**AGENDA**
**CITY OF HARRISONVILLE**
**BOARD OF ALDERMEN**
**WORK SESSION**
**CITY HALL**
**FEBRUARY 2, 2015**
**6:00 PM**

**I. Call to Order**

**A. Roll Call**

**II. Discussion Items**

**A. 291 Highway Phase 2 Funding**

**Posted on City Hall Bulletin Board this 30th day of January 2015**

**____________________________**
**Sheryl Stanley, Deputy City Clerk**

**The Board of Aldermen meeting is an open meeting but is not a meeting of the public. There is a place on the agenda for comments of citizens under PUBLIC PARTICIPATION. Our rule is that comments by any individual or group shall not exceed (4) minutes. The Board of Aldermen request that concerns be initially addressed at the appropriate action level before coming to the Board of Alderman**

*Publish*

City of Harrisonville est. 1836

STAFF REPORT

**TO:** **Board of Aldermen**

**FROM:** **Keith Moody, City Administrator**

**DATE:** **January 29, 2015**

**SUBJECT:** **291 Highway Phase 2 Funding**

**Type of Item:** *Presentation*

**Background:** Phase 2 of improvements to Highway 291 has been planned to follow Phase 1 construction. Funding has been secured from three different sources totaling $3.684 million (assuming a 3 lane configuration). One source of funding (Cost Share- $2.3 million) is no longer offered and must be used by 2017 or be lost, another (STP Funds- $1.1 million) would be lost if not used by 2018. In order to increase resources to cover Phase 2 the TDD is in the process of extending the collection of a one percent sales tax within the district 5 additional years. This would ensure enough revenue is available to cover Phase 2 costs but those revenues come well past the deadline for when $3.4 million of state/federal funds must be used. Conventional financing is not possible for Phase 2 as it was for Phase 1 due to insufficient coverage ratio (revenue for debt service divided by debt service equal to at least 1.3).

**Review:** Staff has worked with the City Attorney, the TDD Attorney, a financial advisor and MoDOT to identify funding options for Phase 2. Our conclusion is that the only options to fund Phase 2 involve the City taking on a position of liability either by backing the debt (where the city is responsible for a shortfall) or by the City advancing payment on the obligations owed by the TDD for Phase 2. Backing bonds does not provide any financial benefit to the City where with the advancing option the City would be paid interest on the advance at a market competitive rate of 6% (the longest term bonds issued by the TDD in 2014 pay interest at 5.5%).

The attached amendment to the cooperative agreement between the City and TDD spells out the terms of a City advance and the timing of the advances which begin in the spring of 2015 and are completed in 2017. The terms also provide for the TDD to make payments on the advance amount annually with available resources beginning in 2015. Terms also require the TDD to annual calculate if there is a benefit of refinancing the TDD's initial bond issue and repaying in full the balance of the advance from the City beginning in 2019. This is designed to shorten the term of the City advance (anticipated to be 8 years from the first advance, 2023). Attached is a Repayment Schedule reflecting that the City is anticipated being repaid by the end of 2023 (assuming $1.2 million is advanced). A Refinancing Analysis has also been completed (report attached) showing that refinancing is possible in 2023 with more than a 200% coverage ratio (130% coverage ratio was achieved for the initial TDD bonds issued). The Refinancing would not be completed if the City's advance has been repaid by 2023 as there would be no benefit in completing it, but the analysis shows that a refinancing would be marketable.

Attached is a sheet showing what City fund reserves would be used for each of the four advances. These reserves are being invested not spent. The City anticipates the principal to be repaid along with interest. The reserves will not be available for spending while invested, as is the case with other investments made by the City. Reserves from the utilities that have had new infrastructure installed at the expense of the TDD are anticipated to be the first dollars advanced with General Fund reserves used if necessary (current estimates do not reflect a need for General Fund reserves).

The City's investment policy currently limits the term of an investment to 5 years and to government agency issues. This investment would be an exception to both of these parameters as well as not meeting the liquidity parameter of our policy.

The source of funding for the TDD is sales tax. Therefore if their sales taxes decline so to would the City's sales taxes, which is the primary revenue source of General Fund supported operations. There is potential for businesses to leave the TDD district for other locations inside the City as well.

**Budget Impact:** Currently the City has $10 million in cash and investments for all funds. Our annual return on investment is .9% and our investments are primarily short term (1 year or less) due to a persistently flat yield curve. The advance would be shared by funds having cash available for investment. Interest paid by the TDD to the City on the advance would be allocated based on the amount advanced by each fund. Assuming a maximum advance amount of $1.2 million earning a return of 6% the City would earn $72,000 in a year. This amount would decline as the advance is repaid but is 667% percent better than our current earnings on other investments.

Another budget impact consideration is that the TDD is paying for new water ($668,000), new sewer ($165,000) and new electric ($457,700) infrastructure as part of the Phase 1 project that ordinarily would have been paid for by the respective utilities. The TDD committed to paying for these costs early in the project planning stages when cost estimates and project scope were not well defined, they have kept that commitment. This $1.29 million investment by the TDD in our utilities exceeds the $1.15 million estimated as the City advance amount.

Phase 1 change orders would need to exceed $346,000 in order to reach the $1.5 million limit of the advance, to date change orders on Phase 1 that would apply to this limit total $15,000.

**Recommendation:** Although I prefer the City not take a position that puts us at risk, I believe providing an advance on a public improvement that is key to addressing congestion concerns identified by citizen’s is worth a risk. My willingness to take that risk is motivated by the loss of $3.684 million in outside funding already secured for Phase 2, where there is no guarantee that we would be able to secure these funds for construction in 2030 which is when TDD funding will be sufficient to proceed on Phase 2 without the need for financing.

Staff has required the terms of the agreement minimize the City's risk to the extent possible. Conditions that serve to limit City exposure have been incorporated into the Amended Agreement between the City and the TDD including: 1. A three lane street is built with easements established to accommodate utility relocation for a future five lane design, 2. The City's advance being limited to $1.5 million by giving City approval to Phase 1 Change Orders and the engineering contract for Phase 2, 3. The TDD extends the length of the sales tax collection 5 years (the TDD is working on completing this step presently). The 5 year extension reduces the City's risk further as the extension would result in $5 million of additional funds to cover repayment of the City advance even if that repayment comes in 2030.

**A. Discussion Item (ID # 1736)**

291 Highway Phase 2 Funding

Attachments:

1st Amendment 2015 (DRAFT 1-28-15) (PDF)

Phase 2 Draw Down Principal Schedule 1-30-15 (PDF)

Phase 2 Funding Repayment Schedule 1-30-15 (PDF)

Coverage Ratio for Refinancing in 2023 (PDF)

Phase 2 Advance Amounts Per City Fund 1-30-15 (PDF)

# First Amendment to the
# Second Amended and Restated Cooperative Agreement
# Between the City of Harrisonville, Missouri, and
# The Highways 71/291 Partners In Progress Transportation Development District

**THIS FIRST AMENDMENT TO THE SECOND AMENDED AND RESTATED COOPERATIVE AGREEMENT** (the "**First Amendment**"), is entered into as of this _______ day of _________________, 2015, by and between the **CITY OF HARRISONVILLE, MISSOURI,** a fourth class city and political subdivision of the State of Missouri (the "**City**"), and the **HIGHWAYS 71/291 PARTNERS IN PROGRESS TRANSPORTATION DEVELOPMENT DISTRICT**, a Missouri transportation development district (the "**District**").

**WHEREAS,** the City and the District entered into the Second Amended and Restated Cooperative Agreement on October 30, 2012 (the "**Agreement**"), to provide for the implementation of the District Sales Tax, to allow the City to perform the functions of administering, accounting for and enforcing the District Sales Tax, to provide for the operations of the District, and to coordinate efforts for the design, construction and operation of the District Projects; and

**WHEREAS**, the parties desire to amend the Agreement to establish a funding plan for the Phase 2 improvements along and adjacent to Highway 291. *All capitalized words and terms that are not defined in this First Amendment shall have the meanings assigned to them in the Agreement.*

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and District hereby agree as follows:

The following shall be added to the Agreement:

**Section 4.7. Phase 2 Funding Plan.**

A. Design Costs. The District will enter into a contract with an engineering firm for final design associated with Phase 2. The final design costs for Phase 2 are currently estimated to be $425,000 (the "**Phase 2 Final Design Costs**"), which assumes that the scope of the Phase 2 improvements are revised from the preliminary design as prepared by TranSystems to scale the project construction down from five lanes to three lanes. The final cost of the Phase 2 Final Design will be as negotiated between the parties, MoDOT and the selected engineering firm. The District will issue a notice to proceed to the engineering firm on a date as mutually agreed between the District, City and MoDOT, which is expected to occur during Spring 2015 subject to the conditions set forth in paragraph H of this Section. The notice to proceed shall be approved by the City prior to issuance by the District.

The City will pay the Phase 2 Final Design Costs from City funds, and not from District funds maintained by the City. These bills are expected to be paid over an approximately 6 month period after the notice to proceed is issued, with the goal of finishing the design by December 1, 2015. The billing and payment process that has previously been used by the District and the City

(District Board approval, payment by City Finance Department) will continue to be used for these costs. The amounts that are paid by the City for the Phase 2 Final Design Costs will be reimbursed to the City from District funds as described below in paragraph F of this Section.

B. ROW Acquisition Costs. The right-of-way acquisition costs for Phase 2 are currently estimated to be $472,280 (the "**Phase 2 Acquisition Costs**"). The estimated Phase 2 Acquisition Costs assume that sufficient easements will be acquired to construct the Phase 2 improvements to five-lane capacity, even though the initial Phase 2 construction will consists of three lanes. Land to be acquired in fee title as part of the Phase 2 Acquisition Costs will only be for three lanes of capacity, and additional land may need to be acquired in the future in fee title to expand the road to five lanes. The easement acquisition for five lanes of capacity will allow utilities to be relocated in order to provide sufficient space to expand the road to five lanes at a later date, if desired by the City and MoDOT. It is anticipated that the estimated Phase 2 Acquisition Costs will be reviewed during the course of preparing final plans for Phase 2, and the estimated Phase 2 Acquisition Costs may be adjusted during this final design process.

Under the anticipated project schedule, which is subject to revision based on MoDOT approvals, the Phase 2 Acquisition Costs amount is expected to be deposited with MoDOT in December 2015. MoDOT will provide the final deposit amount prior to such date, which may differ from the amount stated above. The Phase 2 Acquisition Costs will be funded from two sources: (1) half of the Phase 2 Acquisition Costs (estimated to be $236,140) is expected to be funded from MoDOT Cost Share funds that are then available on the deposit date, and (2) half of the Phase 2 Acquisition Costs (estimated to be $236,140) will be funded from City funds and not from District funds maintained by the City. The amounts actually paid by the City for the Phase 2 Acquisition Costs will free up an equal amount of District funds that can be used for Phase 2 construction costs. The amounts that are paid by the City for the Phase 2 Final Design Costs will be reimbursed to the City from District funds as described below in paragraph F of this Section.

C. Utility Relocation Costs. The utility relocation costs which are scheduled to be incurred by MoDOT for Phase 2 are currently estimated to be $125,000 (the "**Phase 2 Utility Relocation Costs**"). Under the current Phase 2 schedule, which is subject to revision based on MoDOT approvals, this amount is expected to be deposited with MoDOT in December 2015. MoDOT will provide the final deposit amount prior to such date, which may differ from the amount stated above. The Phase 2 Utility Relocation Costs will be funded from two sources: (1) half of the Phase 2 Utility Relocation Costs (estimated to be $62,500) will be funded from funded from MoDOT Cost Share funds that are then available on the deposit date, and (2) half of the Phase 2 Utility Relocation Costs (estimated to be $62,500) will be funded from City funds and not from District funds maintained by the City. The amounts that are paid by the City for the Phase 2 Utility Relocation Costs will be reimbursed to the City from District funds as described below.

D. Phase 1 Additional Costs. The right-of-way acquisition costs associated with Phase 1 is projected to exceed the amount on deposit with MoDOT for such costs by $342,389. The Phase 1 construction contract amount exceeds the amount of funds on deposit with MoDOT by $206,219, which accounts for all change orders processed by MoDOT through January 5, 2015, including the construction of sewer improvements on Rock Haven Road.

As a result, the known Phase 1 additional costs on the effective date of this First Amendment are $548,608 (collectively, the "**Phase 1 Additional Costs**"). Additional amounts may be incurred for right-of-way acquisition in connection with the appeals that are pending for acquisition of property from two property owners in the District area, and additional amounts are expected to be incurred for relocation costs that occur as Phase 1 construction is completed. Additional amounts may also be incurred for Phase 1 construction costs due to additional change orders during construction.

The actual amount of the Phase 1 Additional Costs will be finally determined by MoDOT after the construction of Phase 1 is completed. The amount on deposit with MoDOT as contingency for Phase 1 is approximately $270,000 (the "**Phase 1 Contingency**"). The Phase 1 Contingency will be applied by MoDOT against the final amount of the Phase 1 Additional Costs, and it is anticipated that MoDOT will request payment for the remaining amount of the Phase 1 Additional Costs after the "true-up" for Phase 1 occurs in 2016. The City will pay the Phase 1 Additional Costs, less the amount of the Phase 1 Contingency, when requested by MoDOT from City funds and not from District funds maintained by the City. It is expected that the change order associated with the sewer improvements on Rock Haven Road ($28,472) will be funded by the City from City sewer utility funds. The amounts that are paid by the City for the Phase 1 Additional Costs will be reimbursed to the City from District funds as described below.

E. Phase 2 Construction Costs. The anticipated amount to be deposited with MoDOT for the Phase 2 construction costs on approximately January 1, 2017 is $3,873,704 (the "**Phase 2 Construction Deposit**"). The actual final amount of the Phase 2 Construction Deposit will be determined by MoDOT. This deposit is expected to consist of the sources set forth in **Exhibit F** which is attached to this First Amendment under the heading "Construction Deposit Sources." By letter dated December 12, 2014 from MoDOT to the City which is attached as **Exhibit G** to this First Amendment, MoDOT has committed that the City will be responsible for an amount that does not exceed $800,000 for right-of-way acquisition, utility relocation, construction and construction contingency associated with Phase 2. On the date of the Phase 2 Construction Deposit, the District will pay all funds that are then available in the Surplus Account maintained by the Trustee (as defined below), and the remaining balance that is required for the Phase 2 Construction Deposit, up to an amount that equals $800,000 after accounting for the right-of-way acquisition and the utility relocation deposits, will be funded from City funds and not from District funds that are maintained by the City. The amounts that are paid by the City for the Phase 2 Construction Deposit will be reimbursed to the City from District funds as described below.

F. Reimbursement for Amounts Paid by City.

1. As the City makes the payments described above for the Phase 2 Final Design Costs, the Phase 2 Acquisition Costs, the Phase 2 Utility Relocation Costs, the Phase 1 Additional Costs and the Phase 2 Construction Costs (collectively, the "**City**

**Contribution**"), the City will add the amount of each City Contribution payment to a balance sheet that is maintained by the City which amount, collectively, shall be called the "**Principal**". The Principal is anticipated to be the payments as set forth in **Exhibit F** attached to this First Amendment under the heading "City Contribution Uses," which are described in more detail above in this Section. The current calculation of the City Contribution incorporates the Phase 1 Contingency amount. The Parties acknowledge that the current calculation of the Phase 1 Additional Costs already exceeds the Phase 1 Contingency Amount, and any further increases in the total costs of Phase 1 construction will be added to the Phase 1 Additional Costs amount which will be paid as part of the City Contribution. The total outstanding amount of the Principal shall bear interest at the rate of 6.0% per annum (the "**Interest**"), which shall be calculated on the basis of a 360-day year of twelve 30-day months from the most recent Annual Payment Date (as defined below in paragraph F.2 of this Section).

2. The **Annual Payment Date** shall be October 1st of each year, which is one month before the annual debt service payment date of November 1st pursuant to the Trust Indenture for The Highway 71/291 Partners in Progress Transportation Development District Transportation Sales Tax Revenue Bonds (Interstate 49 / Highway 291 Interchange Project - Harrisonville, Missouri) Series 2014 (the "**Series 2014 Bonds**"). The first Annual Payment Date will be October 1, 2015. The Annual Payment Dates of October 1, 2015 and October 1, 2016 shall be payment only for accrued Interest and no reimbursement for the Principal. The Annual Payment Date of October 1, 2017, and each Annual Payment Date thereafter, shall consist of reimbursement for Interest and Principal in accordance with this Section.

Starting on the date that is 40 days before the November 1st annual debt service payment date, the District will request that the trustee for the Series 2014 Bonds (the "**Trustee**") make the following transfers: (a) on the Annual Payment Date in 2015, transfer sufficient funds to the City to pay the Interest that has accrued to the Annual Payment Date, and retain the remaining balance in the Surplus Account for the Series 2014 Bonds; (b) on the Annual Payment Date in 2016, transfer sufficient funds to the City to pay the Interest that has accrued to the Annual Payment Date, and transfer the remaining balance to the District (through the City Finance Department) to use for the Phase 2 Construction Deposit; and (c) in 2017 and each year thereafter transfer all funds that are then available in the Surplus Account for the Series 2014 Bonds to the City as reimbursement of Interest and Principal for the City Contribution. The amount of the payment from the Trustee on each Annual Payment Date in 2017 and thereafter shall be first used to reimburse the City for the Interest that has then accrued to the Annual Payment Date for each year, and the remaining amount of each payment, if any, from the Trustee on each Annual Payment Date shall be used to reduce the total amount of the Principal then outstanding on such date.

3. The payments to the City from the Surplus Account by the Trustee as described above shall continue until the earlier of (1) all accrued Interest and all outstanding Principal has been fully reimbursed to the City, (2) a "Refinancing" has occurred as described below, or (3) the Series 2014 Bonds have been fully redeemed. If

the Series 2014 Bonds have been fully redeemed and any amount of Interest or Principal for the City Contribution remains outstanding, then the City shall be entitled to payment directly from available District funds after the District Operating Costs and the District Maintenance Costs have been fully funded from available District revenues on an annual basis. The **"District Operating Costs"** shall mean an amount that does not exceed $30,000 per year for routine District administration and operations as budgeted by the District Board of Directors. The **"District Maintenance Costs"** shall mean an amount the does not exceed $35,000 for the maintenance of road improvements by the District as required by contract and as budgeted by the District Board of Directors.

G. Refinancing.

1. The District shall engage a financial advisor to prepare a **"Refunding Report"** starting in 2019 which shall provide an analysis of the ability to refinance the Series 2014 Bonds and reduce or eliminate the reimbursement payments for the City Contribution. The costs of the Refunding Report shall be paid by the District from funds budgeted by the District for District Operating Costs, and the report shall be provided to the City. The Refunding Report shall be completed by August 15th of each year, in order to provide time to review the report and then discuss the report at the District annual meeting which will be held prior to December 31st of each year.

2. Based on the Refunding Report, the City may request that the District refund the Series 2014 Bonds. The purpose of the refunding will be to achieve the most favorable financial terms for the District debt and reduce or eliminate, to the greatest extent feasible, the outstanding Principal associated with the City Contribution. The District will work in good faith with the City to facilitate a refunding when such action becomes financially feasible and advantageous to the parties based on the Refunding Report. The parties acknowledge that a refunding requires legislative action by the District Board of Directors, and the District Board of Directors cannot be bound by contract to take future legislative action.

H. Conditions of the Phase 2 Funding Plan.

1. The Phase 2 Final Design Costs shall facilitate the construction of a three-lane road from the intersection of Highway 291 and Royal Street to the northern limits of the project area. The parties acknowledge that the Phase 2 Acquisition Costs will allow for the acquisition of easements to facilitate five lanes of capacity, but the current scope of the improvements to be constructed for Phase 2 will only be three lanes.

2. The total amount of the City Contribution shall not exceed $1,500,000 without the prior written approval of the City.

3. No part of the City Contribution shall be paid until the qualified voters of the District approve an extension of the District Sales Tax for an additional five years, for a sales tax expiration on July 31, 2034 (the "**Sales Tax Extension Approval**"). The City may, in its sole discretion, agree to waive this condition and fund a limited portion of the

Phase 2 Final Design Costs prior to the Sales Tax Extension Approval in order to facilitate the current Phase 2 schedule.

4. To the extent there is any conflict between any provisions of this Section 4.7 and any other provision of the Agreement, the provisions of this Section shall control.

Except as expressly amended and modified herein, the Agreement shall remain unmodified and shall be in full force and effect.

**IN WITNESS WHEREOF**, City and the District have executed this First Amendment to the Agreement on the day and year first above written.

**THE CITY OF HARRISONVILLE, MISSOURI**

**ATTEST:**

___________________________
City Clerk

By: ___________________________________
Mayor

**THE HIGHWAY 71/291 PARTNERS IN PROGRESS TRANSPORTATION DEVELOPMENT DISTRICT**

**By:** ___________________________________
Executive Director

# Exhibit F
## Funding Plan for Phase 2

**Sources**

| | |
|---|---|
| MoDOT Cost Share Funds | $2,305,904 |
| STP Funds | $1,100,000 |
| District 4 Funds | $284,176 |
| Phase 1 Contingency | $270,000 |
| TDD Surplus Account Funds | $331,082 |
| City Contribution | $1,153,430 |
| | $5,444,592 |

**City Contribution Uses**

| | | Payment Date |
|---|---|---|
| Design Costs | $425,000 | Starting Spring 2015 |
| ROW Acquisition Deposit | $236,140 | January 1, 2016 |
| Utility Relocation Deposit | $62,500 | January 1, 2016 |
| Phase 1 Additional Costs Known | $548,608 | July 1, 2016 |
| Phase 1 Additional Costs paid from Contingency | -$270,000 | |
| Phase 2 Construction Deposit | $151,182 | January 1, 2017 |
| | $1,153,430 | |

**Uses**

| | |
|---|---|
| Design | $425,000 |
| ROW Acquisition Deposit | $472,280 |
| Utility Relocation Deposit | $125,000 |
| Phase 1 Additional Costs Known | $548,608 |
| Construction Deposit | $3,873,704 |
| | $5,444,592 |

**Construction Deposit Sources**

| | |
|---|---|
| MoDOT Cost Share Funds | $2,007,264 |
| STP Funds | $1,100,000 |
| District 4 Funds | $284,176 |
| TDD Surplus Account Funds | $331,082 |
| City Contribution | $151,182 |
| | $3,873,704 |

All amounts are based on estimates from MoDOT as of January 26, 2015. The amounts due from local sources (City and TDD) for ROW Acquisition, Utility Relocation and the Phase 2 Construction is capped at $800,000. The amounts under the City Contribution for the ROW Acquisition Deposit and the Utility Relocation Deposit are 50% of those items, with MoDOT Cost Share Funds covering the other 50% at the time of each deposit. The amount for Phase 1 Additional Costs accounts for all change orders through January 26, 2015, and the contingency on deposit with MoDOT for Phase 1.

**MoDOT**

Kansas City District
Daniel Niec, P.E., District Engineer

Missouri Department of Transportation

600 Northeast Colbern Rd.
816.622.6500
Fax: 816.622.0369
1.888.ASK MODOT (275.6636)
Lee's Summit, Missouri 64086

Exhibit G

December 12, 2014

Mr. Keith Moody
City Administrator
P. O. Box 367
Harrisonville, MO 64701

Dear Mr. Moody,

The purpose of this letter is to outline revised commitments regarding the cost share project on Route 291 from the north city limits to Royal St in Cass County, Job No. J4P3002. At the City's request, MoDOT has agreed to limit the City's risk and financial contribution to the project as follows:

- The City will be responsible for all design costs, which is currently estimated at $425,000.
- The City will be responsible for $800,000 for Right of Way acquisition, utility relocation, construction and construction contingency. The funds for Right of Way acquisition and utility relocation, $300,000 shall be deposited prior to beginning those activities, anticipated December 2015 and the funds for construction and construction contingency, $500,000 shall be deposited prior to project advertisement for construction.
- The City will authorize MoDOT to utilize the $1,100,000 of STP-Urban funds programmed through the Mid-America Regional Council.
- MoDOT will be responsible for $2,305,904 from the Cost Share Program.
- MoDOT will be responsible for any cost overruns and will receive any cost underruns for the project in excess of the above mentioned project funding of $4,205,904. This does not include the design costs which will be the City's responsibility.

As a condition of this revision, the following applies:

- The scope will be revised from a 5-lane typical section to a 3-lane typical section from Waters Road to South Walmart Drive.
- Right of Way will only be acquired for what is necessary to build the 3-lane typical section.
- Sidewalk will be constructed from Waters Road to South Walmart Drive on the east side of Route 291 and from Timber Drive to South Walmart Drive on the west side.
- Turn lanes on Waters Road will not be constructed.

Please respond in writing if you agree to these terms and conditions in order to move the project forward. Upon receipt of your acceptance letter, we will prepare a supplemental agreement to the existing cost share agreement that reflects these new terms.

If you have any questions, please contact Lee Ann Kell at 816-607-2264.

Sincerely,

Daniel Niec, P.E.
District Engineer

Copy: Mr. Jerry Gibbs, City of Harrisonville
Mr. David Bushek, 291/71 TDD

# City of Harrisonville, Missouri

Loan to Highway 71/291 Partners in Progress
Transportation Development District

| Draw Down Date | Principal Drawn Down |
|---|---|
| 3/1/2015 | 85,000 |
| 4/1/2015 | 85,000 |
| 5/1/2015 | 85,000 |
| 6/1/2015 | 85,000 |
| 7/1/2015 | 85,000 |
| 8/1/2015 | - |
| 9/1/2015 | - |
| 10/1/2015 | - |
| 11/1/2015 | - |
| 12/1/2015 | - |
| 1/1/2016 | 298,640 |
| 2/1/2016 | - |
| 3/1/2016 | - |
| 4/1/2016 | - |
| 5/1/2016 | - |
| 6/1/2016 | - |
| 7/1/2016 | 394,096 |
| 8/1/2016 | - |
| 9/1/2016 | - |
| 10/1/2016 | - |
| 11/1/2016 | - |
| 12/1/2016 | - |
| 1/1/2017 | 82,264 |
| 2/1/2017 | - |
| 3/1/2017 | - |
| 4/1/2017 | - |
| 5/1/2017 | - |
| 6/1/2017 | - |
| 7/1/2017 | - |
| 8/1/2017 | - |
| 9/1/2017 | - |
| 10/1/2017 | - |
| 11/1/2017 | - |
| 12/1/2017 | - |
| **Total** | **1,200,000** |

# City of Harrisonville, Missouri

Loan to Highway 71/291 Partners in Progress

Loan Payoff Details

| Period Ending | Projected Net Proceeds [1] | Series 2014 Bonds Debt Service [1] | Excess TDD Revenues | Interest on Outstanding Loan Amount | Principal Paid by Excess Revenues | Outstanding Loan Amount |
|---|---|---|---|---|---|---|
| 12/31/2018 | 1,004,957 | 764,294 | 240,663 | 66,289.52 | 174,373.48 | 930,451.80 |
| 12/31/2019 | 1,015,306 | 771,169 | 244,137 | 55,827.11 | 188,309.89 | 742,141.90 |
| 12/31/2020 | 1,025,759 | 780,769 | 244,990 | 44,528.51 | 200,461.49 | 541,680.42 |
| 12/31/2021 | 1,036,317 | 787,750 | 248,567 | 32,500.83 | 216,066.17 | 325,614.24 |
| 12/31/2022 | 1,046,980 | 793,863 | 253,117 | 19,536.85 | 233,580.15 | 92,034.10 |
| 12/31/2023 | 1,057,750 | 803,513 | 254,237 | 5,522.05 | 92,034.10 | - |
| 12/31/2024 | 1,068,628 | 811,456 | 257,172 | - | - | - |
| 12/31/2025 | 1,079,614 | 822,694 | 256,920 | - | - | - |
| 12/31/2026 | 1,090,710 | 828,831 | 261,879 | - | - | - |
| 12/31/2027 | 1,101,917 | 837,819 | 264,098 | - | - | - |
| 12/31/2028 | 1,113,236 | 844,388 | 268,848 | - | - | - |
| 12/31/2029 | 1,124,669 | 18,538 | 1,106,131 | - | - | - |

[1] Data taken from Series 2014 TDD Harrisonville, MO Official Statement

* Annual Interest Rate on Loan is 6%

Total Loan and Interest Outstanding on 12/31/2017 : $1,344,241.28 (1,200,000 + 144,241.28)

Total Excess TDD Revenues on 12/31/2017 : $239,416

Total Loan Outstanding on 1/1/2018: $1,104,825.28

# City of Harrisonville, Missouri

## Loan to Highway 71/291 Partners in Progress

### Series 2022 Projected Debt Service Coverage

| Period Ending | Projected Net Proceeds [1] | Projected Series 2022 Debt Service | Debt Service Coverage |
|---|---|---|---|
| 12/31/2023 | 1,057,750 | 496,413 | 2.131 |
| 12/31/2024 | 1,068,628 | 498,163 | 2.145 |
| 12/31/2025 | 1,079,614 | 494,163 | 2.185 |
| 12/31/2026 | 1,090,710 | 494,663 | 2.205 |
| 12/31/2027 | 1,101,917 | 494,413 | 2.229 |
| 12/31/2028 | 1,113,236 | 498,413 | 2.234 |
| 12/31/2029 | 1,124,669 | 496,413 | 2.266 |
| 12/31/2030 | 1,135,916 | 493,663 | 2.301 |
| 12/31/2031 | 1,147,275 | 495,163 | 2.317 |
| 12/31/2032 | 1,158,748 | 495,663 | 2.338 |
| 12/31/2033 | 1,170,335 | 495,163 | 2.364 |
| 12/31/2034 | 1,182,038 | 496,163 | 2.382 |

[1] Data taken from Series 2014 TDD Harrisonville, MO Official Statement for year 2018-2029; assumes 1% growth thereafter

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291 TDD Phase 2 Funding
City of Harrisonville contributions

| | Budgeted reserves 12-31-2015 | | | | 291 Funds | Cash Flow | | |
|---|---|---|---|---|---|---|---|---|
| | unreserved | vol. reserves | cash flow | total | | 2015 | 2016 | 2017 |
| General | $6,700 | | $2,758,852 | $2,765,552 | $209,300 | | | 209,300 |
| Refuse | $13,023 | | $82,741 | $95,764 | | | | |
| Electric | $637 | $515,000 | $2,000,606 | $2,516,243 | $457,700 | 425,000 | 32,700 | |
| CWSS | $713,286 | $900,000 | $665,643 | $2,278,929 | $833,000 | | 833,300 | |
| Park | $3,840 | | $0 | $3,840 | | | | |
| Aquatic | $33,916 | $67,500 | $24,123 | $125,539 | | | | |
| HCC | -$21,894 | | $282,488 | $260,594 | | | | |
| Emer. Serv. | $83 | | $0 | $83 | | | | |
| | $749,591 | $1,482,500 | $5,814,453 | $8,046,544 | $1,500,000 | $425,000 | $866,000 | $209,300 |

NOTES:

1 Balances are from adopted 2015 budget summary sheets, and do not include debt reserves. Final 2014 audited results may change these.
2 291 Funds column is amount of Phase 1 utility relocation expenses covered by District, with balance of obligation shown from General Fund.
3 Total 291 obligation is shown as $1,500,000, per Section H2 of the amended agreement.
4 Total charge would be reflected in the 2015 budget (must correlate with the time the agreement is entered into).
5 Cash flow is per Exhibit F of the agreement, with the direction that CWSS would not contribute in 2015.
6 Current estimate is much less than obligated amount. This could mean that General Fund would not need to make a contribution at all.
This is a further safeguard, since the General Fund does not have the ability to replace funds like the enterprise funds.
7 No contribution is shown from the Park or Emergency Services Funds since their reserves are carried by the General Fund.
8 No contribution is shown from the Refuse or Aquatic Funds, since they are enterprise funds which had no costs associated with the project.