

**Request for Terms:  
Approximately \$3,490,000  
City of Monett, Missouri  
Tax Exempt Lease Purchase (Bank Qualified)**

**\* Preliminary – Subject to Change \***

**Request:** City of Monett, Missouri (the “City”) is seeking terms from lenders to serve as the sole lender (the “Lender”) for a tax exempt, bank qualified, direct placement financing (the “Lease”) of approximately \$3,490,000 to finance an outdoor aquatic center within the City.

The successful Lender will be expected to conduct its own due diligence. Information contained herein is deemed reliable and derived in part from publicly available information, but no guarantee with regard to its completeness or accuracy is provided. Links to the City’s last 5 annual reports, including audited financial statements, can be found on page 3 of this Request for Terms.

The City requests a fixed rate financing with a final maturity of December 1, 2027, with principal paid annually and interest semiannually (see projected amortization tables below). The City prefers to issue the financing without a Debt Service Reserve Fund.

**Security:** The Lease payments are subject to an annual appropriation of the City, as required by Missouri law.

The Lease shall not constitute a debt or liability of the City, the State of Missouri or of any political subdivision thereof and shall not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The Lease shall not obligate the City to levy any form of taxation therefor or to make any appropriation for its payment in any fiscal year subsequent to a fiscal year in which the Lease is in effect.

The property encumbered by the Lease will include the site of the city’s outdoor aquatic center to be constructed with the proceeds of the Lease.

All documentation will be prepared by experienced bond counsel (Gilmore & Bell, P.C.), subject to review by purchaser’s counsel (if any). Ownership and title to the project site is to be in the name of the City. The City will lease the property to the Lender pursuant to a base lease of approximately 20 years, the terms of which will be determined and outlined in the base lease. The Lender will then sublease the project site back to the City under a lease purchase agreement, which will contain a payment schedule sufficient to repay the principal and interest of the loan. Upon payment in full by the City of all amounts due under the lease purchase agreement, the base lease and lease purchase agreement will be terminated. The lease purchase agreement will provide the option for the City to terminate the agreement at the end of any fiscal period if moneys are not appropriated to make the scheduled rental payments due in the following fiscal period. During the terms of the leases, the City will be obligated to pay all costs, charges, fees and expenses associated with the use, possession, control and operation of the project site.

The project site is currently a part of a larger tract upon which a YMCA facility is located and the new aquatic facility will be constructed adjacent to the existing YMCA facility. The larger tract has been leased by the City to the YMCA for 99 years, plus four 25-year renewal options. The YMCA has leased the project site portion of the tract back to the City for 40 years starting from June 1, 2017. The larger tract of land is subject to a leasehold mortgage held by UMB Bank, N.A., as part of the financing for the YMCA facility. UMB has agreed to provide releases and/or a subordination of its interests sufficient to provide the Lender with a leasehold interest in the project site under the base lease that is not subject to the interests of UMB under the leasehold mortgage.

**Rating:** The Lease will not be rated.

**The Project:** The improvements include the construction of a new outdoor aquatic center on a site immediately adjacent to the existing YMCA facility. The aquatic center has been designed by Waters Edge Aquatic Design and will include zero-depth entry, a lap pool, dressing rooms and various slides. The expected cost of the project is approximately \$3,428,000. Construction is expected to begin in October 2017 and to be completed during the Summer of 2018.

**Amortization:** The projected amortization, subject to change, is shown below.

| <u>Date</u> | <u>Principal Amount</u> |
|-------------|-------------------------|
| 12/1/2018   | \$290,000               |
| 12/1/2019   | 310,000                 |
| 12/1/2020   | 320,000                 |
| 12/1/2021   | 330,000                 |
| 12/1/2022   | 345,000                 |
| 12/1/2023   | 355,000                 |
| 12/1/2024   | 365,000                 |
| 12/1/2025   | 380,000                 |
| 12/1/2026   | 390,000                 |
| 12/1/2027   | <u>405,000</u>          |
| Total       | \$3,490,000             |
| Avg. Life   | 5.87 years              |

---

### General / Financial Information Concerning the City

---

**The City:** The City, with an estimated 2016 population of 9,027, is at the county line of Barry and Lawrence Counties, 42 miles southwest of Springfield, 39 miles southeast of Joplin, 180 miles south of Kansas City and 265 miles west of St. Louis. Its location is easily accessible to Table Rock Lake. US Highway 60 and State Highway 37 intersect at the City. Two interchanges on Interstate 44 are within 15 miles of the City.

Major Employers located in the City include the following:

| <u>Employer</u>                     | <u>Product/Service</u> | <u>Number of Employees</u> |
|-------------------------------------|------------------------|----------------------------|
| Jack Henry & Associates             | Banking Software       | 1,200                      |
| EFCO Corporation                    | Manufacturing          | 1,516                      |
| Tyson Foods, Inc.                   | Manufacturing          | 700                        |
| Play Power, Inc.                    | Manufacturing          | 350                        |
| Cox Monett Hospital                 | Health Services        | 334                        |
| Schreiber Foods, Inc.               | Manufacturing          | 160                        |
| International Dehydrated Foods, Inc | Manufacturing          | 220                        |
| Wintech, Inc                        | Manufacturing          | 110                        |
| Architectural Systems, Inc          | Manufacturing          | 390                        |
| Monett Metals, Inc.                 | Manufacturing          | 110                        |
| Sapa Extusions North America        | Manufacturing          | 60                         |
| Arc of the Ozarks                   | Social Services        | 127                        |
| City of Monett                      | City Government        | 116                        |
| Friend Tires Company                | Distribution           | 103                        |
| Monett R-1 Schools                  | Education              | 306                        |
| Wal-Mart Super Center               | Retail                 | 325                        |

Source: Monett Chamber of Commerce

**Plan**

**of Finance:**

On April 4, 2017, voters of the City approved a ¼ cent parks and recreation sales tax from which it intends to satisfy its obligation to make payments on the Lease. The tax was voted for the purpose of providing funds to acquire, construct, improve, furnish, equip, operate and maintain local park facilities consisting of an aquatic center for the City. While the City intends to satisfy its obligation with sales tax revenues, sales tax revenues are not pledged for payment of the Lease, and must be annually appropriated.

The parks and recreation sales tax will be imposed starting October 1, 2017 and the Missouri Department Revenue will remit the revenue directly to the City on a monthly basis in the same manner as the City’s other sales taxes. Based on a ¼ cent sales tax for law enforcement purposes, which expired at the end of fiscal year 2016, the City believes the parks and recreation sales tax will generate a similar amount of revenue. The sales tax revenues for the past four fiscal years on the ¼ cent law enforcement tax are shown below.

| <b>Fiscal Year</b> | <b>1/4 Cent Sales Tax Collections</b> |
|--------------------|---------------------------------------|
| <b>2016</b>        | <b>\$465,313</b>                      |
| <b>2015</b>        | <b>445,148</b>                        |
| <b>2014</b>        | <b>425,719</b>                        |
| <b>2013</b>        | <b>418,414</b>                        |

**Financial**

**Statements:**

The City’s 2013-2016 annual reports, which include audited financial statements, can be found on the Municipal Securities Rulemaking Board’s EMMA website. The City’s 2017 audited financial statements can be found on the City’s website. Links to the 2017 audited financial statements and 2013-2016 annual reports can be found below:

- 2017 [http://www.cityofmonett.com/audit\\_info/audits/audits%202010-2019/audit\\_%20index2010\\_2019.htm](http://www.cityofmonett.com/audit_info/audits/audits%202010-2019/audit_%20index2010_2019.htm)
- 2016 <https://emma.msrb.org/ER986505-ER772150-ER1173495.pdf>
- 2015 <https://emma.msrb.org/ES730013-ES572160-ES968069.pdf>
- 2014 <https://emma.msrb.org/EA647419-EA506612-EA902869.pdf>
- 2013 <https://emma.msrb.org/ER702183-ER544951-ER946198.pdf>

**The Request:**

By responding to this Request for Terms, you are agreeing that your team will be able to coordinate the review of financing documents acceptable to or prepared by Gilmore & Bell, P.C. and to close the transaction on or about **November 1, 2017**. Your firm will be working closely with the City and its Municipal Advisor, Piper Jaffray & Co. to close the financing.

The City will not prepare a placement memorandum or an offering document in conjunction with the Lease.

We are requesting terms and conditions for a fully amortizing fixed rate transaction per the included amortization schedule. We will consider alternative structures to the extent offered. Please indicate any origination fees or third party fee amounts, such as bank counsel or miscellaneous expenses. If a fee range is provided, the highest fee will be assumed in the analysis of the responses. Also, please indicate your assumed day count method (30/360, Actual/360, etc).

Please e-mail electronic copies of your proposals, to be received no later than **October 2, 2017 at 1:00 PM CT**.

**City Contact:**

Mr. Dennis Pyle, City Administrator  
(417) 235-3355  
dpyle@cityofmonett.com