERSONAL PROPERTY LEASE PURCHASE AGREEMENT FOR THE PURPOSE OF REDUCING INTEREST COSTS FOR THE CITY AND AUTHORIZING AND APPROVING CERTAIN DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of Gladstone, Missouri (the "City") has previously obtained financing for certain personal property (the "Project") through the execution and delivery of a certain Personal Property Lease Purchase Agreement dated January 15, 2016 (the "Original Lease") between the City and Security Bank of Kansas City as successor to First Bank of Missouri (the "Bank"); and

WHEREAS, in order to reduce interest costs associated with the Original Lease, the City and Bank have agreed to enter into a First Amendment to the Lease (the "First Amendment," together with the Original Lease, the "Lease") in substantially the form presented to the City Council at this meeting; and

WHEREAS, in connection with the execution and delivery of the First Amendment, the Bank has requested the execution of certain additional documents (the "Bank Documents"); and

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

Section 1. Authorization of Documents. The First Amendment and the Bank Documents (collectively, the "City Documents") 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.

The obligation of the City to pay rental payments under the Lease is limited to payment from funds annually appropriated by the City Council of the City for that purpose, 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 constitute a pledge of the general tax revenues, funds or moneys of the City, and all provisions of the Lease and the Bank Documents shall be construed so as to give effect to such intent.

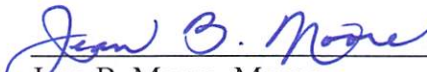
The Mayor or the City Manager is hereby authorized and directed to execute and deliver the City Documents on behalf of the City. The City Clerk is hereby authorized to affix the City's seal thereto and attest said seal where appropriate.

Section 2. 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 City Documents and the Project.

Section 3. 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 4. Effective Date. This ordinance shall take effect and be in full force from and after its passage by the City Council.

INTRODUCED, READ, PASSED, AND ADOPTED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, THIS 28TH DAY OF AUGUST 2023.



Jean B. Moore, Mayor

ATTEST:



Kris Keller, City Clerk

First Reading: August 28, 2023

Second Reading: August 28, 2023



Request for Council Action

RES # City Clerk Only

BILL # 23-30

ORD # 4.649

Date: 8/23/2023

Department: Finance

Meeting Date Requested: 8/28/2023

Public Hearing: Yes Date: [Click here to enter a date.](#)

Subject: Lease Purchase Agreement Amendment

Background: In 2016, the City entered into an agreement to execute a lease purchase to improve infrastructure where the Heights at Linden Square complex was built. Improvements included street, water line, and sewer line upgrades that would allow for a larger building on that site.

Budget Discussion: N/A

Public/Board/Staff Input: In 2016, the City entered into a lease purchase with Security Bank to construct infrastructure improvements where the Heights complex now stands. The agreement set the interest rate on the lease purchase at .25% below the prime lending rate and adjust every 3 years. At the time, the federal funds interest rate was near 0% and the prime lending rate was around 3.25%. Today's prime lending rate is 8.5% and the interest rate is set to reset July of 2024. To mitigate the chance of the interest rate of almost tripling, city staff has worked with our partners at Security Bank of Kansas City to come to a mutual beneficial change to the agreement. Security Bank has agreed to amend the agreement (from .25% below prime rate) to decrease the interest rate for the next 3 years to 5.5%.

Provide Original Contracts, Leases, Agreements, etc. to: City Clerk and Vendor.

Dominic Accurso
Department Director/Administrator

JM
City Attorney

BB
City Manager

FIRST AMENDMENT TO PERSONAL PROPERTY LEASE PURCHASE AGREEMENT

RECITALS

WHEREAS, the City of Gladstone, Missouri (the “Lessee”) and First Bank of Missouri did enter into a Personal Property Lease Purchase Agreement dated as of January 15, 2016 (the “Original Agreement”), and

WHEREAS, Security Bank of Kansas City (the “Lessor”) is the successor in interest to First Bank of Missouri under the Original Agreement; and

WHEREAS, Lessor and Lessee desire to modify certain provisions of the Original Agreement; and

WHEREAS, Lessor and Lessee are authorized under the constitution and laws of the State of Missouri to enter into this First Amendment to Personal Property Lease Purchase Agreement (the “First Amendment, together with the Original Agreement, the “Agreement”);

NOW THEREFORE, for and in consideration of the premises contained in the Agreement, the parties hereby agree as follows.

1. Defined Terms. All terms used herein have the meanings ascribed to them in the Original Agreement, as amended by this First Amendment.

2. Amendment of Original Agreement. Exhibit B of the Original Agreement is hereby replaced with Schedule B attached hereto. For clarification, the Original Agreement contained a payment schedule for the entire \$4,383,000 advanced as of its date. Exhibit B attached hereto is a payment schedule only for the remaining balance of \$3,035,164.80.

3. The Agreement. This First Amendment is hereby made as part of the Agreement, and Lessor and Lessee hereby ratify and confirm the Agreement as so amended. References to the “Agreement” made in the Original Agreement shall mean the Original Agreement as amended by this First Amendment.

4. Anti-Discrimination Against Israel Act. Pursuant to Section 34.600 of the Revised Statutes of Missouri, as amended (the “Act”), by entering into this Schedule, the Lessor certifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this Schedule will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Lessor understands that “boycott” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

The foregoing certification shall not be deemed an admission or agreement that the Act is applicable to this Schedule, but the foregoing certification is provided if the Act is applicable. If the Act is initially deemed or treated as applicable to any of this Schedule, but it is subsequently determined not to apply for any reason including the repeal or amendment of the Act or any ruling of a court of competent jurisdiction as to the unenforceability or invalidity of the Act, then the foregoing certification shall cease and not exist.

Dated: September 1, 2023.

SECURITY BANK OF KANSAS CITY

By: _____

CITY OF GLADSTONE, MISSOURI

By: _____
Title: City Manager

EXHIBIT B TO PERSONAL PROPERTY LEASE PURCHASE AGREEMENT

PAYMENT SCHEDULE

Rental payments will be made in accordance with Section 4.01 of the Agreement and this Payment Schedule.

7/1/2023

Balance: \$ 3,035,164.80

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Total P&I</u>	<u>Balance</u>
1/1/2024	\$ -	5.50% *	\$ 94,933.09	\$ 94,933.09	\$ 3,035,164.80

* Effective 09/01/23; 62 days at 7.25% and 123 days at 5.50%.

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7/1/2033	\$ 233,474.21	5.50%	\$ 25,682.17	\$ 259,156.38	\$ 700,422.70
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7/1/2034	\$ 233,474.21	5.50%	\$ 19,261.62	\$ 252,735.83	\$ 466,948.49
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1/1/2036	\$ -	5.50%	\$ 6,598.89	\$ 6,598.89	\$ 233,474.08
7/1/2036	\$ 233,474.08	5.50%	\$ 6,420.54	\$ 239,894.62	\$ -

[EXHIBIT CONTINUES ON NEXT PAGE]

The initial interest rate used to calculate the Interest Portions of Rental Payments under the Agreement is 5.500% which shall be the applicable interest rate under this Agreement through September 1, 2026. Thereafter, the applicable interest rate shall be the U.S. Prime Rate as published in *The Wall Street Journal* and effective as of September 1 of each year, less .25%. For example, the applicable interest rate for the period of September 2, 2026, through September 1, 2027 shall be the rate in effect on September 1, 2026, less .25%). If publication of the U.S. Prime Rate in *The Wall Street Journal* is discontinued for any reason, the applicable prime rate shall mean the interest rate per annum publicly announced from time to time by Bank of America, or any successor thereto, as its “prime rate.” Notwithstanding the foregoing, the applicable interest rate under the Agreement shall never exceed 10% or be below 5.50%. Upon determination of the new interest rate, Lessor and Lessee shall cause the Payment Schedule to be recalculated such that total payments in each calendar year are substantially level and are sufficient to repay the amount due hereunder not later than the year 2036, with the assumption that the then applicable rate will stay in effect through the Maximum Term. Interest shall be calculated hereunder on a 365/360 basis.

GOVERNMENTAL CERTIFICATE

Principal \$3,035,164.80	Loan Date 09-01-2023	Maturity 07-01-2036	Loan No 42611	Call / Coll	Account CAB3380	Officer WSK	Initials
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Entity: City of Gladstone
Attn: Finance Director
7010 N. Holmes
Gladstone, MO 64118

Lender: Security Bank of Kansas City
N Oak Trafficway
7001 N Oak Trafficway
Gladstone, MO 64118

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ENTITY'S EXISTENCE. The complete and correct name of the governmental entity is City of Gladstone ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws and regulations of the State of Missouri. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 7010 N. Holmes, Gladstone, MO 64118. The Entity shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

CERTIFICATES ADOPTED. At a meeting of the appropriate governing body of the Entity, duly called and held on **September 1, 2023**, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Certificate were adopted.

OFFICIAL. The following named person is an Official of City of Gladstone:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
Bob Baer	City Manager	Y X	_____

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Entity:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Entity and Lender, such sum or sums of money as in his or her judgment should be borrowed; however, not exceeding at any one time the amount of **Three Million Thirty-five Thousand One Hundred Sixty-four & 80/100 Dollars (\$3,035,164.80)**, in addition to such sum or sums of money as may be currently borrowed by the Entity from Lender.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Entity's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Entity's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Entity or in which the Entity now or hereafter may have an interest, including without limitation all of the Entity's real property and all of the Entity's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Entity to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the Official may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate.

ASSUMED BUSINESS NAMES. The Entity has filed or recorded all documents or filings required by law relating to all assumed business names used by the Entity. Excluding the name of the Entity, the following is a complete list of all assumed business names under which the Entity does business: **None.**

NOTICES TO LENDER. The Entity will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity's principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES. The Official named above is duly elected, appointed, or employed by or for the Entity, as the case may be, and occupies the position set opposite his or her respective name. This Certificate now stands of record on the books of the Entity, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby ratified and approved. This Certificate shall be continuing, shall remain in full force and effect and Lender may rely on it until written

**GOVERNMENTAL CERTIFICATE
(Continued)**

Loan No: 42611

Page 2

notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Entity's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.

I have read all the provisions of this Certificate, and i personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated September 1, 2023.

CERTIFIED TO AND ATTESTED BY:

X _____
Bob Baer, City Manager of City of Gladstone

NOTE: If the Official signing this Certificate is designated by the foregoing document as one of the officials authorized to act on the Entity's behalf, it is advisable to have this Certificate signed by at least one non-authorized official of the Entity.

CHANGE IN TERMS AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,035,164.80	09-01-2023	07-01-2036	42611		CAB3380	WSK	
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Borrower: City of Gladstone
Attn: Finance Director
7010 N. Holmes
Gladstone, MO 64118

Lender: Security Bank of Kansas City
N Oak Trafficway
7001 N Oak Trafficway
Gladstone, MO 64118

Principal Amount: \$3,035,164.80

Date of Agreement: September 1, 2023

DESCRIPTION OF EXISTING INDEBTEDNESS.

Personal Property Lease Purchase Agreement and Related Documents dated January 15, 2016 and executed by City of Gladstone, Missouri (Lessee) and First Bank of Missouri, n/k/a Security Bank of Kansas City (Lessor) in the principal amount of \$4,383,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the lease agreement.

DESCRIPTION OF CHANGE IN TERMS.

Effective September 1, 2023, the interest rate will be changed to 5.50% fixed until September 1, 2026. Then beginning September 2, 2026, the interest rate will be Wall Street Journal Prime Rate minus .25% adjusting annually with a floor rate of 5.50% and a ceiling rate of 10.00%.

The payment amount will be modified based on the "Exhibit B to Personal Property Lease Purchase Agreement Payment Schedule" attached. The payment schedule will be updated with each rate change to reflect payment needed to pay loan in full at maturity.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

BORROWER:

CITY OF GLADSTONE

By: _____
Bob Baer, City Manager of City of Gladstone

LENDER:

SECURITY BANK OF KANSAS CITY

X _____
Authorized Signer

EXHIBIT B TO PERSONAL PROPERTY LEASE PURCHASE AGREEMENT

PAYMENT SCHEDULE

Rental payments will be made in accordance with Section 4.01 of the Agreement and this Payment Schedule.

7/1/2023

Balance: \$ 3,035,164.80

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[EXHIBIT CONTINUES ON NEXT PAGE]

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DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,035,164.80	09-01-2023	07-01-2036	42611		CAB3380	WSK	
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Borrower: City of Gladstone
 Attn: Finance Director
 7010 N. Holmes
 Gladstone, MO 64118

Lender: Security Bank of Kansas City
 N Oak Trafficway
 7001 N Oak Trafficway
 Gladstone, MO 64118

LOAN TYPE. This is a Variable Rate Nondisclosable Loan to a Government Entity for \$3,035,164.80. This is an unsecured renewal loan.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.
 Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: Rate Modification.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$3,035,164.80 as follows:

Other Disbursements:	\$3,035,164.80
\$3,035,164.80 Loan Balance	
 Note Principal:	 \$3,035,164.80

CHARGES PAID IN CASH. Borrower has paid or will pay in cash as agreed the following charges:

Prepaid Finance Charges Paid in Cash:	\$500.00
\$500.00 Loan Fee - Commercial	
 Total Charges Paid in Cash:	 \$500.00

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED SEPTEMBER 1, 2023.

BORROWER:

CITY OF GLADSTONE

By: _____
 Bob Baer, City Manager of City of Gladstone