

## Legislation Text

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**File #:** 2016-0048, **Version:** 1

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Presentation of the Calendar Year 2014 and 2015 Annual Reports on the City of Lee's Summit Debt

Issue/Request:

Presentation of the Annual Debt Reports for Calendar Year 2014 and Calendar Year 2015.

Key Issues:

The City's Debt Management Policy adopted during the year 2008 requires Staff to at least annually furnish a report to the City Council regarding all debt for which the City is regarded as the Issuer, including but not limited to: General Obligation Bonds, Revenue Bonds, Special Obligation Bonds, Certificates of Participation and TIF Revenue Bonds. Attached to this packet form are Annual Reports for Calendar Year 2014 and Calendar Year 2015.

Proposed City Council Motion:

N/A

Background:

The City adopted a Debt Management Policy during calendar year 2008, which among other things provided for Staff to present an Annual Report to the City Council regarding the City's debt for which the city would be regarded as the Issuer, including General Obligation Bonds, Revenue Bonds, Special Obligation Bonds, Certificates of Participation and TIF Revenue Bonds. The Report is to include information for each debt issue specifying the remaining outstanding principal balance, the expected debt service required for the next fiscal year, the expected revenue which will be available for debt service during the next fiscal year and the number of years remaining until the debt is expected to be paid in full. The Reports for Calendar Year 2014 and Calendar Year 2015 are attached.

Impact/Analysis:

While Staff, during 2014, discussed various aspects of the City's debt, the 2014 Annual Debt Report was not formally submitted to the City Council. Thus, it is being submitted at this time.

General Obligation Bonds:

The City began Calendar Year 2014 with \$50,655,000 in outstanding principal on its General Obligation Debt and ended the year with \$44,455,000. During the year, no new General Obligation Bonds were issued, and, \$6,200,000 of principal was retired. Interest on the General Obligation debt was \$1,476,483, resulting in total debt service of \$7,676,483 during the year. At the end of Calendar Year 2014, the scheduled General Obligation Debt was \$6,446,150 with expected Revenues of \$7,900,000. The last maturity of General Obligation Debt was 2028 for the bonds outstanding during 2014.

The City began Calendar Year 2015 with \$44,455,000 in outstanding General Obligation Bonds, and ended the

year with \$42,215,000. During the year 6,210,000 of principal was retired and \$3,970,000 of principal was issued (the 2015A Series). The 2015A series of bonds was issued to pay the costs related to Storm Water, U.S. Highway 50 and Missouri State Route 291, and Strother Road Improvements.

For Calendar Year 2016, scheduled General Obligation Debt Service was expected to be \$6,564,850 with expected revenues in the debt service fund of \$7,987,500. On February 18, 2016, the City issued \$14,075,000 of new General Obligation Bonds (2016A series) increasing the 2016 Calendar Year Debt Service by \$2,840,850.69 to \$9,153,951. Expected revenues are \$8,199,700, which results in a lowering of the Debt Service Reserve Fund to approximately \$5,800,000 by the end of Calendar Year 2016.

#### Revenue Bonds:

The City has only one issue of Revenue Bonds outstanding, the 2012 Waterworks and Sewerage System Refunding Bonds, which at issuance had an outstanding balance of principal of \$7,940,000. During Calendar Year 2014, \$905,000 of principal and \$127,925 of interest, and, during Calendar Year 2015 \$880,000 of principal and \$114,600 of interest will be paid, leaving an Outstanding Principal Balance of \$5,290,000. The final maturity of the 2012 Waterworks and Sewerage System Refunding Bonds is July 1, 2021.

#### Special Obligation Bonds:

The had no Special Obligation Bonds Outstanding during either Calendar Year 2014 or Calendar Year 2015.

#### Certificates of Participation:

On October 1, 2014, the City paid \$8,985,000 of principal and \$316,146.88 of interest to redeem in whole the 2006 Parks Certificates of Participation. The 2006 Certificates of Participation, which had a coupon rate of slightly over 4.25%, were replaced with a Lease Financing Transaction with UMB Bank, in the principal amount of \$7,432,500 (no debt service reserve fund was required) and a coupon rate of 1.35% resulting in a Net Present Value Cashflow Savings of \$428,148.59. The City did not have any Certificates of Participation outstanding during Calendar Year 2015.

#### Lease Financing Obligations:

The City issued its only Lease Financing Debt on September 3, 2014, to fund the redemption of the 2006 Parks COPs on October 1, 2014. During Calendar Year 2014 no principal or interest was due on the Lease. During Calendar Year 2015 \$1,022,500 of principal and \$83,058.19 of interest was paid on the lease. The remaining principal outstanding was \$6,410,000 on December 31, 2015.

During Calendar Year 2016, principal of \$1,497,000 and interest of \$86,535.00 will be due. The final lease payment is scheduled for July 1, 2018.

#### TIF Revenue Bonds:

The City issued Tax Increment Revenue Bonds (Summit Fair Project), Series 2011, on June 27, 2011 in the Original Principal amount of \$22,300,000. During Calendar Year 2014, \$1,430,000 of principal and \$1,314,807.75 was paid on the bonds from the City's Special Allocation Fund for the Lee's Summit East TIF.

During Calendar Year 2015, \$1,660,000 of principal and \$1,236,343.75 of interest was paid on the bonds from the Special Allocation Fund. The Outstanding Principal Balance of the bonds on December 31, 2015 was \$17,850,000. It is expected that in Calendar Year 2016 the Debt Service will be approximately \$2,900,000. The final maturity is scheduled for April 1, 2030.

Timeline:

Start: \_\_\_\_

Finish: \_\_\_\_

Other Information/Unique Characteristics:

N/A

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