

**EDGERTON CITY COUNCIL  
MEETING AGENDA  
CITY HALL, 404 EAST NELSON STREET  
June 11, 2015**

**Call to Order**

1. **Roll Call** \_\_\_\_ Roberts \_\_\_\_ Longanecker \_\_\_\_ Crooks \_\_\_\_ Troutner \_\_\_\_ Brown \_\_\_\_ Crist
2. **Welcome**
3. **Pledge of Allegiance**

**Consent Agenda** *(Consent Agenda items will be acted upon by one motion unless a Council member requests an item be removed for discussion and separate action)*

4. Agenda Approval
5. Approve City Council Meeting Minutes May 28, 2015
6. Acceptance of Permanent Drainage and Temporary Construction Easements for Waverly Road Project

**Regular Agenda**

7. **Public Comments.** Persons who wish to address the City Council regarding items not on the agenda and that are under the jurisdiction of the City Council may do so when called upon by the Mayor. Comments on personnel matters and matters pending before court or other outside tribunals are not permitted. Please notify the City Clerk before the meeting if you wish to speak. Speakers are limited to three (3) minutes. Any presentation is for informational purposes only. No action will be taken.
8. **Declaration.** At this time Council members may declare any conflict or communication they have had that might influence their ability to impartially consider today's issues

**Business Requiring Action**

9. **CONSIDER REQUEST FOR CREDIT OF MINIMUM WATER BILLING**

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

10. **CONSIDER THE 2014 AUDIT OF FINANCIAL STATEMENTS AS PRESENTED BY MIZE HOUSER**

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

11. **CONSIDER AMENDMENT NO. 2 TO LOAN AGREEMENT BETWEEN EDGERTON, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT TO LOWER THE AMOUNT OF THE LOAN BY \$2,681.12 FOR BIG BULL CREEK WASTEWATER TREATMENT FACILITY AND CONVEYANCE SYSTEM PROJECT**

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

**12. PUBLIC HEARING REGARDING RESOLUTION NO. 06-11-15A AS  
RESOLUTION OF INTENT FOR INLAND PORT XIV**

**13. CONSIDER RESOLUTION NO. 06-11-15A CONSENTING TO THE PARTIAL  
ASSIGNMENT OF A RESOLUTION OF INTENT FROM EDGERTON LAND  
HOLDING COMPANY, LLC TO ELHC XIV, LLC, OR ITS SUCCESSORS IN  
INTEREST**

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

**14. PUBLIC HEARING REGARDING RESOLUTION NO. 06-11-15B AS  
RESOLUTION OF INTENT FOR INLAND PORT V**

**15. CONSIDER RESOLUTION NO. 06-11-15B CONSENTING TO THE PARTIAL  
ASSIGNMENT OF A RESOLUTION OF INTENT FROM EDGERTON LAND  
HOLDING COMPANY, LLC TO ELHC V, LLC, OR ITS SUCCESSORS IN  
INTEREST**

Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

**16. Report by the City Administrator**

- Report on Flexing Your Opportunities Event
- Donation of Antique Equipment at 305 E Nelson to Edgerton Historic Society

**17. Report by the Mayor**

**18. Future Meeting/Event Reminders:**

- June 17<sup>th</sup> Noon – Senior Lunch
- June 19<sup>th</sup> and 20<sup>th</sup> Edgerton Frontier Days
- June 25<sup>th</sup> 7:00 PM – City Council Meeting and Budget Work Session

**19. Adjourn** Motion: \_\_\_\_\_ Second: \_\_\_\_\_ Vote: \_\_\_\_\_

**City of Edgerton, Kansas**  
**Minutes of City Council Regular Session**  
**May 28, 2015**

A Regular Session of the City Council was held in the Edgerton City Hall, 404 E. Nelson, Edgerton, Kansas on May 28, 2015. The meeting convened at 7:00 p.m. with Mayor Roberts presiding, and City Clerk Janeice L. Rawles recording.

**1. ROLL CALL**

Charlie Troutner	present
Clay Longanecker	present
Cindy Crooks	present
Jody Brown	present
Darius Crist	present

With a quorum present, the meeting commenced.

Staff in attendance:	City Administrator Beth Linn
	Community Development Director Kenny Cook
	City Attorney Patrick Reavey
	City Superintendent Mike Mabrey
	Johnson County Sheriff Dept. Chip Martinez
	Scott Anderson, Bond Counsel
	Jeff White, Financial Advisor

**2. WELCOME AND PLEDGE OF ALLEGIANCE**

**3. CONSENT AGENDA**

- Agenda Approval
- City Council Meeting Minutes May 14, 2015
- Acceptance of Permanent Drainage and Temporary Construction Easements for Waverly Road Project
- Final Acceptance of 2014 Asphalt Patching (Edgewood Cut Outs) and Authorize Final Payment
- Approve an Amendment to the Cooperation Agreement between the City of Edgerton, Kansas and the Board of County Commissioners of Johnson County, Kansas
- Approve Application FP2015-02, Final Plat, Logistics Park Kansas City, Fourth Plat located on the West side of Waverly Road and North of 191<sup>st</sup> Street and Accept Any Dedications
- Approve Application FP2015-04. Final Plat Water Tower located on the North side of 196<sup>th</sup> Street and West of Waverly Road and Accept Any Dedications

Motion by Longanecker, seconded by Brown, to approve the Consent Agenda.

Motion approved, 5-0.

**4. PUBLIC COMMENTS**

There were no Public Comments

**5. DECLARATIONS BY COUNCIL MEMBERS**

There were no declarations by any council members

**6. PRESENTATION BY GARDNER EDGERTON CHAMBER OF COMMERCE- REQUEST FOR 2016 BUDGET**

The Chamber has officially changed its name to “Gardner Edgerton Chamber of Commerce.” They also have a new logo that should be out this week. They are developing a new website and it should be running within a week. They are in the process of updating their by-laws, and have several new members.

**7. RESOLUTION NO. 05-28-15a WAIVING CITY REQUIREMENTS PERTAINING TO THE CONSUMPTION OF CEREAL MALT BEVERAGES ON CERTAIN PUBLIC PROPERTY AND NOISE RESTRICTIONS FOR FRONTIER DAYS IN THE CITY OF EDGERTON, KANSAS WAS CONSIDERED.**

Council was informed that Frontier Days is the 19<sup>th</sup> and 20<sup>th</sup> of June, 2015. Frontier Days President Glyn Powers and Vice President Ken Newcome were present to answer any questions that the Mayor and Council may have. A big thank you to Tegan Meadors, City of Edgerton Park & Recreation Coordinator, Johnson County Sheriff’s Department and the Frontier Days Committee for all their hard work in preparing for this year’s event.

Motion by Crooks, seconded by Crist, to approve the Resolution No. 05-28-15A waiving city requirements pertaining to the consumption of cereal malt beverages on certain public property and noise restrictions for Frontier Days in the City of Edgerton, Kansas and to waive the permit fee.

Motion was approved, 5-0.

**8. AN APPLICATION FROM THE EDGERTON FRONTIER DAYS ASSOCIATION FOR LICENSE TO SELL CEREAL MALT BEVERAGES AT 307 E. NELSON WAS CONSIDERED**

Motion by Brown, seconded by Troutner, to approve the application from the Edgerton Frontier Days association for license to sell cereal malt beverages at 307 E. Nelson.

Motion was approved, 5-0.

**9. RESOLUTION NO. 05-28-15B APPROVING THE CLOSURE OF THE PUBLIC STREETS NAMED HEREIN DURING THE EDGERTON FRONTIER DAYS FESTIVAL WAS CONSIDERED**

It was noted the street closures are East 4<sup>th</sup> between Nelson and McCarty Streets; East 4<sup>th</sup> Street between Nelson and south to the nearest alley; Nelson Street between 3<sup>rd</sup> and East 4<sup>th</sup> Streets and; Nelson Street between East 4<sup>th</sup> Street to the Central Bank of the Midwest drive located on Nelson Street beginning Friday, June 19 and ending Saturday, June 20, 2015. In addition, on the back of the Frontier Days Flyer there is a map of the event site, designated parking, and no parking zones.

Motion by Crooks, seconded by Longanecker, to approve Resolution No. 05-28-15B approving the closure of the public streets named herein during the Edgerton Frontier Days Festival.

Motion was approved, 5-0.

**10. REQUEST FOR CONNECTION FOR FIRE LINE TO CITY WATER MAIN FOR 312 EAST NELSON WAS CONSIDERED**

This item was tabled from an earlier meeting for more information. Michael Mabrey, Utility Superintendent, presented a report with the Permit, Drawing and Section 15-106 of the City of Edgerton's Code. Council members discussed the connections charge, service charge, water system development fee and other fees to be charged for a fire line. Ryan Williams, property owner of 312 E. Nelson, will be responsible for the purchasing of the equipment for the project. The service connection is \$1,250.00 and the water system development fee is \$3,250.00.

Motion by Crooks, seconded by Longanecker, to approve the service connection fee of \$1,250.00 and to waive the water system development fee for the fire line at 312 East Nelson.

Motion was approved, 4-1.

**11. AGREEMENT WITH COLUMBIA CAPITAL FOR POST-ISSUANCE COMPLIANCE SERVICES WAS CONSIDERED**

City Administrator Beth Linn introduced Jeff White with Columbia Capital Management, LLC to discuss the Post-Issuance Compliance Services. The City of Edgerton is experiencing more and more development activity, and there is the possibility of issuing bonds to pay for projects. To mitigate the risk of non-compliance with the Internal Revenue Service and the Security and Exchange Commission (SEC) regulations, staff is recommending the City utilize the services from Columbia Capital Management.

Motion by Longanecker, seconded by Crooks, to amend our current agreement and allow the Mayor to sign such agreement.

Motion was approved, 5-0.

**12. RESOLUTION NO. 05-28-15C OF THE CITY OF EDGERTON, KANSAS, DETERMINING ITS INTENT TO REIMBURSE ITSELF FOR CERTAIN PUBLIC INFRASTRUCTURE IMPROVEMENTS WAS CONSIDERED**

Scott Anderson, SA Legal Advisors LC, was present to discuss and answer any questions about Home Rule Revenue Bonds for Public Infrastructure Improvements. Federal tax law requires that the City adopt a reimbursement resolution in order to refinance expenditures with tax-exempt debt. Approval of this Resolution will enable the City to reimburse the costs of future Public Infrastructure Improvements, as well as some past Public Infrastructure Improvements, on a tax exempt basis.

Motion by Longanecker, seconded by Brown, to approve Resolution No 05-28-15C of the City of Edgerton, Kansas, determining its intent to reimburse itself for certain public infrastructure improvements.

Motion was approved, 5-0.

**13. STAFFING AGREEMENT WITH EXPRESS EMPLOYMENT PROFESSIONALS WAS CONSIDERED**

The Council was informed that with the current work load and the current staffing levels, supplementing current employees with temporary employees from a staffing agency was presented. Express Employment Professionals is an active member of the Gardner Edgerton Chamber and has responded quickly to staff's questions. It is anticipated that temporary employees will be needed from June 1 through Labor Day.

Motion by Brown, seconded by Longanecker, to approve the agreement with Express Employment Professionals.

Motion was approved, 5-0.

**14. ADDITION TO AGENDA – CONTRACT TO RELOCATE WATER DISTRIBUTION FACILITIES WAS CONSIDERED**

An agreement with the City of Gardner to relocate a portion of its water distribution system in a private easement in the vicinity of 183<sup>rd</sup> Street and Waverly Road in Edgerton, Kansas was presented. The purpose of the relocation is for road improvements including a new bridge, MSE wall, and drainage channel.

Motion by Crooks, seconded by Crist, to approve the contract with the City of Gardner to relocate water distribution facilities.

Motion was approved, 5-0.

**15. ADDITION TO AGENDA – OVERPASS AGREEMENT**

An agreement between the Burlington Northern Santa Fe Railroad and the City of Edgerton was presented to the Mayor and Council. This agreement explains the desire for the City of Edgerton to improve the existing Waverly Road at-grade crossing by constructing a new crossing at separated grades to be known as the Waverly Road Overpass.

Motion by Longanecker, seconded by Brown, to approve the Overpass Agreement.

Motion was approved, 5-0.

**16. REPORT BY CITY ADMINISTRATOR**

Reminder of the June 4<sup>th</sup> Flexsteel "Flex your Opportunities" from 6:30 to 8:30 pm. The council was informed this is a free community career open house.

Council member Crooks had questions about the water bill for Jo Braun, wanting to know the outcome of the inquiry.

Council member Crooks also asked about Contractors Licensing and what is the right fit for the City of Edgerton.

These items will be discussed at a later date.

**17. REPORT BY THE MAYOR**

The Mayor had no report.

Council member Longanecker asked about leash laws for dogs. Kenneth Cook, Community Development Director, informed Mayor and Council that changes for the Animal Code are coming soon.

**18. EXECUTIVE SESSION PURSUANT TO K.S.A. 75-4319 (b) (1) PERSONNEL MATTERS OF NONELECTED PERSONNEL – ATTORNEY CLIENT PRIVILEGE.**

Motion by Brown, seconded by Longanecker, to recess into executive session pursuant to K.S.A. 75-4319 (b) (1) personnel matters of nonelected personnel-attorney client privilege for five minutes.

Motion was approved, 5-0.

Meeting recessed at 8:32 pm.

Meeting reconvened at 8:43 pm.

Motion by Crooks, seconded by Brown, to reconvene into regular session with no action taken.

Motion was approved, 5-0.

**19. FUTURE MEETING/EVENT REMINDERS:**

- June 4<sup>th</sup> 6:30 pm to 8:30 pm – “Flexing your Opportunities” Community Career Open House; Flexsteel Industries 31608 W. 191<sup>st</sup> Street
- June 9<sup>th</sup> 7:00 pm – Planning Commission
- June 11<sup>th</sup> 7:00 pm-- City Council Meeting
- June 17<sup>th</sup> Noon – Senior Lunch
- June 18<sup>th</sup> 6:00 pm-- City Council Work Session Policy Governance and Priority Setting at Edgerton Elementary
- June 19<sup>th</sup> and 20<sup>th</sup> -- Edgerton Frontier Days
- June 25<sup>th</sup> 7:00 pm-- City council Meeting and Budget Work Session

**20. ADJOURN**

Motion by Brown, seconded by Longanecker, to adjourn the meeting.

Motion was approved, 5-0.

Meeting adjourned at 8.45 pm.

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Janeice L. Rawles, CMC  
City Clerk

Approved by the Governing Body on \_\_\_\_\_



City Project No. Waverly Road  
LPKC – Southeast, Second Plat, Lot 4

### **TEMPORARY CONSTRUCTION EASEMENT**

THIS AGREEMENT, Made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by and between **ELHC XIV, LLC**, a Kansas limited liability company, hereinafter called Grantor, and the **CITY OF EDGERTON, KANSAS**, a Municipal Corporation, located in the County of Johnson, State of Kansas, hereinafter called Grantee.

NOW, THEREFORE, for the sum of One and No/100 Dollar (\$1.00) and other good and valuable consideration, including just compensation paid for all property damage resulting from the public improvement and from those factors set forth in K.S.A. 26-513 and other factors arising from the public improvement to be made, including but not limited to access to the property; productivity, convenience, use to be made of the property remaining; view; severance of the tract; changes of grade; loss or impairment of access; loss of landscaping, trees and shrubbery; loss of fences; damage to property remaining due to change of grade; medians; and increased water run-off or drainage as indicated on the construction plan; the sufficiency of which is hereby acknowledged, the Grantor does hereby grant to Grantee, its successors and assigns, a Temporary Construction Easement in, on, over, under and through the following described real estate, to wit:

SEE EXHIBIT "A" ATTACHED HERETO  
AND BY REFERENCE MADE A PART HEREOF.

The above described easement is to be used for the purpose of constructing, grading, improving, reconstructing and inspecting the project shown by the plans of said proposed improvement. This Temporary Construction Easement includes the right of ingress and egress in, on, over, under and through the above-described real estate.

This Temporary Construction Easement shall be for a two (2) year period starting with the date of the Construction Work Order (CWO) which begins the project and expiring two (2) years thereafter, or \_\_\_\_\_, 20\_\_\_\_, whichever is the earliest date. Grantor agrees that if the project is delayed and not completed within the temporary construction easement area prior to the expiration date set forth herein, Grantee, upon the filing of an Affidavit of Notice of Extension of Temporary Construction Easement with the Record and Tax Administration in Johnson County, Kansas, shall be granted a period of time not to exceed one (1) year from the original expiration date, to complete said project within the easement area. In no event shall the actual work of the project within the temporary construction easement area exceed a time period of two years.

For one year after the expiration date or extension of the expiration date set forth in this easement, Grantee shall have the right to perform maintenance work on or repair of the improvement and to perform landscaping work related thereto.

Grantor reserves the right to fully use and enjoy the premises except for such use as may unreasonably interfere with the exercise by Grantee of the rights granted herein.

After completion of construction, Grantee shall restore the premises and improvement within the temporary construction easement to as near as possible the conditions set out in the project plans and specifications. Said improvement within the temporary construction easement shall be permanent.

Grantee agrees to restore the temporary construction easement by seeding, replacement of sod or paving as set out in the improvement plans and specifications. Grading within the temporary construction easement may result in a permanent grade change.

Grantor covenants that it is the owner of the premises and has the right, title and capacity to grant the easements herein conveyed.

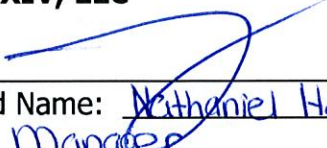
This agreement is binding upon the heirs, executors, administrators, successors and assigns of the Grantor and Grantee, and it is understood that this agreement cannot be changed or altered in any way except by writing, legally signed by both Grantor and Grantee.

TO THESE COVENANTS, the Grantor does hereby consent and agree.

IN WITNESS WHEREOF, the parties above named have hereunto set their hands and seals the date first above written.

**GRANTOR:**

**ELHC XIV, LLC**

By:   
Printed Name: Nathaniel Hagedorn  
Title: Manager  
Street Address: 5015 NW Canal St  
City, State & Zip: Riverside, MO 64150

**GRANTEE:**

**CITY OF EDGERTON, KANSAS,**  
A Municipal Corporation

By: \_\_\_\_\_  
Beth Linn, City Administrator

ATTEST:

\_\_\_\_\_  
Janeice Rawles, City Clerk

(SEAL)

### ACKNOWLEDGMENT

STATE OF KANSAS           )  
  ) ss:  
COUNTY OF JOHNSON       )

BE IT REMEMBERED, That on this 8<sup>th</sup> day of June 2015, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Nathaniel Hagedorn (Name), Manager (Title) of ELHC XIV, LLC, a Kansas limited liability company, who is personally known to me to be the same person who executed as such officer/member the foregoing instrument of writing on behalf of said entity and said person duly acknowledged the execution of the same to be the act and deed of said entity.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Renee Knopf  
Notary Public

My Appointment Expires:

March 28, 2018



### ACKNOWLEDGMENT

STATE OF KANSAS           )  
  ) ss:  
COUNTY OF JOHNSON       )

BE IT REMEMBERED, That on this \_\_\_\_\_ day of \_\_\_\_\_, 2015, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came **BETH LINN**, City Administrator of the City of Edgerton, Kansas, and **JANEICE RAWLES**, City Clerk of said City, who are personally known to me to be the same persons who executed, as such officers, the within instrument on behalf of said City, and such persons duly acknowledged the execution of the same to be the act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

\_\_\_\_\_  
Notary Public

My Appointment Expires:

\_\_\_\_\_

## **EXHIBIT A**

### **DESCRIPTION:**

All that part of Lot 4, LOGISTICS PARK KANSAS CITY - SOUTHEAST, SECOND PLAT, a subdivision in the City of Edgerton, Johnson County, Kansas, more particularly described as follows:

Beginning at the northwest corner of said Lot 4; thence North 88°50'14" East, coincident with the north line of said Lot 4, a distance of 80.00 feet; thence South 01°09'47" East, parallel with the west line of said Lot 4, a distance of 792.63 feet; thence South 02°00'20" East, parallel with the west line of said Lot 4, a distance of 118.32 feet; thence South 19°47'45" West, 107.70 feet; thence South 02°00'20" East, parallel with the west line of said Lot 4, a distance of 996.98 feet; thence North 87°59'41" East, parallel with the south line of said Lot 4, a distance of 12.68 feet; thence South 02°00'20" East, 29.51 feet; thence South 87°59'41" West, coincident with the south line of said Lot 4, a distance of 13.51 feet; thence North 48°51'27" West, coincident with the west line of said Lot 4, a distance of 36.46 feet; thence continuing along said west line, North 05°42'36", 194.60 feet; thence continuing along said west line, North 02°00'20" West, 1,026.27 feet; thence continuing along said west line, North 01°09'47" West, 793.22 feet to the Point of Beginning, less that part taken for Permanent Drainage Easement, containing 117,135 square feet, or 2.689 acres, more or less.

City Project: Waverly Road  
LPKC – Southeast, Second Plat, Lot 4

**PERMANENT DRAINAGE EASEMENT**

THIS AGREEMENT, Made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by and between **ELHC XIV LLC**, a Kansas limited liability company, hereinafter called Grantor, and the **CITY OF EDGERTON, KANSAS**, a Municipal Corporation, located in the County of Johnson, State of Kansas, hereinafter called Grantee.

NOW, THEREFORE, for the consideration hereinafter described, the parties hereto agree as follows:

**SECTION ONE  
GRANT OF PERMANENT EASEMENT**

In consideration of One and No/100 Dollar (\$1.00), in hand paid and other valuable consideration, including just compensation paid for all property damage resulting from the public improvement and from those factors set forth in K.S.A. 26-513 and other factors arising from the public improvement to be made, including but not limited to increased water run-off or drainage; loss of trees and landscaping; and erosion, receipt of which is hereby acknowledged, the Grantor does hereby grant and convey to the Grantee, its successors and assigns, a permanent easement to construct, maintain, alter, repair or replace a storm sewer and other appurtenances convenient for said stormwater drainage system in, over, on, under and through the following described land in the County of Johnson, State of Kansas (such land is referred to herein as the premises):

**SEE EXHIBIT "A" ATTACHED HERETO  
AND BY REFERENCE MADE A PART HEREOF.**

SECTION TWO  
RESTRICTED USE BY GRANTOR

Grantor shall not interfere with the exercise by Grantee of the rights granted herein. Grantor shall not construct or permit to be constructed any structure or obstruction on the above described easement area or interfere with the construction, maintenance, or operation of stormwater drainage system and appurtenances constructed pursuant to this instrument.

SECTION THREE  
WARRANTY OF TITLE

Grantor covenants that it is the owner of the premises and has the right, title and capacity to grant the easement granted herein.

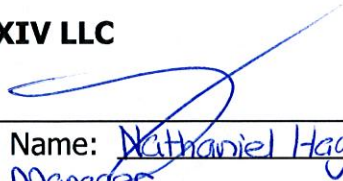
SECTION FOUR  
EFFECT OF AGREEMENT

This agreement shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above written.

**GRANTOR:**

**ELHC XIV LLC**

By:   
Printed Name: Nathaniel Hagedorn  
Title: Manager  
Street Address: 5015 NW Canal St  
City, State & Zip: Riverside mo 64150

**GRANTEE:**

**CITY OF EDGERTON, KANSAS,**  
A Municipal Corporation

By: \_\_\_\_\_  
Beth Linn, City Administrator

ATTEST:

\_\_\_\_\_  
Janeice Rawles, City Clerk

(SEAL)



### ACKNOWLEDGMENT

STATE OF KANSAS           )  
  ) ss:  
COUNTY OF JOHNSON       )

BE IT REMEMBERED, That on this 8<sup>th</sup> day of June 2015, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Nathaniel Hagedorn (Name), Manager (Title) of ELHC XIV LLC, a Kansas limited liability company, who is personally known to me to be the same person who executed as such officer/member the foregoing instrument of writing on behalf of said entity and said person duly acknowledged the execution of the same to be the act and deed of said entity.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Renee Knopf  
Notary Public

My Appointment Expires:

March 28, 2018



### ACKNOWLEDGMENT

STATE OF KANSAS           )  
  ) ss:  
COUNTY OF JOHNSON       )

BE IT REMEMBERED, That on this \_\_\_\_\_ day of \_\_\_\_\_, 2015, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came **BETH LINN**, City Administrator of the City of Edgerton, Kansas, and **JANEICE RAWLES**, City Clerk of said City, who are personally known to me to be the same persons who executed, as such officers, the within instrument on behalf of said City, and such persons duly acknowledged the execution of the same to be the act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

\_\_\_\_\_  
Notary Public

My Appointment Expires:

\_\_\_\_\_

## **EXHIBIT A**

### **DESCRIPTION:**

All that part of Lot 4, LOGISTICS PARK KANSAS CITY - SOUTHEAST, SECOND PLAT, a subdivision in the City of Edgerton, Johnson County, Kansas, more particularly described as follows:

Commencing at the northwest corner of said Lot 4; thence South 01°09'47" East, coincident with the west line of said Lot 4, a distance of 617.72 feet to the Point of Beginning; thence North 88°50'13" East, 67.83 feet; thence South 01°09'47" East, parallel with the west line of said Lot 4, a distance of 20.00 feet; thence South 88°50'13" West, 67.83 feet; thence North 01°09'47" West, coincident with the west line of said Lot 4, a distance of 20.00 feet to the Point of Beginning, containing 1,357 square feet, or 0.031 acres, more or less.

## AGENDA ITEM INFORMATION FORM

**Agenda Item:** Consider Request for Credit of Minimum Water Billing

**Department:** Administration

**Background/Description of Item:** On May 14, 2015, the Edgerton City Council considered a request for a fire line connection to the city's water system. During that discussion, a concern was raised by Bill Braun regarding his mother being charged monthly the minimum water billing related to an account at Ray's Station.

Following the discussion at City Council meeting, staff researched water service connections to Ray's Station. It was confirmed that in the recent past there were two accounts at the station.

- Account 1146-10376 at 405 East Morgan: Account was terminated on January 20, 2008.
- Account 1145-10185 at 409 East Morgan: Account remains active. This account is the in question by Jo and Bill Braun.

Additionally, Mr. Braun requested that city staff research Account 1145-10185 particularly regarding the timeframe of February 2012 thru June 2012. A summary of that research is below.

- The last payment prior to this time frame was received on January 2012 in the amount of \$135.89 which covered the total amount of the December 2011 billing statement bringing the account balance to zero.
- Billing statements were generated for February, March, April, May and June 2012 for the amount of \$26.54 every month (which is the minimum water billing).
- No proof of payment coinciding with any of these statements were found.
- The account log for the account showed adjustments in the amount of \$26.54 for each month from February thru June 2012 to bring the balance each month to zero. This is confirmed in the written financial documents with a handwritten note stating "wrote off due to zero consumption."
- Starting July 2012 and going forward to the present, the account shows a billing statement generated for the amount of \$26.54 each month along with a corresponding payment in the amount of \$26.54 every month.

In June 2012, the City of Edgerton completed our annual audit of financial statements. During that audit, it was discovered by the auditor that the Account Clerk was manually adjusting water bills to remove the minimum water billing for properties with zero consumption. The auditor listed that as an item of concern since the practice does not match the City Code. Edgerton City Code states that "the minimum water billing shall apply to any property, improved or unimproved which is connected to the municipal water system which has a City-furnished water meter, whether or not consumption of water actually occurs at or on such property during the billing period." A copy of that section of City Code is included for your reference.

To correct this concern raised by the auditors, the City instituted two controls beginning in July 2012. First the City Administrator now must approve all adjustments in utility bills. Second, utility customers must complete a form to terminate a utility account in order to not be billed the minimum water bill required by City Code. The ability to terminate an account allowed for a customer where the property would be vacant not to be charged the minimum water billing but stay connected to the system for

future development. To begin service again, that customer would have to complete a new service application and pay the \$30 connection fee.

In July 2012, the City sent letters to the affected property owners with zero consumption that had previously received adjustments. Unfortunately, Mr. Braun has indicated that Jo Braun did not receive that letter explaining the error. Until the City Council meeting in May, City Administrator was not aware of any concern from the Brauns regarding the minimum water billing.

Please find enclosed a memo from Bill Braun including additional information and a request for a refund of 33 months of minimum water billing (\$26.54 per month) for a total of \$875.82. Mr. Braun has requested that credit be applied to Jo Braun's Account #1045-10185 (for her home) or a refund check in the same amount.

If City Council would chose to approve that request, staff would request any amount being refunding in form a check for Account No. 1145-10185. Issuing a refund check for the account at Ray's Station will provided cleaner documentation for future annual audits.

Enclosure:      Memo from Bill Braun  
                      Emails from City Administrator  
                      Edgerton City Code  
                      Form to Terminate Service

**Related Ordinance(s) or Statute(s):** N/A

**Recommendation:**

**Funding Source:** Water – Non-Departmental – Sales/Charges/Fees

Prepared by: Beth Linn, City Administrator  
Date: June 8, 2015

Jo Braun  
409 East Morgan Street  
Account 1145-10185 History

6-8-15

This meter was installed when the car wash was built around 1968. High water bills started showing up in October of 2011 and continued till approx. 1-7-12 when Jo Braun had Mike Mabrey shut off the meter. Ray called the city office and asked about the high bills and he was told he had to pay them in full which they did.

Ray and Jo considered the water shut off just like the other meter that was shut off in January 2008 that was to the house and station building on the property. In February 2012 they received a bill for \$26.54 which Jo came to the city office window and spoke to the city employee about the bill and informed her that the service was shut off. The city employee told her not to pay the invoice and she would take care of it since the service had been shut off and there had been zero consumption. There was no mention that Jo needed to fill out any paperwork for this disconnection.

No bills were sent to Jo from February to June and then in July 2012, Jo received the unexpected bill of \$26.54. She again went to the city office window and asked why she was now receiving a bill for the disconnected service. She was told that she had to pay for the line maintenance on this account. She did question what that was for since there was no water consumption for months but was told she would have to start paying it. No form to terminate the bill was offered at this time.

Sometime around the end of 2012 at my coaxing, Jo again approached the city window and asked if there was a way to not pay the \$26.54 monthly invoice as there was no water consumption and no intent of fixing the property's water line. She was told that in order to take this meter out of operation and not pay the \$26.54 charge she would have to pay \$1250 for the meter removal and \$3250 for another city fee. She questioned these large amounts but was told that is the city fee policy per city code. **She was never offered a form to fill out to terminate the service to avoid the monthly bill.** She left the city hall believing that her less costly option was to pay the \$26.54 every month even if there was zero consumption.

Around February 2013 the family decided to try and sell the property. In late May Bill Voights rented the property for selling his produce and contacted the city to turn the meter back on so he could try to locate the water line break. During that month the water bill was \$307.88 which Bill Voights paid but also had the service shut off and he did not find the source of the leak. Except for the May 2013 billing month Jo continued to pay the \$26.54 service fee.

In late 2013 Bill Braun approached city hall window to ask if there was a way to discontinue the \$26.54 monthly bill at this location. The city employee pulled out the code book and showed the same costs that had been shown to Jo a year earlier. Mike Mabrey happened to be in the office and confirmed that was the only way to avoid the service fee. There was never any offer to us to fill out a shut off form.

Each time that the meter was shut off it was done by city employees and there was never any mention that if the service was to be terminated then a shut off form needed to be filled out and signed.

We have also checked with other citizens in Edgerton that have meters on their property but not consumption and have not found any to have filled out this form to terminate their service and avoid this monthly charge.

Jo has followed the city code as interpreted by city employees and did the same procedure when she had the water service discontinued at the meter serving the service station in 2008. Again no form was required to stop the service and no monthly service bills have ever been sent for that meter that is only 5 feet away from the meter in question.

At this point Jo Braun has paid \$26.54 for 33 months for a total of \$875.82 and has not paid the bill just received on June 1<sup>st</sup>.

Per Beth Linn's email (attached) dated 6-2-15, there is mention of a city employee manually removing this monthly charge and during the audit of June 2012 this was questioned by the auditor. The auditor listed this as a concern since it does not match the city code.

We take exception to this auditors comment and believe the city employee was justified in removing this charge from the monthly bills based on present city code. The city code is quite clear that minimum billing only applies to water meters outside the corporate limits of the city. See section 15-133 page 15-8 paragraph a1 and a2.

Based on the above it is quite clear that either city policy/forms have been changed recently or that city policy was not clear to city employees so that they could explain and help Edgerton citizens on this matter. There is also no mention of this form on the city website or referenced in city code.

We respectfully request that a credit of \$875.82 be applied to Jo Braun's house account # 1045-10185 or a refund check in the same amount.

Respectfully

Bill Braun

**From:** [Beth Linn](#)  
**To:** [Bill Braun](#)  
**Subject:** RE: Account at Service Station  
**Date:** Tuesday, June 2, 2015 10:06:37 AM  
**Attachments:** [Shut off Form.docx](#)

---

Bill – Nikki Walford provided me the research she conducted for the account at 409 East Morgan (1145-10185). Nikki indicated that you requested copies of billing statements covering February 2012 to thru June 2012 and any receipts for payments during those months. Her research, which I confirmed, is summarized below.

- The last payment prior to this time frame was received on January 2012 in the amount of \$135.89 which covered the total amount of the December 2011 billing statement bringing the account balance to zero.
- Billing statements were generated for February, March, April, May and June 2012 for the amount of \$26.54 every month (which is the minimum water billing).
- No proof of payment coinciding with any of these statements were found.
- The account log for the account showed adjustments in the amount of \$26.54 for each month from February thru June 2012 to bring the balance each month to zero. This is confirmed in the written financial documents with a handwritten note stating "wrote off due to zero consumption."
- Starting July 2012 and going forward to the present, the account shows a billing statement generated for the amount of \$26.54 each month along with a corresponding payment in the amount of \$26.54 every month.

After reviewing the information above in addition to our financial documentation from that time period, I have discovered what occurred. In June 2012, the City of Edgerton completed our annual audit of financial statements. During that audit, it was discovered by the auditor that the Account Clerk was manually adjusting water bills to remove the minimum water billing for properties with zero consumption. The auditor listed that as an item of concern since the practice does not match the City Code. Edgerton City Code states that "the minimum water billing shall apply to any property, improved or unimproved which is connected to the municipal water system which has a City-furnished water meter, whether or not consumption of water actually occurs at or on such property during the billing period."

To correct this concern raised by the auditors, the City instituted two controls beginning in July 2012. First the City Administrator now must approve all adjustments in utility bills. Second, utility customers must complete a form to terminate a utility account in order to not be billed the minimum water bill required by City Code. The ability to terminate an account allowed for a customer where the property would be vacant not to be charged the minimum water billing but stay connected to the system for future development. To begin service again, that customer would have to complete a new service application and pay the \$30 connection fee.

Your mother should have received a letter back in July 2012 explaining the error. I apologize if that did not occur and for any confusion this may have caused. The City of Edgerton strives to provide our residents with high quality customer service. Please let me know if you have any questions about this information. If you do not need access to water at the property and would like to terminate the account, I have attached the form to complete that action.

Sincerely,  
Beth

**Beth Linn** • City Administrator  
City of Edgerton, KS  
404 East Nelson • Edgerton, KS 66021  
913.893.6231 x115 • 913.893.6232 (f)  
[www.edgertonks.org](http://www.edgertonks.org)



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**From:** Bill Braun [mailto:bill@brauncs.com]  
**Sent:** Monday, June 01, 2015 11:53 AM  
**To:** Beth Linn  
**Subject:** Re: Account at Service Station

Hi Beth. Got your voice ma and if you email what you have found it would much be appreciated.

thanks  
Bill Braun  
c 9164390615

On May 20, 2015, at 10:10 AM, Beth Linn <[blinn@edgertonks.org](mailto:blinn@edgertonks.org)> wrote:

Good morning Bill – I did some research regarding the utility accounts at the service station. I have copied Mayor Roberts and Council Member Troutner with this information as both have asked about the status as well.

It looks as though in the recent past there were two accounts at the station. One at 405 East Morgan and one at 409 East Morgan. The account at 405 East Morgan (1146-10376) was terminated on January 20, 2008. The account at 409 East Morgan (1145-10185) remains active. The current water usage has been zero since 5/20/2013. However, monthly bills have continued to be sent since the account was not terminated similar to the action taken for 405 East Morgan.

I apologize that one of the city staff members provided the incorrect information and/or process with regard to terminating the account or removing the meter. I will review this process with staff to make sure everyone understands the process.

I have attached the form to terminate the account at 409 E Morgan. If you would like to terminate that account, please complete the attached form. You can email it back to me, mail/drop off to city hall or even put it in the overnight box. I will make sure the termination is processed quickly and correctly.

If you have any questions, please let me know.

Sincerely,  
Beth

**Beth Linn** • City Administrator  
City of Edgerton, KS  
404 East Nelson • Edgerton, KS 66021  
913.893.6231 x115 • 913.893.6232 (f)  
[www.edgertonks.org](http://www.edgertonks.org)

<image001.gif>

<Shut off Form.docx>



15-133. WATER RATES.

(a) The rates charged for water supplied by the City are:

(1) For water used and serviced as a single “service unit” within the corporate limits of the City:

\$ 26.54 minimum billing for the first 2,000 gallons or portion thereof:

\$9.47 for each 1,000 gallons over the first 2,000 gallon minimum.

(2) For water used and serviced as a single “service unit” outside the corporate limits of the city:

\$ 39.27 minimum billing for the first 2,000 gallon minimum.

\$14.08 for each 1,000 gallons over the first 2,000 gallon minimum.

Provided, the minimum billing shall apply to any property, improved or unimproved which is connected to the municipal water system which has a City-furnished water meter, whether or not consumption of water actually occurs at or on such property during the billing period.

(b) The rates as scheduled in subsection (a) shall apply and be figured on the consumption of water by the thousand gallons or fraction thereof to the nearest 100 gallons.

(c). (1) A “service unit” shall consist of a single family dwelling or residence, or a private apartment or rooming house, or a business and residence, providing both are located on the same property and the owner and operator of the business and the occupant of the residence is one and the same, or a combination of buildings owned by one party in one common enclosure occupied by one family or business.

(2) Each separate residence or dwelling is a separate “service unit”, and each separate service unit must have an individual water meter. Any apartment house, or trailer park, where the owner is responsible for payment of the water bill, will be exempt from this rule.

(d) (1) In a case where more than one “service unit” is furnished water through the same meter the minimum charge per month for each “service unit” shall be as set forth in subsection (a), provided that each such minimum charged and paid shall entitle the customer to the amount of gallons as set forth in subsection (a).

(2) Where the owner of a trailer park is responsible for payment of the water bill, each trailer must be metered separately for water, and/or a common water meter, and each trailer shall be charged a minimum bill as a single user. The meter reader shall count the trailers occupying the park on the day that the meters are read in each month, and shall figure the total consumption divided by the numbers of trailers in use on that day, and shall graduate the water bill as if each trailer were metered separately. (Ord. 897, 2010; Ord. 874, 2009; Ord. 849, 2009; Ord. 834, 2007, Ord. 820, 2006; Ord. 787, 2005; Ord. 752, 2003; Ord. 741, 2002; Ord. 692,



Customers will receive a final bill based on the meter reading taken upon receipt of the termination request.

Service Address: \_\_\_\_\_

Date of Request: \_\_\_\_\_

Account Termination Date & Time: \_\_\_\_\_ (9:00am, 1:00pm, 4:00pm)

Requester's Name: \_\_\_\_\_  
(Please Print)

Forwarding Address: \_\_\_\_\_  
Street State Zip Code

Phone Number: \_\_\_\_\_

Landlord Name (if rental): \_\_\_\_\_

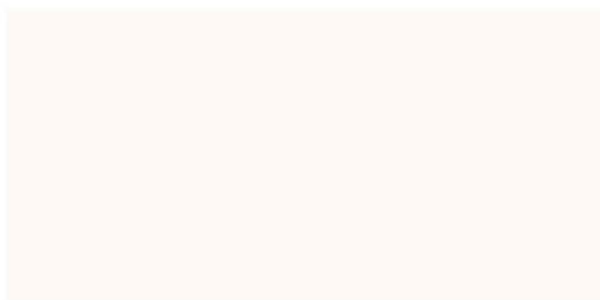
Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Service can only be terminated on normal business days between 9:00am and 4:00pm.

\_\_\_\_\_  
Signature of Requester

\_\_\_\_\_  
Date



## AGENDA ITEM INFORMATION FORM

**Agenda Item:** Consider the 2014 Audit of Financial Statements as Presented by Mize Houser

**Department:** Administration

**Background/Description of Item:** In November 2014, the City of Edgerton renewed a contract with Mize Houser for professional services to perform the annual audit of the City's financial statements for fiscal year 2014. The approved contract included a single audit of the city's loan program with the State of Kansas Water Pollution Control Revolving Loan Fund for construction of the Big Bull Creek Wastewater Treatment Facility and Conveyance System. A single audit is required by the State of Kansas if the dollar amount of federal funding received exceeds \$500,000. The City of Edgerton was notified by Kansas Department of Health and Environment (KDHE) that the loan proceeds used for Edgerton during 2014 were state, not federal funds. Therefore, a single audit was not required. The 2014 Audit of Financial Statements is now complete.

The objective of the audit is the expression of an opinion as to whether the City's financial statements are fairly presented, in all material respects, in conformity with the Kansas prescribed basis of accounting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The auditors perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws and governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

The audit procedures include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. The audit also included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.

A representative from Mize Houser will present their findings to the City Council on June 11, 2015. The final Audit of Financial Statements will be provided to City Council that evening.

**Related Ordinance(s) or Statute(s):** N/A

**Recommendation:** Accept the 2014 Audit of Financial Statements as Presented by Mize Houser

**Funding Source:** N/A

Prepared by: Beth Linn, City Administrator  
Date: June 8, 2015

## AGENDA ITEM INFORMATION FORM

**Agenda Item:** Consider Amendment No. 2 to Loan Agreement between Edgerton, Kansas and the State of Kansas, Acting By and Through the Kansas Department of Health and Environment to lower the amount of the loan by \$2,681.12 for Big Bull Creek Wastewater Treatment Facility and Conveyance System Project

**Department:** Administration

**Background/Description of Item:** In May 2012, the City of Edgerton approved a Design/Build Agreement with Burns and McDonnell/CAS Construction LLC for completion of design and construction of the Big Bull Creek Wastewater Treatment Facility and conveyance system. In addition, the City of Edgerton entered into an agreement with the City of Gardner for Construction of Wastewater Improvements and Transportation and Treatment of Wastewater. The City of Edgerton secured a Loan with the State of Kansas Department of Health and Environment (KDHE) using Pollution Control Revolving Loan Funds to finance the project. The project is now complete. City Council approved final acceptance of the project on June 26, 2014.

Staff has completed an audit of revenues and expenditures and submitted the final disbursement request to KDHE. Upon submission of the final disbursement request, the City recognized \$2,681.12 that is not needed for eligible project expenses. Therefore, staff requested the actual amount of the loan be lowered by \$2,681.12 to match the actual eligible expenses. The new loan total would be \$11,495,381.88. Amendment No. 2 would finalize that loan amount and the repayment scheduled.

Enclosed with the packet is the cover letter from KDHE detailing this adjustment and the Second Amendment including the adjusted repayment schedule. All payments related this project are funded entirely from the Public Infrastructure Fund. No general fund or sewer fund dollars are used for that repayment.

City Attorney has not yet reviewed the Amendment but will provide any comment at City Council meeting on June 11, 2015.

Enclosure: Letter from KDHE regarding Amendment No. 2  
Amendment No. 2

**Related Ordinance(s) or Statute(s):** K.S.A. 1988 Supp. 65-3321

**Recommendation:** Approve Amendment No. 2 to Loan Agreement between Edgerton, Kansas and the State of Kansas, Acting By and Through the Kansas Department of Health and Environment to lower the amount of the loan by \$2,681.12 for Big Bull Creek Wastewater Treatment Facility and Conveyance System Project

**Funding Source:** Public Infrastructure Fund

Prepared by: Beth Linn, City Administrator  
Date: June 8, 2015



Susan Mesier, MD, Secretary

Department of Health & Environment

Sam Brownback, Governor

June 2, 2015

The Honorable Donald Roberts, Mayor  
and City Council  
404 E Nelson  
P O Box 255  
Edgerton, Kansas 66021

Attn: Ms. Beth Linn, City Administrator

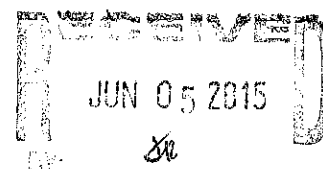
Re: Edgerton, Kansas  
KWPCRF Project No.: C20 1926 01  
Amendment No. 2 to Loan Agreement  
Effective as of May 29, 2015

Dear Mayor Roberts:

We are pleased to forward two complete copies of the Second Amendment to the Loan Agreement for the Kansas Water Pollution Control Revolving Fund (KWPCRF) loan to the City of Edgerton for the referenced wastewater treatment improvements project. Two additional copies of the signature page are also attached. This Second Amendment reduces the Loan Amount by \$2,681.12 to reflect the final actual cost of the project and also adjusts the repayment schedule in Exhibit B to reflect the history of timing of payments to the city and prior repayments by the city.

The enclosed Amendment revises the original Loan Agreement. Section 2.01 Amount of the Loan is changed from \$11,498,000 to \$11,495,381.88. The semi-annual loan repayment amount has been decreased from \$373,609.54 to \$373,270.48 (\$746,540.96 per year) with the next repayment dated March 2015.

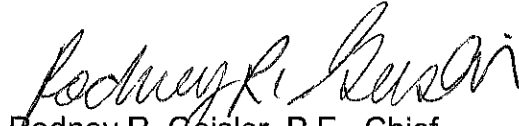
We ask the City review the amendment and for all four copies of the signature page (page 3), the Mayor sign, the City Clerk attest by signature, date and affix the City seal. The copy marked City Copy is retained by the City and the copy marked KDHE copy which includes the extra signature pages must be returned to this office.



If you should have any questions, please contact me by e-mail at [rgeisler@kdheks.gov](mailto:rgeisler@kdheks.gov) or by voicephone at 785-296-5527.

Sincerely yours,

Division of Environment

A handwritten signature in black ink, appearing to read "Rodney R. Geisler".

Rodney R. Geisler, P.E., Chief  
Municipal Programs Section  
Bureau of Water

RRG:rg  
Enclosure

First Amendment (2) and Signature Pages (2)

Pc: 2.1 File w/encl.  
NEDO  
RG  
City Engineer -- BG Consultants -- Lawrence (Hamby) w/encl

=====

SECOND AMENDMENT TO THE  
LOAN AGREEMENT

By and Between

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT  
ACTING ON BEHALF OF  
THE STATE OF KANSAS

AND

CITY OF EDGERTON, KANSAS  
KWPCRF PROJECT NO.: C20 1926 01

ORIGINAL LOAN AGREEMENT  
EFFECTIVE AS OF APRIL 30, 2012

AMENDMENT NO.: 2  
EFFECTIVE AS OF MAY 29, 2015

=====

Second Amendment to  
the Loan Agreement by and between the  
Kansas Department of Health and Environment  
Acting on Behalf of the State of Kansas  
and the City of Edgerton, Kansas  
Effective As of May 29, 2015

WHEREAS, the City of Edgerton, Kansas (the Municipality) has entered into a Loan Agreement with the Kansas Department of Health and Environment, acting on behalf of the State of Kansas, effective as of April 30, 2012 (the "Loan Agreement"); and

WHEREAS, said Loan Agreement was entered into for the benefit of the Municipality, KWPCRF Project No. C20 1926 01; and

WHEREAS, the Municipality and KDHE hereby determines that it is necessary to amend certain exhibits to the Loan Agreement, and

WHEREAS, this Second Amendment to the Loan Agreement is entered into and effective as of May 29, 2015;

THEREFORE, the Loan Agreement is amended as follows:

SECTION 1. Article II, Loan Terms, Section 2.01, Amount of Loan and Exhibit B of the LOAN AGREEMENT BY AND BETWEEN THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT AND THE CITY OF EDGERTON, KANSAS are/is hereby amended to read as set forth on the pages attached hereto.

SECTION 2. Except as herein specifically set out, the Loan Agreement is confirmed and ratified.



IN WITNESS WHEREOF, KDHE and the Municipality have caused this Second Amendment to the Loan Agreement for the Municipality to be executed, sealed and delivered, effective as of May 29, 2015.



The KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS

By \_\_\_\_\_  
Director

"KDHE"

Date: 6-1-2015

EDGERTON, KANSAS

By \_\_\_\_\_

Title: \_\_\_\_\_

(Seal)

ATTEST:

By \_\_\_\_\_  
Title: \_\_\_\_\_

The "Municipality"

Date: \_\_\_\_\_

## ARTICLE II

### LOAN TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds, KDHE will loan an amount not to exceed ~~Eleven Million Four Hundred Ninety Eight Thousand Dollars~~ [\$11,498,000] Eleven Million Four Hundred Ninety Five Thousand Three Hundred Eighty One Dollars and Eighty Eight cents [\$11,495,381.88] to the Municipality to pay the costs of the Project described in Exhibit A hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Agreement, other than the Loan Repayment Schedule (Exhibit B hereto), to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality shall be responsible for any costs incurred by the Municipality in connection with the Project in addition to the amount of the Loan. An amendment to Exhibit B must be accomplished by an Amendment to the Loan Agreement executed by all parties.

EXHIBIT B  
LOAN REPAYMENT SCHEDULE  
(See Page 6)

**DEDICATED SOURCE OF REVENUES AND LOAN REPAYMENT SCHEDULE**

**Dedicated Source of Revenue.**

The Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

**The Loan Repayment Schedule**

The Municipality and KDHE have agreed that interest becoming due semiannually on the Loan during the construction period for the Project may be capitalized and repaid as a part of the Loan. In this regard, KDHE shall give the Municipality written notice of each semiannual installment of interest becoming due during the construction period. At its option, the Municipality may elect to pay such amounts, and if so elected, must pay such amounts within 30 days of receipt of the notice of their becoming due. If the Municipality does not elect to pay such amounts within 30 days of receipt of such notice, the amount then due and owing as semiannual interest on the Loan shall be capitalized and added to the principal amount of the Loan and shall bear interest at the rate of interest set forth in Section 2.02 hereof.

## KANSAS WATER POLLUTION CONTROL REVOLVING LOAN FUND

Actual Draws - Actual Interest Rate  
Amortization of Loan Costs - FINAL

Project Principal: 11,292,048.09  
Interest During Const.: 180,841.10  
Service Fee During Const.: 22,492.69  
Gross Loan Costs: 11,495,381.88

Prepared for:

City of Edgerton, Project No. C20 1926-01

	Gross Rate:	2.26%		
	Service Fee Rate:	0.25%	1st Payment Date:	3/1/2014
5/28/2015	Loan Interest Rate:	2.01%	Number of Payments:	40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	3/1/2014	11,495,381.88	104,724.28	3,802.71	13,025.41	121,552.40	11,491,579.17
2	9/1/2014	11,491,579.17	104,686.06	3,844.57	13,020.65	121,551.28	11,487,734.60
3	3/1/2015	11,487,734.60	108,729.05	251,356.97	13,523.52	373,609.54	11,236,377.63
4	9/1/2015	11,236,377.63	112,925.60	246,299.41	14,045.47	373,270.48	10,990,078.22
5	3/1/2016	10,990,078.22	110,450.29	249,082.59	13,737.60	373,270.48	10,740,995.63
6	9/1/2016	10,740,995.63	107,947.01	251,897.23	13,426.24	373,270.48	10,489,098.40
7	3/1/2017	10,489,098.40	105,415.44	254,743.67	13,111.37	373,270.48	10,234,354.73
8	9/1/2017	10,234,354.73	102,855.27	257,622.27	12,792.94	373,270.48	9,976,732.46
9	3/1/2018	9,976,732.46	100,266.16	260,533.40	12,470.92	373,270.48	9,716,199.06
10	9/1/2018	9,716,199.06	97,647.80	263,477.43	12,145.25	373,270.48	9,452,721.63
11	3/1/2019	9,452,721.63	94,999.85	266,454.73	11,815.90	373,270.48	9,186,266.90
12	9/1/2019	9,186,266.90	92,321.98	269,465.67	11,482.83	373,270.48	8,916,801.23
13	3/1/2020	8,916,801.23	89,613.85	272,510.63	11,146.00	373,270.48	8,644,290.60
14	9/1/2020	8,644,290.60	86,875.12	275,590.00	10,805.36	373,270.48	8,368,700.60
15	3/1/2021	8,368,700.60	84,105.44	278,704.16	10,460.88	373,270.48	8,089,996.44
16	9/1/2021	8,089,996.44	81,304.46	281,853.52	10,112.50	373,270.48	7,808,142.92
17	3/1/2022	7,808,142.92	78,471.84	285,038.46	9,760.18	373,270.48	7,523,104.46
18	9/1/2022	7,523,104.46	75,607.20	288,259.40	9,403.88	373,270.48	7,234,845.06
19	3/1/2023	7,234,845.06	72,710.19	291,516.73	9,043.56	373,270.48	6,943,328.33
20	9/1/2023	6,943,328.33	69,780.45	294,810.87	8,679.16	373,270.48	6,648,517.46
21	3/1/2024	6,648,517.46	66,817.60	298,142.23	8,310.65	373,270.48	6,350,375.23
22	9/1/2024	6,350,375.23	63,821.27	301,511.24	7,937.97	373,270.48	6,048,863.99
23	3/1/2025	6,048,863.99	60,791.08	304,918.32	7,561.08	373,270.48	5,743,945.67
24	9/1/2025	5,743,945.67	57,726.65	308,363.90	7,179.93	373,270.48	5,435,581.77
25	3/1/2026	5,435,581.77	54,627.60	311,848.40	6,794.48	373,270.48	5,123,733.37
26	9/1/2026	5,123,733.37	51,493.52	315,372.29	6,404.67	373,270.48	4,808,361.08
27	3/1/2027	4,808,361.08	48,324.03	318,936.00	6,010.45	373,270.48	4,489,425.08
28	9/1/2027	4,489,425.08	45,118.72	322,539.98	5,611.78	373,270.48	4,166,885.10
29	3/1/2028	4,166,885.10	41,877.20	326,184.67	5,208.61	373,270.48	3,840,700.43
30	9/1/2028	3,840,700.43	38,599.04	329,870.56	4,800.88	373,270.48	3,510,829.87
31	3/1/2029	3,510,829.87	35,283.84	333,598.10	4,388.54	373,270.48	3,177,231.77
32	9/1/2029	3,177,231.77	31,931.18	337,367.76	3,971.54	373,270.48	2,839,864.01
33	3/1/2030	2,839,864.01	28,540.63	341,180.02	3,549.83	373,270.48	2,498,683.99
34	9/1/2030	2,498,683.99	25,111.77	345,035.36	3,123.35	373,270.48	2,153,648.63
35	3/1/2031	2,153,648.63	21,644.17	348,934.25	2,692.06	373,270.48	1,804,714.38
36	9/1/2031	1,804,714.38	18,137.38	352,877.21	2,255.89	373,270.48	1,451,837.17
37	3/1/2032	1,451,837.17	14,590.96	356,864.72	1,814.80	373,270.48	1,094,972.45
38	9/1/2032	1,094,972.45	11,004.47	360,897.29	1,368.72	373,270.48	734,075.16
39	3/1/2033	734,075.16	7,377.46	364,975.43	917.59	373,270.48	369,099.73
40	9/1/2033	369,099.73	3,709.45	369,099.73	461.30	373,270.48	0.00
Totals			2,607,965.36	11,495,381.88	324,373.74	14,427,720.98	

Prepared by DAAR

## CITY OF EDGERTON, KANSAS

### COUNCIL AGENDA ITEM

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**Council Meeting Date:** June 11, 2015

**Agenda Item:** Public Hearing  
Partial Assignment of Resolution of Intent

**Subject:** Property Tax Abatement for ELHC XIV, LLC Project

**Hearing Notice Published:** June 3, 2015 in the *Gardner News*

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#### **Summary:**

The City has received an application for property tax abatement from ELHC XIV, LLC. ELHC XIV desires to construct an approximately 822,500 sq. ft. spec warehouse and distribution facility to be located at 19451 and 19535 Waverly Road in Edgerton, Kansas. In order for the City to grant property tax abatement, the City must first hold a public hearing, consider the cost-benefit report and then approve a partial assignment of the Master Resolution of Intent.

#### **Public Hearing**

A notice of the public hearing has been published at least seven days prior to the date of this meeting. Written notice of the public hearing has also been provided to the County and the School District. The Council should take comments from the public.

#### **Cost-Benefit Report**

Columbia Capital Management, LLC has prepared a cost-benefit report for the proposed project. The City should consider the cost-benefit report and ask any questions the Council may have about the report.

#### **Partial Assignment of Resolution of Intent**

The City previously adopted a Master Resolution of Intent for the benefit of Edgerton Land Holding Company, LLC ("Edgerton Land") for constructing various projects in the Logistics Park-Kansas City, and provided for the issuance of up to \$1,000,000,000 in industrial revenue bonds. The Master Resolution of Intent allows Edgerton Land to assign portions of the Master Resolution of Intent to various companies that locate within the park. The partial assignment of the Master Resolution of Intent assigns \$38,500,000 of the Master Resolution of Intent to ELHC XIV for the purpose of constructing this project.

**RESOLUTION NO. 06-11-15A**

**RESOLUTION CONSENTING TO THE PARTIAL ASSIGNMENT OF A  
RESOLUTION OF INTENT FROM EDGERTON LAND HOLDING COMPANY,  
LLC TO ELHC XIV, LLC, OR ITS SUCCESSORS IN INTEREST**

---

**WHEREAS**, the City of Edgerton, Kansas (the “City”), desires to promote, stimulate and develop the general welfare and economic prosperity of the City and its inhabitants and thereby to further promote, stimulate and develop the general welfare and economic prosperity of the State of Kansas; and

**WHEREAS**, the City is authorized and empowered under the provisions of K.S.A. 12-1740 to 12-1749d, inclusive (the “Act”), to issue industrial revenue bonds to pay the cost of certain facilities (as defined in the Act) for the purposes set forth in the Act and to lease such facilities to private persons, firms or corporations; and

**WHEREAS**, the City adopted Resolution No. 07-08-10A on July 8, 2010, as amended by Resolution No. 04-25-13A adopted on April 25, 2013 and Resolution No. 04-09-15A on April 9, 2015 (collectively, the “Resolution of Intent”) determining the intent of the City to issue its industrial revenue bonds in multiple series, the aggregate amount of all series not to exceed \$1,000,000,000 (the “Bonds”), to finance the costs of acquiring, constructing, reconstructing, improving and equipping the Logistics Park Projects (as defined in the Resolution of Intent) for the benefit of Edgerton Land Holding Company, LLC (the “Developer”); and

**WHEREAS**, the Resolution of Intent permits the Developer, with the consent of the City, to assign a portion of its interest in the Resolution of Intent to another entity, thereby conferring on such entity the benefits of the Resolution of Intent and the proceedings related thereto; and

**WHEREAS**, the Developer desires to assign \$38,000,000 of its interest in the Resolution of Intent to ELHC XIV, LLC, a Kansas limited liability company (the “Company”), for the purposes of permitting the Company to acquire, construct and equip a commercial project, consisting of an approximately 822,500 sq. ft. warehouse and distribution facility (the “ELHC Project”), to be located at 19451 and 19535 Waverly Road in Edgerton, Kansas; and

**WHEREAS**, the City desires to consent to such partial assignment of the Resolution of Intent to the Company.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF EDGERTON, KANSAS, AS FOLLOWS:**

**Section 1. Partial Assignment of Resolution of Intent.** The Governing Body of the City hereby consents to the assignment by the Developer of \$38,000,000 of the Developer’s interest in the Resolution of Intent to the Company for the purposes of completing the ELHC Project, which is a Logistics Park Project. The City agrees that the Company will now be entitled to the benefits of the Resolution of Intent to the same extent and on the same terms as the Developer with respect to the ELHC Project.

**Section 2. Authorization to Proceed.** The Company is authorized to proceed with the acquiring, constructing and equipping of the ELHC Project, and to advance such funds as may be necessary to

accomplish such purposes, and, to the extent permitted by law, the City will reimburse the Company for all expenditures paid or incurred therefor out of the proceeds of the Bonds.

**Section 3. Benefit of Resolution.** This Resolution will inure to the benefit of the City and the Company. The Company may, with the prior written consent of the City, assign its interest in this Resolution and the Resolution of Intent to another entity, and such assignee will be entitled to the benefits of this Resolution, the Resolution of Intent and the proceedings related hereto.

**Section 4. Effective Date.** This Resolution shall take effect and be in full force immediately after its adoption by the Governing Body of the City.

**ADOPTED** this 11th day of June, 2015.

**CITY OF EDGERTON, KANSAS**

[SEAL]

By: \_\_\_\_\_  
Donald Roberts, Mayor

ATTEST:

\_\_\_\_\_  
Janeice Rawles, City Clerk

Approved as to form:

\_\_\_\_\_  
Scott W. Anderson, Bond Counsel



6330 Lamar  
Suite 200  
Overland Park, Kansas 66202  
Jeff White, Principal  
913.312.8077  
jwhite@columbiacapital.com

June 7, 2015

Ms. Beth Linn  
City Administrator  
City of Edgerton  
404 East Nelson  
Edgerton, Kansas 66021

*RE: Cost-Benefit Analysis for ELHC XIV, LLC*

Dear Beth:

Please find attached the results of our cost-benefit analysis related to the projected property tax abatement to be granted by the City to applicant ELHC XIV, LLC, related to the construction of a new 822,500 square foot warehousing facility in Logistics Park Kansas City (LPKC). The purpose of this analysis is to satisfy the City's requirement pursuant to KSA 12-1749d or KSA 79-251(a)(1) to undertake a cost-benefit analysis before granting a property tax abatement. This analysis assumes the City grants a 100% property tax abatement for 10 years with the applicant paying an annual payment-in-lieu-of-taxes equal to \$0.21 per square foot on the building to be constructed.

KSA 12-1749d(2) requires notification of anticipated abatements only to counties or school districts affected. As a result, our analysis focuses on financial impacts to the City, Johnson County and the Gardner/Edgerton schools. We have not calculated the cost-benefit on other taxing jurisdictions. State law also requires the analysis to include "the effect of the exemption on state revenues." Our modeling includes such an estimate.

Our proprietary cost-benefit modeling relies on a number of key assumptions in the calculation of net present value benefit to the City, Johnson County and USD 231. Most of our assumptions are derived from public information, although some inputs are based upon dialogue with subject matter experts, including staff of the Kansas Department of Revenue. Some of these key assumptions include:

- An evaluation of the direct costs and benefits of the project. Columbia's model does not include indirect or "spin-off" effects as a result of input-output multipliers.
- A ten-year analysis timeframe for each individual project, matching the maximum permitted term of the abatement.



- Direct costs to the City, the County, the school district and the State as estimated by Columbia based upon the financial reports, expert analysis and/or conversations with key staff members within those agencies and at the State of Kansas.
- Where applicable, reliance upon statistical data as reported in the 2010 US Census.
- The use of a discount rate comprised of two components: a risk-free rate of return (the current yield of the on-the-run 10-year US Treasury) plus a risk premium of two (2) percent. The value of the discount rate is a proxy for the opportunity cost of the City (and other agencies) of foregoing the future property and/or sales tax revenues that would be generated by the development. Thought of another way, if the City had those revenues in hand and placed them in an alternative investment with the same risk characteristics, what would be its expected rate of return?

The output of the model is presented as the net present value benefit/(cost) of the project for the City, County and school district over the 10-year life of the abatement on each project. The net benefit (or, if negative, cost) of the incentive package is presented in today's dollars. The estimated impact on State revenues is presented in nominal (future value) terms. We also provide an estimated future value project contribution to the City's Public Infrastructure Fund (PIF). While the modeling shows a significant net present value benefit to the City, it is important to note that *the majority of the City's net benefit is reinvested in LPKC through the PIF.*

In the preparation of this cost-benefit analysis, Columbia has relied upon the information provided to it by applicant and has not independently verified or validated these data. The City must draw its own conclusions as to the reliability of these data.

Finally, the intent of this analysis and of the applicable statutes is to inform the governing body's policy debate about the value of the abatement incentive it is providing to the applicant. The project's generation of a net present value benefit to the agencies affected should be but one of the many factors in the governing body's decision about whether and how much incentive to provide to any applicant.

Thank you in advance for your thoughtful consideration of the analysis attached. Please let me know if you have any questions.

Respectfully submitted,  
COLUMBIA CAPITAL MANAGEMENT, LLC



Jeff White  
Principal



**SUMMARY OF COSTS AND BENEFITS**  
**City of Edgerton, Kansas**

**APPLICANT INFORMATION:**

<b>Application Date:</b>	6/3/15	<b>Summary of Incentives Provided:</b>	100% real property tax abatement for a 10 year period, as well as a construction sales tax exemption for materials, with a PILOT payment of \$0.21/s.f. per year.
<b>Firm Name:</b>	ELHC XIV, LLC		
<b>Firm Address:</b>	5015 NW Canal St., Suite 200 Riverside, Missouri 64150		
<b>Firm Contact:</b>	Patrick Robinson 913.915.7150		

**SUMMARY OF INCENTIVE PACKAGE (LOCAL GOVERNMENT IMPACTS ONLY):**

Year	Property Tax Abatement		Construction Sales Tax Abatement		Direct Incentives		
	(%)	(\$)	(%)	(\$)	City	County	School
2	100	607,631	100	0	0	0	0
3	100	607,631	100	0	0	0	0
4	100	607,631	100	0	0	0	0
5	100	607,631	100	0	0	0	0
6	100	607,631	100	0	0	0	0
7	100	607,631	100	0	0	0	0
8	100	607,631	100	0	0	0	0
9	100	607,631	100	0	0	0	0
10	100	607,631	100	0	0	0	0
11	100	607,631	100	0	0	0	0

**PAYMENT IN LIEU OF TAXES RECEIPTS:**

City	County	School
(\$)	(\$)	(\$)
37,842	20,010	78,523
37,842	20,010	78,523
37,842	20,010	78,523
37,842	20,010	78,523
37,842	20,010	78,523
37,842	20,010	78,523
37,842	20,010	78,523
37,842	20,010	78,523
37,842	20,010	78,523
37,842	20,010	78,523
37,842	20,010	78,523

**SUMMARY OF PRESENT VALUE BENEFITS:**

City Summary				
Year	Total Benefits	Total Costs	Net Benefit	Net PV Benefit
2	568,274	183,085	385,189	353,405
3	567,519	183,085	384,434	337,847
4	567,558	183,085	384,473	323,641
5	567,599	183,085	384,514	310,034
6	567,642	183,085	384,557	297,001
7	567,686	183,085	384,601	284,516
8	567,734	183,085	384,649	272,559
9	567,783	183,085	384,698	261,105
10	567,835	183,085	384,750	250,135
11	567,890	183,085	384,805	239,626
	5,677,520	1,830,850	3,846,670	2,929,870

County Summary			
Total Benefits	Total Costs	Net Benefit	Net PV Benefit
112,452	108,845	3,606	3,309
111,534	108,845	2,689	2,363
111,590	108,845	2,744	2,310
111,648	108,845	2,803	2,260
111,709	108,845	2,864	2,212
111,773	108,845	2,928	2,166
111,841	108,845	2,995	2,122
111,911	108,845	3,066	2,081
111,986	108,845	3,140	2,042
112,064	108,845	3,218	2,004
1,118,508	1,088,455	30,054	22,868

School District Summary			
Total Benefits	Total Costs	Net Benefit	Net PV Benefit
442,073	368,698	73,375	67,320
442,073	368,698	73,375	64,483
442,073	368,698	73,375	61,765
442,073	368,698	73,375	59,162
442,073	368,698	73,375	56,669
442,073	368,698	73,375	54,280
442,073	368,698	73,375	51,993
442,073	368,698	73,375	49,801
442,073	368,698	73,375	47,703
442,073	368,698	73,375	45,692
4,420,731	3,686,983	733,748	558,869

**SUMMARY OF ECONOMIC IMPACT (over 10-year period):**

Number of jobs to be created : 244

Number of new residents:

City	6
County	7
School District	7

Expected 10-Year Contribution to PIF: \$ 2,842,240

Impact of exemption on state revenues: \$ (75,283)

## CITY OF EDGERTON, KANSAS

### COUNCIL AGENDA ITEM

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**Council Meeting Date:** June 11, 2015

**Agenda Item:** Public Hearing  
Partial Assignment of Resolution of Intent

**Subject:** Property Tax Abatement for ELHC V, LLC Project

**Hearing Notice Published:** June 3, 2015 in the *Gardner News*

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#### **Summary:**

The City has received an application for property tax abatement from ELHC V, LLC. ELHC V desires to construct an approximately 650,000 sq. ft. spec warehouse and distribution facility to be located at 31201 W. 187<sup>th</sup> Street in Edgerton, Kansas. In order for the City to grant property tax abatement, the City must first hold a public hearing, consider the cost-benefit report and then approve a partial assignment of the Master Resolution of Intent.

#### **Public Hearing**

A notice of the public hearing has been published at least seven days prior to the date of this meeting. Written notice of the public hearing has also been provided to the County and the School District. The Council should take comments from the public.

#### **Cost-Benefit Report**

Columbia Capital Management, LLC has prepared a cost-benefit report for the proposed project. The City should consider the cost-benefit report and ask any questions the Council may have about the report.

#### **Partial Assignment of Resolution of Intent**

The City previously adopted a Master Resolution of Intent for the benefit of Edgerton Land Holding Company, LLC ("Edgerton Land") for constructing various projects in the Logistics Park-Kansas City, and provided for the issuance of up to \$1,000,000,000 in industrial revenue bonds. The Master Resolution of Intent allows Edgerton Land to assign portions of the Master Resolution of Intent to various companies that locate within the park. The partial assignment of the Master Resolution of Intent assigns \$31,500,000 of the Master Resolution of Intent to ELHC V for the purpose of constructing this project.

**RESOLUTION NO. 06-11-15B**

**RESOLUTION CONSENTING TO THE PARTIAL ASSIGNMENT OF A  
RESOLUTION OF INTENT FROM EDGERTON LAND HOLDING COMPANY,  
LLC TO ELHC V, LLC, OR ITS SUCCESSORS IN INTEREST**

---

**WHEREAS**, the City of Edgerton, Kansas (the “City”), desires to promote, stimulate and develop the general welfare and economic prosperity of the City and its inhabitants and thereby to further promote, stimulate and develop the general welfare and economic prosperity of the State of Kansas; and

**WHEREAS**, the City is authorized and empowered under the provisions of K.S.A. 12-1740 to 12-1749d, inclusive (the “Act”), to issue industrial revenue bonds to pay the cost of certain facilities (as defined in the Act) for the purposes set forth in the Act and to lease such facilities to private persons, firms or corporations; and

**WHEREAS**, the City adopted Resolution No. 07-08-10A on July 8, 2010, as amended by Resolution No. 04-25-13A adopted on April 25, 2013 and Resolution No. 04-09-15A on April 9, 2015 (collectively, the “Resolution of Intent”) determining the intent of the City to issue its industrial revenue bonds in multiple series, the aggregate amount of all series not to exceed \$1,000,000,000 (the “Bonds”), to finance the costs of acquiring, constructing, reconstructing, improving and equipping the Logistics Park Projects (as defined in the Resolution of Intent) for the benefit of Edgerton Land Holding Company, LLC (the “Developer”); and

**WHEREAS**, the Resolution of Intent permits the Developer, with the consent of the City, to assign a portion of its interest in the Resolution of Intent to another entity, thereby conferring on such entity the benefits of the Resolution of Intent and the proceedings related thereto; and

**WHEREAS**, the Developer desires to assign \$31,500,000 of its interest in the Resolution of Intent to ELHC V, LLC, a Kansas limited liability company (the “Company”), for the purposes of permitting the Company to acquire, construct and equip a commercial project, consisting of an approximately 650,000 sq. ft. warehouse and distribution facility (the “ELHC Project”), to be located at 31201 W. 187<sup>th</sup> Street in Edgerton, Kansas; and

**WHEREAS**, the City desires to consent to such partial assignment of the Resolution of Intent to the Company.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF EDGERTON, KANSAS, AS FOLLOWS:**

**Section 1. Partial Assignment of Resolution of Intent.** The Governing Body of the City hereby consents to the assignment by the Developer of \$31,500,000 of the Developer’s interest in the Resolution of Intent to the Company for the purposes of completing the ELHC Project, which is a Logistics Park Project. The City agrees that the Company will now be entitled to the benefits of the Resolution of Intent to the same extent and on the same terms as the Developer with respect to the ELHC Project.

**Section 2. Authorization to Proceed.** The Company is authorized to proceed with the acquiring, constructing and equipping of the ELHC Project, and to advance such funds as may be necessary to

accomplish such purposes, and, to the extent permitted by law, the City will reimburse the Company for all expenditures paid or incurred therefor out of the proceeds of the Bonds.

**Section 3. Benefit of Resolution.** This Resolution will inure to the benefit of the City and the Company. The Company may, with the prior written consent of the City, assign its interest in this Resolution and the Resolution of Intent to another entity, and such assignee will be entitled to the benefits of this Resolution, the Resolution of Intent and the proceedings related hereto.

**Section 4. Effective Date.** This Resolution shall take effect and be in full force immediately after its adoption by the Governing Body of the City.

**ADOPTED** this 11th day of June, 2015.

**CITY OF EDGERTON, KANSAS**

[SEAL]

By: \_\_\_\_\_  
Donald Roberts, Mayor

ATTEST:

\_\_\_\_\_  
Janeice Rawles, City Clerk

Approved as to form:

\_\_\_\_\_  
Scott W. Anderson, Bond Counsel



6330 Lamar  
Suite 200  
Overland Park, Kansas 66202  
Jeff White, Principal  
913.312.8077  
jwhite@columbiacapital.com

June 7, 2015

Ms. Beth Linn  
City Administrator  
City of Edgerton  
404 East Nelson  
Edgerton, Kansas 66021

*RE: Cost-Benefit Analysis for ELHC V, LLC*

Dear Beth:

Please find attached the results of our cost-benefit analysis related to the projected property tax abatement to be granted by the City to applicant ELHC V, LLC, related to the construction of a new 655,000 square foot warehousing facility in Logistics Park Kansas City (LPKC). The purpose of this analysis is to satisfy the City's requirement pursuant to KSA 12-1749d or KSA 79-251(a)(1) to undertake a cost-benefit analysis before granting a property tax abatement. This analysis assumes the City grants a 100% property tax abatement for 10 years with the applicant paying an annual payment-in-lieu-of-taxes equal to \$0.21 per square foot on the building to be constructed.

KSA 12-1749d(2) requires notification of anticipated abatements only to counties or school districts affected. As a result, our analysis focuses on financial impacts to the City, Johnson County and the Gardner/Edgerton schools. We have not calculated the cost-benefit on other taxing jurisdictions. State law also requires the analysis to include "the effect of the exemption on state revenues." Our modeling includes such an estimate.

Our proprietary cost-benefit modeling relies on a number of key assumptions in the calculation of net present value benefit to the City, Johnson County and USD 231. Most of our assumptions are derived from public information, although some inputs are based upon dialogue with subject matter experts, including staff of the Kansas Department of Revenue. Some of these key assumptions include:

- An evaluation of the direct costs and benefits of the project. Columbia's model does not include indirect or "spin-off" effects as a result of input-output multipliers.
- A ten-year analysis timeframe for each individual project, matching the maximum permitted term of the abatement.

- Direct costs to the City, the County, the school district and the State as estimated by Columbia based upon the financial reports, expert analysis and/or conversations with key staff members within those agencies and at the State of Kansas.
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- The use of a discount rate comprised of two components: a risk-free rate of return (the current yield of the on-the-run 10-year US Treasury) plus a risk premium of two (2) percent. The value of the discount rate is a proxy for the opportunity cost of the City (and other agencies) of foregoing the future property and/or sales tax revenues that would be generated by the development. Thought of another way, if the City had those revenues in hand and placed them in an alternative investment with the same risk characteristics, what would be its expected rate of return?

The output of the model is presented as the net present value benefit/(cost) of the project for the City, County and school district over the 10-year life of the abatement on each project. The net benefit (or, if negative, cost) of the incentive package is presented in today's dollars. The estimated impact on State revenues is presented in nominal (future value) terms. We also provide an estimated future value project contribution to the City's Public Infrastructure Fund (PIF). While the modeling shows a significant net present value benefit to the City, it is important to note that *the majority of the City's net benefit is reinvested in LPKC through the PIF.*

In the preparation of this cost-benefit analysis, Columbia has relied upon the information provided to it by applicant and has not independently verified or validated these data. The City must draw its own conclusions as to the reliability of these data.

Finally, the intent of this analysis and of the applicable statutes is to inform the governing body's policy debate about the value of the abatement incentive it is providing to the applicant. The project's generation of a net present value benefit to the agencies affected should be but one of the many factors in the governing body's decision about whether and how much incentive to provide to any applicant.

Thank you in advance for your thoughtful consideration of the analysis attached. Please let me know if you have any questions.

Respectfully submitted,  
COLUMBIA CAPITAL MANAGEMENT, LLC



Jeff White  
Principal



**SUMMARY OF COSTS AND BENEFITS**  
**City of Edgerton, Kansas**

**APPLICANT INFORMATION:**

<b>Application Date:</b>	6/5/15	<b>Summary of Incentives Provided:</b>	100% real property tax abatement for a 10 year period, as well as a construction sales tax exemption for materials, with a PILOT payment of \$0.21/s.f. per year.
<b>Firm Name:</b>	ELHC V, LLC		
<b>Firm Address:</b>	5015 NW Canal St., Suite 200 Riverside, Missouri 64150		
<b>Firm Contact:</b>	Patrick Robinson 913.915.7150		

**SUMMARY OF INCENTIVE PACKAGE (LOCAL GOVERNMENT IMPACTS ONLY):**

Year	Property Tax Abatement		Construction Sales Tax Abatement		Direct Incentives		
	(%)	(\$)	(%)	(\$)	City	County	School
2	100	463,266	100	0	0	0	0
3	100	463,266	100	0	0	0	0
4	100	463,266	100	0	0	0	0
5	100	463,266	100	0	0	0	0
6	100	463,266	100	0	0	0	0
7	100	463,266	100	0	0	0	0
8	100	463,266	100	0	0	0	0
9	100	463,266	100	0	0	0	0
10	100	463,266	100	0	0	0	0
11	100	463,266	100	0	0	0	0

**PAYMENT IN LIEU OF TAXES RECEIPTS:**

City	County	School
(\$)	(\$)	(\$)
30,135	15,935	62,532
30,135	15,935	62,532
30,135	15,935	62,532
30,135	15,935	62,532
30,135	15,935	62,532
30,135	15,935	62,532
30,135	15,935	62,532
30,135	15,935	62,532
30,135	15,935	62,532
30,135	15,935	62,532
30,135	15,935	62,532

**SUMMARY OF PRESENT VALUE BENEFITS:**

City Summary				
Year	Total Benefits	Total Costs	Net Benefit	Net PV Benefit
2	451,834	143,026	308,808	283,327
3	451,079	143,026	308,053	270,722
4	451,118	143,026	308,092	259,345
5	451,158	143,026	308,132	248,448
6	451,201	143,026	308,175	238,010
7	451,246	143,026	308,220	228,012
8	451,293	143,026	308,267	218,436
9	451,343	143,026	308,317	209,263
10	451,395	143,026	308,369	200,477
11	451,449	143,026	308,423	192,062
	4,513,116	1,430,260	3,082,856	2,348,101

County Summary			
Total Benefits	Total Costs	Net Benefit	Net PV Benefit
87,195	87,664	(469)	(430)
86,278	87,664	(1,386)	(1,218)
86,333	87,664	(1,331)	(1,120)
86,391	87,664	(1,272)	(1,026)
86,452	87,664	(1,211)	(935)
86,516	87,664	(1,147)	(849)
86,584	87,664	(1,080)	(765)
86,655	87,664	(1,009)	(685)
86,729	87,664	(935)	(608)
86,807	87,664	(857)	(533)
865,940	876,635	(10,695)	(8,169)

School District Summary			
Total Benefits	Total Costs	Net Benefit	Net PV Benefit
342,958	285,574	57,384	52,649
342,958	285,574	57,384	50,430
342,958	285,574	57,384	48,304
342,958	285,574	57,384	46,269
342,958	285,574	57,384	44,319
342,958	285,574	57,384	42,451
342,958	285,574	57,384	40,662
342,958	285,574	57,384	38,948
342,958	285,574	57,384	37,306
342,958	285,574	57,384	35,734
3,429,580	2,855,742	573,837	437,071

**SUMMARY OF ECONOMIC IMPACT (over 10-year period):**

Number of jobs to be created : 192

Number of new residents:

City	6
County	7
School District	7

Expected 10-Year Contribution to PIF: \$ 2,306,240

Impact of exemption on state revenues: \$ (57,396)