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# Crackerneck Creek TIF debt refunding

City of Independence, MO  
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**TIF DEBT REFUNDING**

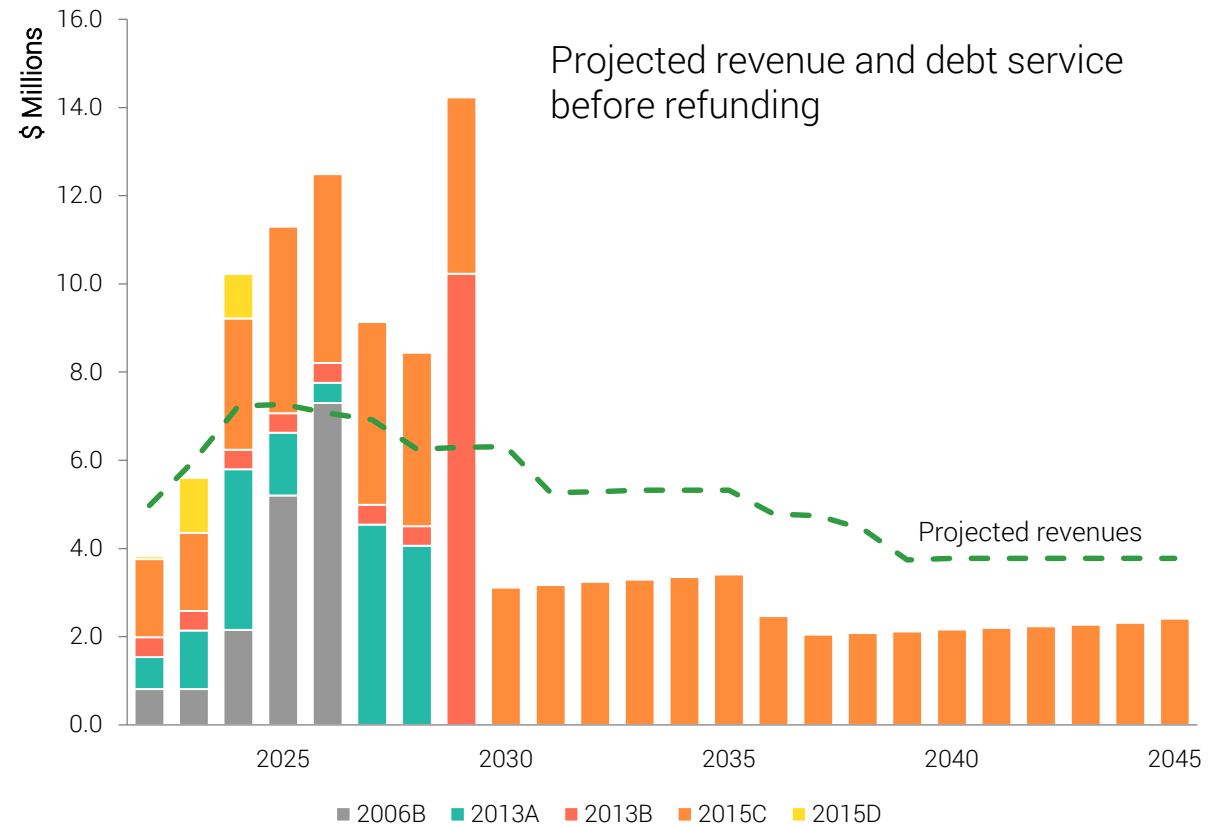
# Agenda

- Crackerneck Creek financing goals
- Current market conditions
- Finance team
- Crackerneck Creek refunding candidates
- City's annual appropriation history
- Keys to success
- TIF Sinking Fund Policy
- Action items
- Disclosure

# Crackerneck Creek TIF

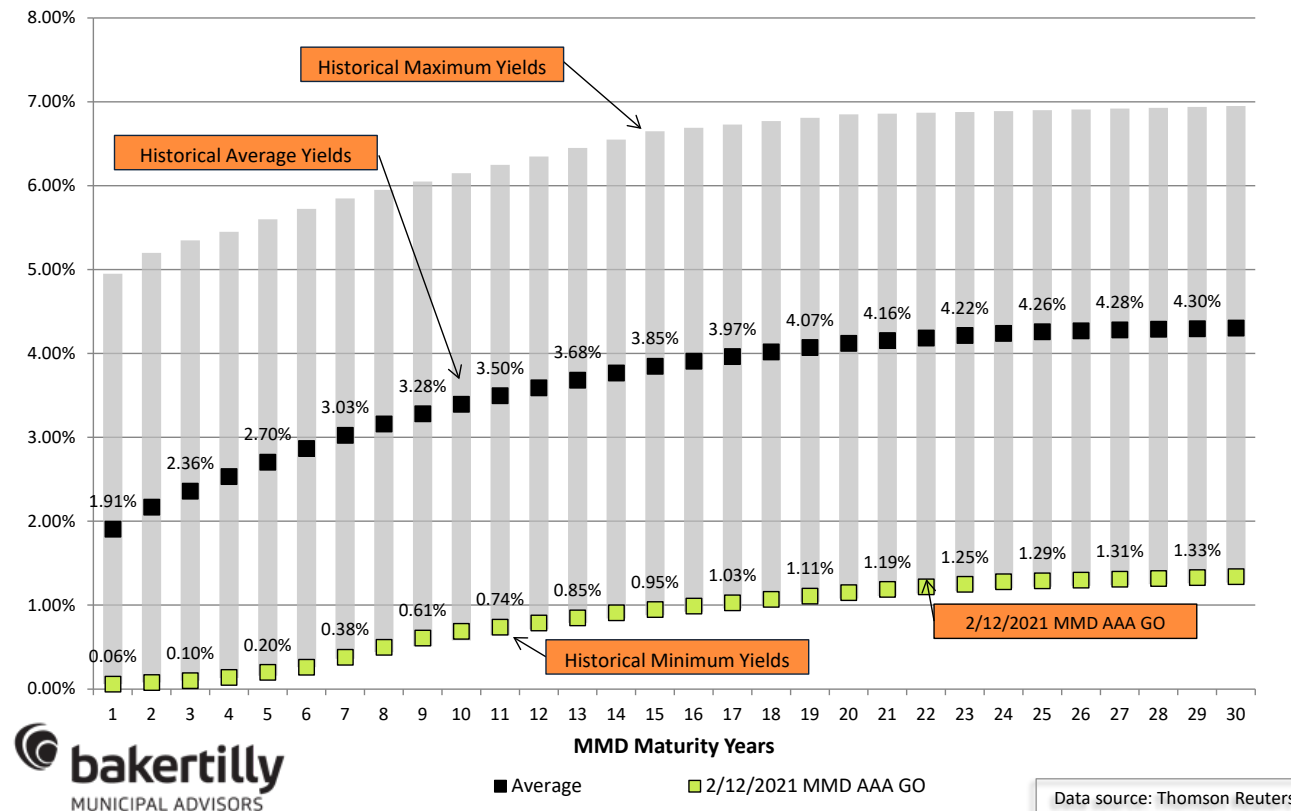
## Financing goals:

- Create a long-term plan for repayment of Crackerneck Creek debt obligations
- Minimize impact on City's general and special revenue funds
- Strengthen the City's credit rating

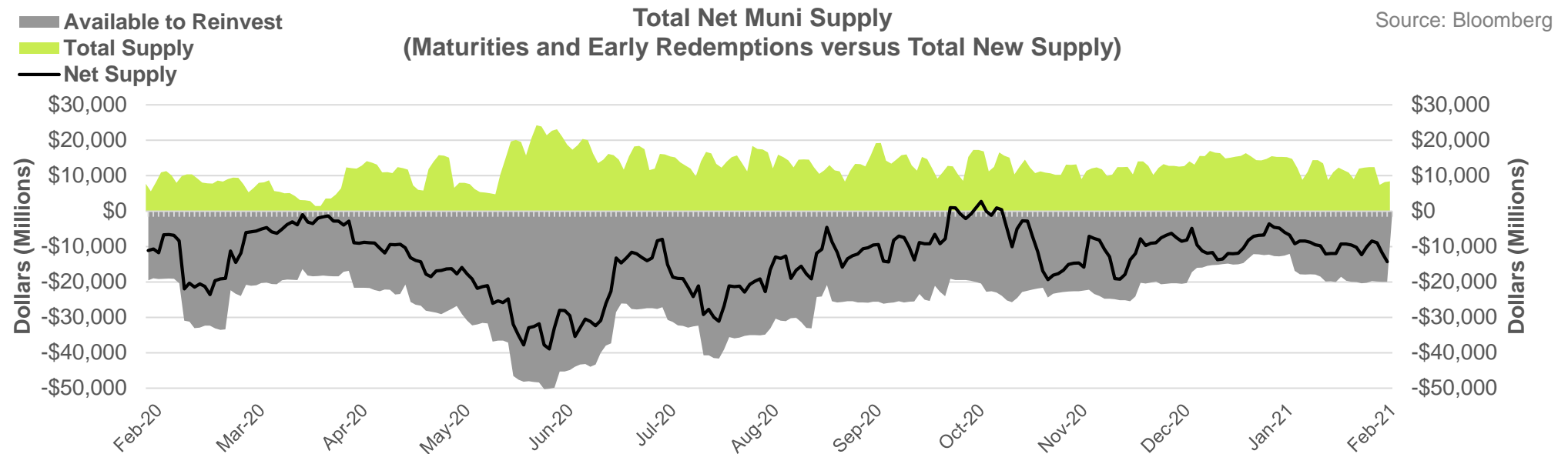


# Municipal bond interest rates are extremely low

**Historical MMD AAA GO Yield Distribution  
January 3, 1993 through February 12, 2021**



# Demand for municipal bonds exceeds supply





Finance team



# Crackerneck Creek debt obligations

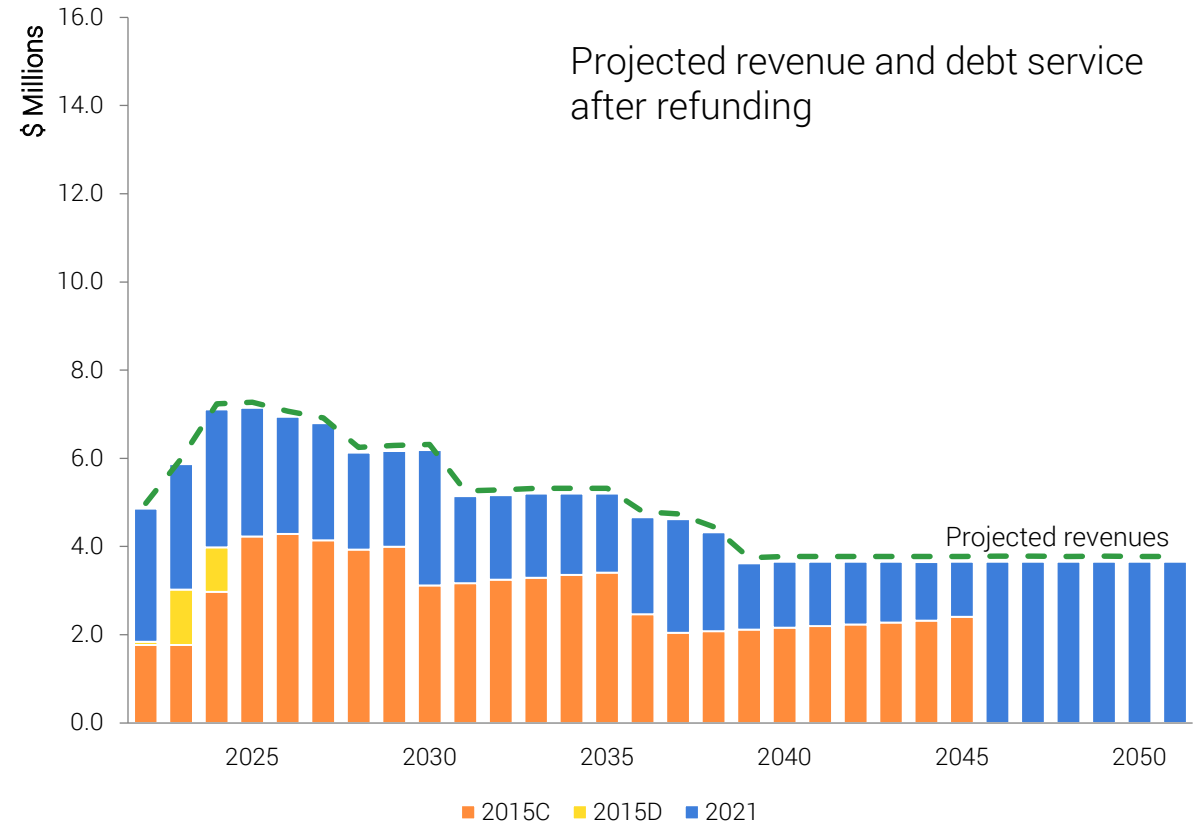
Security for bonds:

- Project revenues
- City's annual appropriation of legally available funds

Series	Refunding Targets			2015C	2015D
	2006B	2013A	2013B		
Outstanding Par	\$ 14.03	\$ 13.96	\$ 10.84	\$ 47.06	\$ 2.39
First Optional Call Date	3/1/2016	3/1/2023	3/1/2019	3/1/2025	N/A
Tax Status	Taxable	Taxable	Tax-Exempt	Tax-Exempt	Tax-Exempt
Final Maturity	2026	2028	2029	2045	2024

# Annual appropriation history

- City has a history of appropriating for Crackerneck Creek debt obligations
- Approx. \$18 million to date
- City will leverage “new” revenue from retiring TIF projects
- Pay off and terminate the Drumm Farm TIF
- The “Non-dedicated appropriation sources”







## Keys to success

- Pledged revenues likely to be insufficient
- Rating agency and investors must have confidence in the City's financial plan to budget the "Non-Dedicated Appropriation Sources," and other funds if necessary
- Recommend adoption of a TIF Sinking Fund Policy

# TIF Sinking Fund Policy

- Five-year forecast comparing TIF project revenues to debt service
  - Includes all TIF projects with debt obligations
- Look first to the “Non-Dedicated Appropriation Sources”
- Make appropriation each year as part of the budget process
- Memorialize the plan for future Council and staff members

TIF Plan	Outstanding bond balance	Financial outlook
Centerpoint	\$21,360,000	Good
Crackerneck	\$88,270,000	Adjustments needed
Drumm Farm	\$820,000	Good
Eastland	\$6,985,000	Good
Hartman	\$1,815,000	Adjustments needed
Santa Fe	\$7,890,000	Adjustments needed



## Action Items

- Engage Underwriter: Goldman Sachs has been engaged to market refunding bonds for Crackerneck Creek
- Complete process of structuring bonds and documentation: the finance team is currently working on this
- Pass Bond Ordinance
- Adopt TIF Sinking Fund Policy
- Terminate Drumm Farm TIF and defease related bonds
- Issue refunding bonds for Crackerneck Creek

## Municipal Bond Disclosure

- SEC rules govern the sale of bonds to investors
- Rule 15c2-12
  - Requires an “Official Statement” for publicly offered bonds in excess of \$1,000,000 principal amount
  - Practice is to use a “Preliminary Official Statement” followed by a final version after the deal has been initially presented to investors
  - Contains information relating to the terms of the bonds, the security for the bonds and the City
- Rule 10b-5
  - Sets the standard for disclosure in an Official Statement, stating “It shall be *unlawful... to make any untrue statement* of a material fact *or to omit* to state *a material fact necessary* in order to make the statements made, in the light of the circumstances under which they were made, not misleading....”
  - The City has a duty to make sure the information is not misleading, either through direct statements or omissions
- Councilmembers are encouraged to read the draft Preliminary Official Statement and contact City Staff with any concerns regarding accuracy



## Municipal Bond Disclosure – Examples

### PLAN OF FINANCE - The Crackerneck Creek Project

- Describes the history of the Crackerneck Creek Project and the stores that generate TIF revenues within the project

### THE CITY'S GENERAL FUND

- Describes the health of the City's general fund and provides tables of audited revenues, expenditures and fund balance information
- Contains information relating to the City's 2021 budget and certain post-budget developments

## Municipal Bond Disclosure – Examples

### ANTICIPATED REVENUE SOURCES

- Contains a description of all of the pledged and other revenue sources that the City expects to use for the repayment of debt service on the Crackerneck Creek bonds

### BONDOWNER'S RISKS - Federal Investigation of Certain Transactions

- Describes the City's understanding of certain federal investigations relating to the demolition of the Missouri City Power Plant and the golf course solar farm transaction

Questions?

