

JACKSON

County ★ Missouri



Harry S. Truman Sports Complex Refunding Opportunity

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Overview of the Series 2014 Outstanding Bonds



\$338,980,000
JACKSON COUNTY, MISSOURI
SPECIAL OBLIGATION REFUNDING BONDS
(HARRY S. TRUMAN SPORTS COMPLEX PROJECT)
SERIES 2014

- **The Series 2014 Bonds refunded the Series 2006 Bonds which paid for the Sports Complex renovation.**
 - The 2006 Bond's annual debt service was \$32 million.
 - The 2014 Refunding lowered the County's annual debt service payment to \$30 million.
 - The \$2 million in annual debt service savings is used by the teams for: repairs, maintenance, management, and operation of the Truman Sports Complex.
 - All expenditures are controlled by the 2006 Lease Amendment.
- **The Series 2014 Bonds have a final maturity of December 1, 2031, with interest rates between 2.62% - 3.09%.**
- **At present, there remains \$246,260,000 in principal outstanding and there will be \$173,595,000 in principal outstanding on the first call date, in December of 2024.**

Prepaid Forward Bond Purchase Contract – Direct Purchase

Morgan Stanley (one of the County’s approved Bond Underwriter’s) has proposed a **Prepaid Forward Purchase Contract–Direct Purchase** to refund the Series 2014 Bonds and provide a cash payment to the County. The Forward Delivery Bond proceeds must be used at the Truman Complex.

- **What are Forward Delivery Bonds?**

- Forward Delivery Bonds are priced on a current date (as soon as January 2022), but are not issued until a date further in the future (December 2024).

- **What are the benefits of a Prepaid Forward Purchase Contract?**

- A forward transaction takes advantage of historically low interest rates to lock in interest savings now. Acting quickly is important, rising interest rates will reduce the payments to the County.
- Because the Bonds are sold based on predetermined interest rates, the transaction offers the County protection against rising interest rates after Bond pricing.

- **What types of Issuers qualify for a Forward Delivery Bond Sale?**

- Forward Delivery Bonds appeal to sophisticated Issuers with a high credit rating (Aa2 or above). Jackson County has a Aa1 rating, making the County a great candidate.

- The typical Forward Bond investor tends to be a large institution, such as Morgan Stanley, which takes some risk out of the transaction. Morgan Stanley has completed approximately 32 forward transactions, with bond amounts from \$7 million to \$240 million.

World Cup in 2026



Discussion around this proposal has centered on the region’s bid to be a site for World Cup Soccer in 2026, which is estimated to have a regional economic impact in excess of \$500 million.

Kansas City is one of seventeen US cities in contention to be named one of the 10 US Host Cities.

If Kansas City is selected, Arrowhead Stadium would be the Host site and would require approximately \$40 million in improvements to reconfigure the field for World Cup soccer.

Without identified funding for facility improvements, Kansas City is unlikely to be selected as a site.

Among many local stakeholders, the Kansas City Host Committee includes Jackson County.

Negotiated Details of Morgan Stanley's Proposal & the Benefits

- **There are three main takeaways from the Morgan Stanley Proposal:**
 1. No added financial risk to the County.
 2. Retain the current Bond final maturity date of December 1, 2031.
 3. Upfront cash payment to the County of approximately \$13 million (net of all expenses).
- **The largest benefit of this transaction is the \$13 million upfront cash payment, which is how much the County will be saving with this Prepaid Forward Refunding Proposal.**
 4. Any upfront cash payment to the County resulting from this proposal is limited to capital improvements at the Truman Sports Complex.
 5. If Kansas City is not selected for the World Cup, the County can still use this \$13 million for other needed improvements at the Truman Sports Complex, in cooperation with the Chiefs and Royals.
 6. It is important to note that this proposal benefits both the teams and the County, by providing capital for additional improvements to the Sports Complex.
 7. The Bond funds can only be used for capital improvements, not management or other operating costs of the teams.
- **Morgan Stanley has also agreed to facilitate additional bond financing (above the \$13 million) if more funds are needed for Truman Complex improvements. With the consent of the teams, additional bonds would be paid from current stadium revenues, at no additional cost to the County.**

Next Steps?

County Direction Needed

1. Does the County want to lock-in savings on the 2014 Bonds?
2. If yes, immediately schedule a meeting with the Chiefs and Royals to confirm the parameters of the partnership between the County and the teams related to this proposal.
3. If all parties agree, finalize the due diligence and negotiations with Morgan Stanley on terms of the Prepaid Forward Refunding Proposal.
4. If steps above are completed promptly, then the transaction can be closed by the end of January 2022.

QUESTIONS?
