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Royals Stadium Bonds Seen Winning From World Series: Muni Credit.

Taxpayers of Jackson County, Missouri, stand to come out winners even if the hometown Kansas City Royals see their dream of a World Series championship end tonight.

The county owns the Harry S. Truman Sports Complex, which is home to Major League Baseball's Royals and the National Football League's Chiefs. It plans to sell about \$340 million of bonds tomorrow to refinance debt sold in 2006 to refurbish the venues, said County Executive Mike Sanders. Sanders says the deal will save about \$32 million, with the cash going toward maintaining the complex, named for the 33rd U.S. president, who also served in local government.

The sale shows how communities nationwide are benefiting from refinancing in the \$3.7 trillion municipal market, lowering debt costs with interest rates close to generational lows. Jackson County's savings may be magnified by the Royals' quest for their first championship since 1985, which may heighten investor demand.

"The spotlight and the attention that the World Series brings is not going to hurt from a timing standpoint," said Dan Heckman, a Kansas City-based senior fixed-income strategist at U.S. Bank Wealth Management, which oversees \$120 billion including munis. "Its visibility will attract some additional buyers," especially individuals, said Heckman, who's considering buying the bonds.

Universities and sports-affiliated venues can lower borrowing costs by bolstering demand among individuals, who own about 60 percent of the municipal market. The University of Connecticut issued bonds in April as its men's and women's basketball teams were en route to national titles. Individual buyers placed the most orders in 18 years, with the state crediting the athletic success.

The Royals play the San Francisco Giants tonight in Kansas City. If the Giants win, they take the best-of-seven series and become the 2014 MLB champions. If not, the Royals host the decisive Game 7 tomorrow at Kauffman Stadium, where they've played 42 seasons.

'Opportune Time'

The county had been monitoring the bond market, and originally planned to refinance in mid-September, Sanders said. The decision to wait proved fortuitous, as benchmark muni yields have plunged in line with a rally across fixed-income markets amid concern that global economic growth is slowing.

The delayed sale will save about an additional \$9 million, Sanders said.

"With everything going on with the World Series, this bond sale couldn't happen at a more opportune time," Sanders said.

Moody's Investors Service rates the issue Aa3, its fourth-highest level, citing the bonds' backing and the diverse economy of the county of about 680,000.

The bonds are backed by a countywide three-eighths-cent sales-tax approved by voters in 2006 to pay for stadium improvements, bond documents show. The tax runs through Oct. 1, 2031, bond documents say.

Tax Backing

The levy alone provides enough revenue for debt service, bond documents show. Yet on top of that tax, the state contributes \$3 million a year toward bond payments and Kansas City supplies \$2 million a year, providing “substantial coverage,” said Jack Holland, managing director for Oppenheimer & Co., the lead underwriter.

The Chiefs, which play at Arrowhead Stadium, and the Royals in 2006 extended leases at the complex until 2031, bond documents show. The Chiefs contributed \$125 million to the \$400 million revamp of their facility, and the Royals contributed about \$25 million of the \$250 million that went toward their venue, according to bond marketing documents.

Renovations to the complex about 10 miles (16 kilometers) east of downtown Kansas City included improving restrooms and elevator service, and new video and scoreboards at Kauffman Stadium, bond documents show. The Arrowhead work included expanded suites, new entrances and a refurbished training center, according to the documents.

Among the 2006 sports-complex bonds to trade since the Series began Oct. 21 are securities maturing in December 2031, according to data compiled by Bloomberg. The debt changed hands Oct. 23 at an average yield of 1.79 percent, the lowest since it was issued. The debt is callable in 2016.

The refinancing deal is “a home run for bondholders,” said Chris Ryon, head of the muni group at Thornburg Investment Management Inc. in Santa Fe, New Mexico. The company owns about \$7.9 million of the debt, according to Bloomberg data.

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