

Downtown Market Plaza: Construction Financing Plan

City Council – February 6, 2024



LEE'S SUMMIT
MISSOURI

Yours Truly



Recent Accomplishments

- Construction Commencement
- Demolition
- Storm Sewer Installation has started
- AT&T North/East Lot – closed Jan 26, 2024
- GMP 2 Out to Bid
- FDP & Building Plans Approved
- GMP 3 out to Bidders

Upcoming Milestones

- GMP 2 & 3 Council Action 2/27/24
- 3rd Street Closure 3/1/24
- Building Permit Issuance 3/5/24
- 2nd Street Closure 3/12/24
- Farmer's Market Building Pad 6/17/24
- Substantial Completion 5/14/25

Construction Financing Plan

The plan to fund all costs associated with constructing the public components of the project, using available cash and a debt issuance to finance the remaining public components. Special obligation bonds issued by the City are the best approach to complete the project financing, which should achieve a favorable interest rate due to the City's AAA bond rating.

Project Uses

Amount	Use
\$3,510,000	Land Acquisition
\$17,989,790	Farmers Market
\$4,741,522	Site Development
\$10,320,954	Green Street Plaza
\$8,868,888	Offsite Improvements
<u>(\$3,520,965)</u>	Value Engineering Target
\$41,910,190	Total Estimated Uses

Total Sources and Uses

Amount	Function
\$41,910,190	Secured & Unsecured Sources
\$41,910,190	Total Estimated Uses

Financing Plan

Amount	Anticipated Repayment Source
\$16,375,000	Secured Funding – Available Cash / Bills Paid
\$1,437,000	Cash from Tudor Road land sale
*\$5,000,000	Cash from General Fund Reserve
<u>\$19,098,000</u>	Bond Issuance (**\$3.25M CID financing)
\$41,910,000	Total Sources

* Place-holder for discussion purposes.

** CID: $\$162,500 \times 20 \text{ Years} = \$3.25\text{M} \rightarrow \$2.11\text{M project fund}$

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Options from Unassigned General Fund Balance

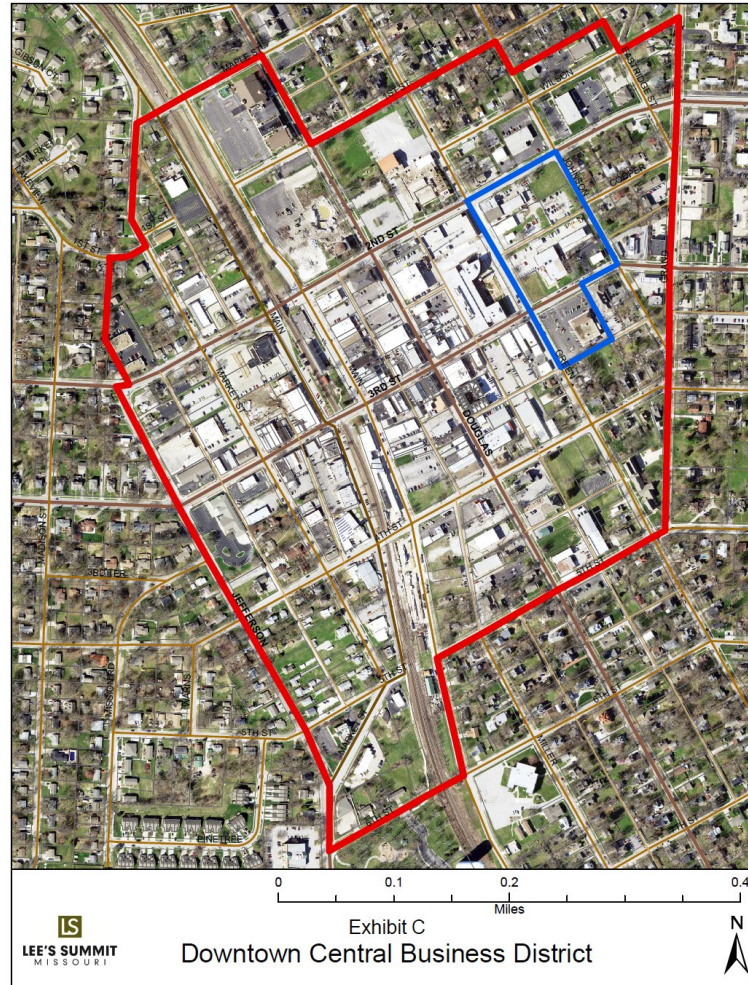
- Ordinance 9757 approved September 26, 2023:
“**Unassigned General Fund Balance**” should be a minimum 25%, maximum 35% of recurring general fund operating revenues or expenditures, whichever is greater, based on prior fiscal year.
- FY23 expenditures were \$95,660,867. FY23 Unassigned General Fund Balance is \$44,538,976, which is 46.6% of FY23 expenditures.
- Range of options under the new policy:

Balance	%	Spend
\$44,538,976	46.6%	\$0
\$33,481,303	35%	\$11,057,673
\$23,915,217	25%	\$20,623,759

Bond Term & Debt Service Schedule

Duration	10 Year	15 Year	20 Year	25 Year
Interest Cost %	2.94%	3.4%	3.79%	4.06%
Annual Debt Service per \$1,000,000 debt	\$115,000	\$85,000	\$70,000	\$65,000
Project Fund	\$19.1M	\$19.1M	\$19.1M	\$19.1M
Annual Debt Service	\$2,196,155	\$1,623,245	\$1,336,790	\$1,241,305

Comparison to Downtown Revenues



City Downtown Annual Revenues

Downtown City Revenue Source	Amount
Property Taxes	\$2,000,000
Sales Taxes at 2.75%	<u>\$1,520,000</u>
Total	\$3,520,000

Bond Issuance

- Special obligation bonds
- Issued by City
- No public vote required
- Annual appropriation of City to repay
- AAA Bond Rating for General Obligation Bonds
- Resolution of Intent authorized future reimbursement from bond proceeds
- Ordinance to issue bonds

Council Actions for Financing Plan

1. Resolution of Intent: authorizes reimbursement from bond proceeds (passed November 7, 2023)
2. Ordinance: Budget Amendment for cash appropriation into Green Street Fund
 - \$1,437,000 from Tudor Road land sale
 - Amount from Unassigned General Fund Balance
3. Ordinance: Issue Special Obligation Bonds to achieve remaining Unsecured Amount