

RESOLUTION NO. R-15-30

RESOLUTION PERTAINING TO THE FINANCING OF CERTAIN IMPROVEMENTS AND REFUNDING CERTAIN OUTSTANDING CERTIFICATES OF PARTICIPATION, AUTHORIZING THE OFFERING FOR SALE OF AN ISSUE OF APPROXIMATELY \$23,000,000 REFUNDING AND IMPROVEMENT CERTIFICATES OF PARTICIPATION, SERIES 2015, EVIDENCING A PROPORTIONATE INTEREST IN BASIC RENT PAYMENTS TO BE MADE BY THE CITY OF GLADSTONE, MISSOURI, PURSUANT TO AN ANNUALLY RENEWABLE LEASE PURCHASE AGREEMENT.

WHEREAS, the City Council (the "City Council") of the City of Gladstone, Missouri (the "City"), hereby finds and determines that it is necessary, desirable and in the best interests of the City and its residents to acquire and construct certain capital improvements, which may include (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 (collectively, the "Project") and to prepay the outstanding Certificates of Participation, Series 2006 of the City (the "Series 2006 Certificates"), which were issued to provide funds for construction of the City's community/recreation center and natatorium and to refund certain prior certificates of participation; and

WHEREAS, the City Council hereby finds and determines that it is necessary, desirable and in the best interests of the City to provide funds for the Project and the prepayment of the Series 2006 Certificates utilizing a lease structure; and

WHEREAS, the City Council wishes to designate the firm of George K. Baum & Company, Kansas City, Missouri (the "Purchaser"), as underwriter for approximately \$23,000,000 principal amount of Refunding and Improvement Certificates of Participation, Series 2015, evidencing a proportionate interest in Basic Rent Payments to be made by the City of Gladstone, Missouri, pursuant to an annually renewable Lease Purchase Agreement (the "Certificates") in connection with (a) acquiring and constructing the Project and prepaying the Series 2006 Certificates, (b) establishing a reserve fund if deemed necessary by the City, and (c) paying certain expenses related to the delivery of the Certificates; and

WHEREAS, the City desires to authorize the Purchaser to proceed with the offering for sale of the Certificates; and

WHEREAS, one of the duties and responsibilities of the Purchaser is to prepare and distribute a Preliminary Official Statement and a final Official Statement relating to the Certificates; and

WHEREAS, the City desires to authorize the Purchaser to proceed with the preparation and distribution of the Preliminary Official Statement relating to the Certificates;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, AS FOLLOWS:

Section 1. The City wishes to proceed with the lease transaction described in the recitals to this Resolution, which includes the execution and delivery of the Certificates. The Certificates may be issued in one or more series and may be taxable or tax exempt. The final terms of the lease transaction and the prepayment of the Series 2006 Certificates will be approved by the City Council when the final terms are available. The City may incur capital expenditures after the date of this resolution in connection with the Project and intends to reimburse itself for such expenditures with the proceeds of the lease transaction in a principal amount of up to \$2,000,000.

Section 2. The City hereby designates the Purchaser as the underwriter and purchaser of the Certificates and authorizes the Purchaser to proceed with the offering for sale of the Certificates and to distribute a Preliminary Official Statement with respect to the Certificates, in such form and at such time as is approved by the City Manager or his designee. The City Manager or his designee is hereby authorized to deem the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

Section 3. The City Council hereby also authorizes the preparation of a final Official Statement by amending, supplementing and completing the Preliminary Official Statement, and authorizes the execution of the final Official Statement by the Mayor with such changes and additions thereto as such official shall deem necessary or appropriate, such official's signature thereon being conclusive evidence of such official's and the City's approval thereof. The City Council hereby consents to the use and public distribution by the Purchaser of the Preliminary Official Statement and the final Official Statement in connection with the offering for sale of the Certificates.

Section 4. The City agrees to provide to the Purchaser within seven business days of the date of purchase contract for the Certificates or within sufficient time to accompany any confirmation that requests payment from any customer of the Purchaser, whichever is earlier, sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 5. The officers and representatives of the City are hereby authorized and directed to take such other action as may be necessary to carry out the offering for sale of the Certificates and the prepayment of the Series 2006 Certificates.

Section 6. This Resolution shall be in full force and effect from and after its passage by the City Council.

INTRODUCED, READ, PASSED, AND ADOPTED BY THE CITY COUNCIL OF THE
CITY OF GLADSTONE, MISSOURI THIS 26TH DAY OF MAY, 2015.



Mayor Bill Garnos

(SEAL)

ATTEST:



Ruth Bocchino, City Clerk



All-America City

Gladstone




2008

**OFFICE OF THE CITY MANAGER
MEMORANDUM KLD #15-46**

DATE: MAY 21, 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: REFUNDING OF 2006 CERTIFICATES OF PARTICIPATION
ADDITIONAL FUNDING FOR HOBBY HILL PARK

The 2006 Certificates of Participation financed the Community Center/Natatorium. 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.

If the Resolution is approved by the City Council, Bond Ordinances will be prepared and presented to the City Council at the June 8, 2015 or June 22, 2015 City Council meeting. 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.

UNDERWRITER ENGAGEMENT AGREEMENT

ORIGINAL

This Underwriter Engagement Agreement ("Agreement") is made this 26th day of May 2015, by and between **City of Gladstone, Missouri** ("Issuer"), and **George K. Baum & Company**, located at 4801 Main Street, Suite 500, Kansas City MO 64112 ("GKB").

PURPOSE: The Issuer has identified a specific advance refunding of outstanding obligations of the Issuer and certain improvements to City recreational facilities (the "Project"), which may result in the issuance of bonds, notes, refunding bonds and the use of other financial instruments (the "Transaction"). The Issuer deems it in its best interest to engage and retain GKB, a qualified investment banking firm, to provide certain services for or related to the Transaction, including but not limited to the following: (1) provide underwriting services, including the preparation of supporting data, underwriting bonds and other financial instruments at the lowest practicable interest rate, and assist in obtaining credit enhancement and ratings; or, (2) to serve as structuring agent for privately placed bonds; and/or (3) to serve as structuring agent for low-interest loans placed with State agencies.

CONSIDERATION: Consideration for this Agreement includes the services, compensation, and mutual exchange of promises of the parties specified herein.

SPECIFIC PROVISIONS

The provisions of the above "Purpose" section shall be material and binding to this Agreement.

1. **GKB's Obligations.** GKB shall provide the Issuer with investment banking services for and related to the Transaction, including the analysis of cost factors relative to the underwriting or private placement of bonds and other instruments relative to the financing of the Project, and:
 - A. Work with the Issuer and others as directed by the Issuer, concerning the issuance of debt securities for the Transaction;
 - B. Attend all meetings and be available to the Issuer, its Administration and other agents for consultation and conference at times and places mutually agreed upon throughout the Transaction proceedings;
 - C. Assist the Issuer in the preparation, coordination and distribution of printed matter for or related to the Transaction, including circulars, press releases, special mailings, etc., in order to acquaint the Issuer's population with the benefits and financial considerations of the Transaction;
 - D. Prepare financial information and schedules necessary to acquaint the Issuer with the benefits of the various forms of financing for or related to the Transaction, including interest rates, marketing factors, credit enhancement, and user fee costs;
 - E. Advise the Issuer on underwriting or the direct placement of its bonds for or related to the Transaction, including but not limited to (1) providing advice as to the

structure, timing, terms and other similar matters concerning the Transaction; (2) preparation of ratings strategies and presentations related to the issuance being underwritten; (3) preparation for and assistance with “road shows” and investor discussions related to the issuance being underwritten; (4) advice regarding retail order periods and institutional marketing; (5) assistance in the preparation of the preliminary and final official statements for the municipal securities; (6) assistance with the closing of the issuance of the municipal securities, including negotiation and discussion with respect to all documents, certificates, and opinions need for such closing; (7) coordination with respect to obtaining CUSIP numbers and registration of the issue of municipal securities with the book-entry only system of the Depository Trust Company; (8) preparation of post-sale reports for such municipal securities; (9) structuring of refunding escrow cash flow requirements necessary to provide for the refunding or defeasance of an issue of municipal securities; (10) providing regular updates of bond market conditions, analysis of financial or accounting factors of importance to the proper placement of the bonds for or related to the Transaction, recommendations regarding appropriate bond maturity schedules, call features, registration provisions, paying agency and trusteeship responsibility, user rate covenants, any special sinking fund provisions, flow of tax or user fee funds, interest rate limitations, or bond delivery procedures, for or related to the Transaction;

- F. Make recommendations as to the exact amount of the bonds to be issued for and related to the Transaction, maturity schedules, redemption features and provisions, and other related items, in order to formulate the most attractive and appealing investment package to the purchasers of the bonds which will result in the maximum benefit and minimum net effective interest cost to the Issuer;
- G. Assist in the preparation of a credit presentation for bond rating agencies and bond insurance companies;
- H. Collect, format, and prepare information, in cooperation with the Issuer for a Preliminary Official Statement or a Private Placement Memorandum, as appropriate, related contracts or agreements, and bond proceedings for or related to the Transaction, all of which shall be appropriately executed and satisfactory to the Issuer;
- I. Engage in pre-marketing activities to announce and promote the sale of Project bonds for and related to the Transaction;
- J. Distribute the Preliminary Official Statement to potential investors;
- K. Provide for a pricing conference call, during which the related pricing levels for the Project bonds will be established prior to the offering of a purchase contract agreement;
- L. Arrange for closing and delivery of the Project bonds;

- M. Prior to the offering of any of the Project bonds or debt securities for sale, provide an estimate to the Issuer of all underwriting or structuring agent profits and interest rates, and upon completion of the sale, provide the Issuer with a detailed accounting of actual total profits and expenses;
 - N. It is expressly understood and agreed that this Agreement does not intend, and is not under any circumstances to be construed as requiring GKB to perform services which may constitute the practice of law. GKB is employed in an expert financial capacity only;
 - O. It is expressly understood and agreed that GKB will not limit its work to the steps outlined but will extend its services as necessary to ensure that all appropriate underwriting services for and related to the Transaction are provided to or on behalf of the Issuer in a professional and satisfactory manner.
2. **Issuer's Obligations.** The Issuer's obligations shall include the following:
- A. Retain GKB as its investment banker to act as bond underwriter, structuring agent or placement agent for and related to the Transaction;
 - B. Cooperate with GKB in the proper development of the Transaction and provide all pertinent information needed to support successfully underwritten or privately placed bonds or loan(s) on behalf of the Issuer;
 - C. Employ a nationally recognized firm of bond attorneys and utilize the services of the Issuer's attorney;
 - D. Pay for, or arrange for the payment of, all costs of legal advice, printed matter (informational brochures, bond printing, Preliminary and Final Official Statements), advertising, engineering, bond ratings, bond insurance premium, required audits and other professional services;
 - E. Pay GKB, or arrange for the payment to GKB of an underwriting fee, structuring agent fee or placement agent fee for and related to the Transaction, of not to exceed 0.575% of the par amount of the bonds or loan(s) issued.
3. **Term.** The term of this Agreement shall commence on May 26, 2015, and shall expire on the completion of the Transaction, subject to the termination provisions in Section 4 below.
4. **Termination.** Either party shall have the right to terminate this Agreement in full for any reason by providing written notice to the other party at least 30 days prior to the stated termination date. In addition, the Issuer shall provide written notice to GKB of any violation or default of the terms of this Agreement and GKB shall have thirty (30) days to cure such default. If GKB is not able to cure the default to the Issuer's satisfaction by the end of such cure period, the Issuer thereafter shall have the right to immediately terminate this Agreement. At the termination of this Agreement, in any such manner, the Issuer shall

pay GKB such compensation earned to the date of such termination, which payment shall be in full satisfaction of all claims against the Issuer under this Agreement.

5. **Additional Transactions.** During the Term of this Agreement, if the Issuer decides to consider or pursue other or additional financing, either for the Project or for other separate projects the Issuer identifies from time-to-time ("Additional Transactions"), the Issuer may engage GKB to act as its investment banker to provide underwriting or placement agent services for any of those Additional Transactions. In that event, the parties will execute separate written engagement agreements for each of any such Additional Transactions. Until such a separate additional agreement is in place, the parties understand and agree that GKB will not provide any advice or recommendations to the Issuer regarding any such Additional Transactions.
6. **Execution.** This Agreement may be executed in multiple counterparts and together such counterparts will be deemed an original.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

Underwriter Engagement Agreement

IN WITNESS WHEREOF, the parties here have executed this Agreement the day and year first above written.

AGREED TO AND ACCEPTED:

George K. Baum & Company

By:



Printed Name: **Gregory Bricker**

Title:

Executive Vice President

City of Gladstone, Missouri

By:



Printed Name:

Kirk Davis

Title:

City manager

Underwriter Engagement Letter
Supplemental Disclosures
For
New Issues of Municipal Securities

The Municipal Securities Rulemaking Board (“MSRB”) recently issued an interpretive notice (Notice) relating to Rule G-17, effective August 2, 2012. The Notice requires that Underwriters must provide certain additional disclosures to Issuers of municipal securities as part of the dealer’s fair dealing obligations under Rule G-17 when acting as an Underwriter for a negotiated underwriting of an Issuer’s new issue of municipal securities.

George K. Baum & Company’s Role as Underwriter

- (1) MSRB Rule G-17 requires the Underwriter to deal fairly at all times with both municipal issuers and investors.
- (2) One of the Underwriter’s primary roles will be to purchase bond issues with a view to distribution in an arm’s-length commercial transaction with the Issuer, and the Underwriter has and will have financial and other interests that differ from the Issuer’s interests.
- (3) Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the Issuer under the federal securities laws. The Underwriter, therefore, is not required by federal law to act in the Issuer’s best interests without regard to the Underwriter’s own financial or other interests.
- (4) The Underwriter has a duty to purchase securities from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell bond issues to investors at prices that are fair and reasonable.
- (5) For the Issuer’s bond issues that the Underwriter underwrites, the Underwriter will review the Issuer’s official statement, in accordance with, and as part of, the Underwriter’s responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

The Underwriter also must not recommend that the Issuer not retain a municipal advisor.

The Underwriter’s Compensation

The Underwriter’s compensation for serving as the underwriter for the Issuer’s bond issuances will be contingent on the closing of the transaction and at least a portion of that compensation will be based on the size of the bond issue. The rules of the MSRB require the Underwriter to inform the Issuer that compensation that is contingent on the closing of a transaction or the size of a transaction presents a conflict of interest, because it may cause the Underwriter to recommend a transaction that it is unnecessary or to recommend that the size of the transaction be larger than is necessary.

Bond Issuances Present Risks to the Issuer

As with any bond issue, the Issuer's obligation to pay principal and interest will be a contractual obligation that will require the Issuer to make these payments no matter what budget constraints the Issuer encounters. Furthermore, to the extent that the Issuer agrees in a bond issue to rate covenants, additional bond tests or other financial covenants, these may constrain the Issuer's ability to operate and to issue additional debt, and if the Issuer does not comply with these covenants, they can result in a default under a bond issue. Depending on the terms of a bond issue, if the Issuer fails to make a payment of principal or interest or if the Issuer otherwise fails to comply with its covenants under the bond issue, the trustee may have the right to accelerate all of the payment of principal on the bond issue, which means that the Issuer may be required to pay all of the principal of the bond issue at that time.

George K. Baum & Company will provide additional disclosures to the Issuer from time to time, as may be required by the provisions of MSRB Rule G-17.

George K. Baum & Company

Greg Bricker

Printed Name of Authorized Person



Signature

Executive Vice President

Title

May 26, 2015


Date

RECEIPT ACKNOWLEDGED BY THE ISSUER

City of Gladstone, Missouri

Kirk Davis

Printed Name of Authorized Person



Signature of Authorized Person

City Manager

Title

May 26, 2015

Date