

Legislation Text

File #: BILL NO. 24-024, **Version:** 2

An Ordinance authorizing the issuance, sale and delivery of not to exceed \$27,500,000 principal amount of General Obligation bonds, Series 2024A of The City of Lee's Summit, Missouri, and authorizing certain other documents and actions by the City.

(First read by Council on February 13, 2024. Passed by unanimous vote.)

Issue/Request:

An Ordinance authorizing the issuance, sale and delivery of not to exceed \$27,500,000 principal amount of General Obligation bonds, Series 2024A of The City of Lee's Summit, Missouri, and authorizing certain other documents and actions by the City.

Key Issues:

Authorize the issuance of up to \$27,500,000 of General Obligation Bonds to pay a portion of the costs of Public Safety & Emergency Preparedness, Transportation and General Municipal projects.

Proposed Council Motion:

I move for adoption of an Ordinance authorizing the issuance, sale and delivery of not to exceed \$27,500,000 principal amount of General Obligation bonds, Series 2024A of The City of Lee's Summit, Missouri, and authorizing certain other documents and actions by the City.

Background:

The City received voter approval in the General Municipal Election on April 4, 2023 approving the issuance of general obligation bonds for the following purposes: \$74,000,000 for Public Safety & Emergency Preparedness for purposes of acquiring land, acquiring, constructing, furnishing and equipping buildings and facilities, making certain renovations and improvements to existing facilities and acquiring equipment and network/technology improvements for public safety and emergency preparedness purposes ("Question 1"); \$98,000,000 for Transportation purposes including acquiring land and rights of way, and acquiring, constructing, reconstructing, repairing and improving streets, roads, bridges and sidewalks throughout the city and acquiring, constructing, renovating, and improving the airport ("Question 2"); and \$14,000,000 for General Municipal purposes of acquiring, constructing, renovating, improving and equipping municipal buildings, facilities and network/technology infrastructure and systems including renovations and improvements to City Hall and maintenance facilities ("Question 3").

The Preliminary Official Statement is attached as is the Recommendation for Issuance of Bonds.

The City will receive bids on March 12, 2024 by 10:00am CT for the sale of up to \$27,500,000 in General Obligation Bonds. The ultimate purchaser and interest rates will not be known until that day.

Impact/Analysis:

This is the first Issuance of General Obligation bonds under the 2023 voter authorization in the principal amount of not to exceed \$14,000,000 for Question 1, not to exceed \$12,000,000 for Question 2, and not to exceed \$4,000,000 for Question 3 for a total bond issuance of not to exceed \$27,500,000.

The interest rate environment for general obligation bonds remains favorable at this time, even though short term rates have risen slightly. It is expected that the rate of interest to be paid on the bonds would be consistent with what the City has paid on prior issues. *The maturities of the general obligation bonds will be structured to allow additional general obligation bonds to be issued in due course.*

The City has an extensive list of capital project needs that require financing sources. In 2021, the voters approved an increase to the general operating property tax levy of \$.10 per \$100 assessed valuation and the City Council agreed to drop the debt service levy by the same amount, thereby maintaining a consistent total property tax levy. That lower debt service levy of \$.3697 per \$100 assessed valuation provides approximately \$10 million in revenue to finance capital projects subject to voter approval for bond issues. Most of the previously issued bonds are scheduled for pay-off by April 2025. Based on these facts, the City has opportunity to utilize the potential revenues from the debt levy to finance the needed capital projects.

Timeline:

Bids will be received March 12, 2024 at 10:00am CT and evaluated for the lowest cost to the city. A recommendation will be made for sale that evening. It is anticipated that the actual bond sale closing will be in late March.

Bette Wordelman, Director of Finance

Staff recommends approval.