

CITY OF EDGERTON, KANSAS

COUNCIL AGENDA ITEM

Council Meeting Date: June 9, 2016

Agenda Item: Assignment of ELHC I Project to Flexsteel

Subject: ELHC I, LLC Project

Summary:

The City issued \$25 million of industrial revenue bonds for the ELHC I Project on September 30, 2013 for the purpose of financing a 500,000 sq. ft. warehouse and distribution facility (the “Project”). ELHC I, LLC leased the Project to the City and the City subleased the project back to ELHC I, LLC.

Flexsteel Industries, Inc., a Minnesota corporation (“Flexsteel”) acquired the Project from ELHC in a 1031 exchange in September 2014. As part of the 1031 exchange, Flexsteel created Eagle Exchange Company, LLC (“Eagle Exchange”). Pursuant to an Assignment and Assumption of Bond Documents, ELHC I, LLC transferred its interest in the Project to Eagle Exchange with the consent of the City.

Flexsteel is now requesting that the Project be transferred from Eagle Exchange to Flexsteel. In order to transfer the Project, Eagle Exchange must assign its interest in the Base Lease, the Lease Agreement, the Performance Agreement, the Origination Fee Agreement and all other Bond documents to Flexsteel. This assignment requires the consent of the City.

The Project will be assigned from Eagle Exchange to Flexsteel pursuant to the form of Assignment and Assumption of Bond Documents attached to the Resolution.

Impact on Abatement:

The assignment from Eagle Exchange to Flexsteel will have no impact on the property tax abatement for the ELHC project.

RESOLUTION NO. 06-09-16A

A RESOLUTION CONSENTING TO THE ASSIGNMENT OF A BASE LEASE, LEASE AGREEMENT AND RELATED BOND DOCUMENTS IN CONNECTION WITH THE CITY'S INDUSTRIAL REVENUE BONDS (ELHC I, LLC PROJECT), SERIES 2013.

WHEREAS, the City of Edgerton, Kansas (the "City") is a duly organized and existing municipal corporation under the laws of the State of Kansas; and

WHEREAS, the City issued its Industrial Revenue Bonds (ELHC I, LLC Project), Series 2013 (the "Bonds"), in the aggregate maximum principal amount of \$25,000,000, pursuant to a Trust Indenture dated as of September 1, 2013 (the "Indenture"), by and between the City and UMB Bank, n.a., as trustee (the "Trustee"), for the purpose of acquiring, purchasing, improving, equipping and constructing a commercial project, consisting of an approximately 500,000 sq. ft. warehouse and distribution facility, to be located on approximately 30 acres of land at the northwest corner of 191st Street and Waverly Road in Edgerton, Kansas (the "Project"); and

WHEREAS, the Project was leased by ELHC I, LLC, a Kansas limited liability company ("ELHC") to the City pursuant to a Base Lease Agreement dated as of September 1, 2013 (the "Base Lease"), between ELHC and the City, and the Project was subleased by the City to ELHC pursuant to a Lease Agreement dated as of September 1, 2013 (the "Lease Agreement"), between the City and the Assignor; and

WHEREAS, the Project was assigned from ELHC, with the consent of the City, to Eagle Exchange Company, LLC, a Kansas limited liability company ("Assignor"), pursuant to an Assignment and Assumption of Bond Documents dated as of September 26, 2014, between ELHC and Assignor, which was recorded as Document No. 20140929-8884; and

WHEREAS, pursuant to **Section 6.2** of the Base Lease and **Section 13.1** of the Lease Agreement, the Assignor may assign the Base Lease and the Lease Agreement only with the written consent of the City; and

WHEREAS, the Assignor is requesting the City's consent to the assignment of the Assignor's interest under the Base Lease, Lease Agreement, the Performance Agreement dated as of September 1, 2013 (the "Performance Agreement"), between the City and Assignor, the Origination Fee Agreement dated as of September 1, 2013 (the "Origination Fee Agreement"), between the City and the Assignor, and all other documents executed in connection with the Bonds that are included in the transcript of proceedings for the Bonds (collectively, the "Other Bond Documents"), to Flexsteel Industries, Inc., a Minnesota corporation (the "Assignee"); and

WHEREAS, the City desires to consent to the assignment of the Assignor's interest under the Base Lease, Lease Agreement, Performance Agreement, Origination Fee Agreement and the Other Bond Documents to the Assignee.

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

Section 1. Consent to Assignment. The Governing Body of the City hereby consents to the assignment of the Base Lease, Lease Agreement, Performance Agreement, Origination Fee Agreement and the Other Bond Documents by the Assignor to the Assignee. The foregoing consents are contingent upon the satisfaction of all other requirements for assignments contained in the Lease Agreement.

Section 2. Authorization and Execution of Assignment. The Governing Body hereby approves of the form of the Assignment and Assumption of Bond Documents (the "Assignment") attached hereto as **Exhibit A**. The Mayor of the City is hereby authorized and directed to execute and deliver the consent to the Assignment for and on behalf of and as the act and deed of the City, in substantially the form presented to and reviewed by the Council of the City. The City Clerk of the City is hereby authorized and directed to attest to and affix the seal of the City, if required, to the Assignment.

Section 3. Further Authority. The Mayor is hereby authorized and directed to execute and deliver such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution, including an estoppel certificate (copies of said documents shall be filed in the records of the City) for and on behalf of and as the act and deed of the City. The City Clerk is hereby authorized and directed to attest to and affix the seal of the City to such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

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 9th day of June, 2016.

CITY OF EDGERTON, KANSAS

By: _____
Donald Roberts, Mayor

[SEAL]

ATTEST:

Janeice Rawles, City Clerk

Approved as to form:

Scott W. Anderson, Bond Counsel

EXHIBIT A

ASSIGNMENT OF BOND DOCUMENTS

ASSIGNMENT AND ASSUMPTION OF BOND DOCUMENTS

THIS ASSIGNMENT AND ASSUMPTION OF BOND DOCUMENTS (the “**Assignment**”) entered into on June ____, 2016 (the “**Effective Date**”) is by and between **EAGLE EXCHANGE COMPANY, LLC**, a Kansas limited liability company (the “**Assignor**”), and **FLEXSTEEL INDUSTRIES, INC.**, a Minnesota corporation (the “**Assignee**”).

RECITALS

WHEREAS, the City of Edgerton, Kansas (the “**City**”) has previously issued its \$25,000,000 aggregate maximum principal amount of Industrial Revenue Bonds (ELHC I, LLC Project) Series 2013 (the “**Bonds**”) pursuant to a Trust Indenture dated as of September 1, 2013 (the “**Indenture**”), between the City and UMB Bank, n.a., as trustee (the “**Trustee**”), and used the proceeds of the Bonds to construct a Project (as defined in the Indenture);

WHEREAS, ELHC I, LLC, a Kansas limited liability company (“**ELHC**”) leased the Project, which is located on and includes the land described on **Schedule 1** (the “**Real Property**”) to the City pursuant to the Base Lease Agreement dated as of September 1, 2013 (the “**Base Lease**”), between ELHC and the City, a memorandum of which was recorded October 1, 2013, in Book 201310, Page 505;

WHEREAS, the City subleased the Project to ELHC pursuant to a Lease Agreement dated as of September 1, 2013 (the “**Lease Agreement**”), between the City and ELHC, a memorandum of which was recorded October 1, 2013, in Book 201310, Page 506;

WHEREAS, the City and ELHC entered into a Performance Agreement dated as of September 1, 2013 (the “**Performance Agreement**”) whereby the parties set forth the terms relating to tax abatement for the Project;

WHEREAS, the City and ELHC entered into an Origination Fee Agreement dated as of September 1, 2013 (the “**Origination Fee Agreement**”) whereby ELCH agreed to make certain origination fee payments to the City over time;

WHEREAS, in addition to the Indenture, the Base Lease, the Lease Agreement, the Performance Agreement, and the Origination Fee Agreement, the City, ELHC and the Trustee entered into various other documents relating to the Bonds which are included in the transcript for the Bonds (the “**Other Bond Documents**”);

WHEREAS, ELHC assigned and transferred to Assignor all of ELHC’s right, title, and interest in and to the Base Lease, the Lease Agreement, the Performance Agreement, the Origination Fee Agreement, the Bonds and the Other Bond Documents, and Assignor accepted such assignment and assumed the terms and conditions of the same, all as set forth in that Assignment and Assumption of Bond Documents dated September as of September 26, 2014;

WHEREAS, Assignor now desires to assign and transfer to Assignee all of Assignor’s right, title, and interest in and to the Base Lease, the Lease Agreement, the Performance Agreement, the Origination Fee Agreement, the Bonds and the Other Bond Documents;

WHEREAS, Assignee desires to accept such assignment subject to the terms and conditions set forth below;

WHEREAS, the City and the Trustee desire to consent to such assignment and assumption.

AGREEMENT

NOW, THEREFORE, for and in consideration of the promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Assignment.** As of the Effective Date, Assignor hereby sells, transfers, conveys, assigns, and delivers to Assignee the following (collectively, the “**Assigned Interests**”):
 - (a) The leasehold created under the Base Lease and the Lease Agreement, together with all of Assignor’s rights and interest under the Base Lease and the Lease Agreement, which demises the Project, the Real Property, and all of Assignor’s rights and interests in the Project, including without limitation the buildings, structures, improvements, fixtures, machinery, and equipment situated on the real estate and all of its additions, alterations, modifications, and improvements.
 - (b) All of Assignor’s rights and interest under the Performance Agreement, the Origination Fee Agreement and the Other Bond Documents; and
 - (c) All of Assignor’s rights and interest in the Bonds.

Assignor further agrees to execute any additional documents required for the transfer of the Bonds to Assignee as may be required by the Indenture.

2. **Assumption.** Assignee accepts all of the Assigned Interests assigned by Assignor in **Section 1** and assumes and agrees to pay, perform, and discharge promptly and fully when and as required all obligations and liabilities under the Base Lease, the Lease Agreement, the Performance Agreement and the Origination Fee Agreement that accrue on or after the Effective Date.

3. **Delivery of documents; representations.** Pursuant to **Section 13.1(a)** of the Lease Agreement, Assignor represents that all conditions precedent to the assignment have been satisfied. Assignor represents that there has been no damage or destruction to the Project that has not been repaired, restored, and replaced in accordance with the terms of the Lease Agreement.

4. **Consent and release.** Pursuant to **Section 13.1(a)** of the Lease Agreement, the City consents to the Assignment of the Base Lease, Lease Agreement, Performance Agreement, Origination Fee Agreement and the Other Bond Documents from Assignor to Assignee. Pursuant to **Section 206** of the Indenture, the City consents to the assignment and transfer of the Bonds from Assignor to Assignee. The City releases Assignor from all liability under the Base Lease, Lease Agreement, the Performance Agreement, the Origination Fee Agreement and the Other Bond Documents occurring on and after the Effective Date.

5. **Assignor’s Representation.** Assignor represents that Assignor has not transferred, sold, encumbered, or otherwise disposed of the Bonds nor has Assignor assigned the Lease or transferred or encumbered or otherwise disposed of its interest in the Project. Assignor further represents and warrants that Assignor is not aware of any default which exists on this date by it or the counterparty under the Base

Lease, Lease Agreement, Performance Agreement, Origination Fee Agreement or the Other Bond Documents.

6. **Successors and Assigns.** This Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

7. **Counterparts.** This Assignment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

8. **Governing law.** This Assignment shall be interpreted and construed under the laws of the State of Kansas, excluding any conflict of law or choice-of-law rules that might lead to the application of the internal laws of another jurisdiction.

9. **Recording.** Assignee shall submit this Assignment for recording in the Office of the Register of Deeds of Johnson County, Kansas on or about the Effective Date.

10. **Indemnity.** Assignor hereby indemnifies and holds Assignee harmless from and against all claims, demands, losses, damages, expenses and costs including, but not limited to, reasonable lawyer's fees and expenses actually incurred, arising out of or in connection with Assignor's failure to observe, perform and discharge each and every one of the covenants, obligations, and liabilities of the Assignor under the Base Lease, Lease Agreement, Performance Agreement, Origination Fee Agreement and the Other Bond Documents to be observed, performed, or discharged with respect to the period prior to the Effective Date. Assignee hereby indemnifies and holds Assignor harmless from and against all claims, demands, losses, damages, expenses, and costs including, but not limited to, reasonable lawyer's fees and expenses actually incurred, arising out of or in connection with Assignee's failure, from and after the date of this Assignment, to observe, perform, and discharge all covenants, obligations, and liabilities under the Base Lease, Lease Agreement, Performance Agreement and Origination Fee Agreement with respect to the period on and after the Effective Date.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Assignment as of the Effective Date.

ASSIGNOR:

EAGLE EXCHANGE COMPANY, LLC,
a Kansas limited liability company

By: Flexsteel Industries, Inc.
Its: Sole Member

By: _____
Timothy E. Hall, Senior Vice President,
Chief Financial Officer, and Secretary

ACKNOWLEDGMENT

STATE OF IOWA)
) SS.
COUNTY OF _____)

BE IT REMEMBERED, that on this ____ day of June, 2016, appeared Timothy E. Hall, to me personally known, who being duly sworn did say that he is the Senior Vice President, Chief Financial Officer and Secretary of Flexsteel Industries, Inc., a Minnesota corporation, the Sole Member of EAGLE EXCHANGE COMPANY, LLC, a Kansas limited liability company (the "Company"), and that the foregoing instrument was signed for the purposes therein contained on behalf of the Company and by authority of the Company; and he further acknowledged said instrument to be the free act and deed of the Company.

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

[SEAL]

Notary Public

My commission expires _____.

ASSIGNEE:

FLEXSTEEL INDUSTRIES, INC.
a Minnesota corporation

By: _____
Timothy E. Hall, Senior Vice President,
Chief Financial Officer, and Secretary

ACKNOWLEDGMENT

STATE OF IOWA)
) SS.
COUNTY OF _____)

BE IT REMEMBERED, that on this ____ day of June, 2016, appeared Timothy E. Hall, to me personally known, who being duly sworn did say that he is the Senior Vice President, Chief Financial Officer and Secretary of Flexsteel Industries, Inc., a Minnesota corporation (the “Company”), and that the foregoing instrument was signed for the purposes therein contained on behalf of the Company and by authority of the Company; and he further acknowledged said instrument to be the free act and deed of the Company.

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

[SEAL]

Notary Public

My commission expires _____.

CONSENT OF THE CITY OF EDGERTON, KANSAS

The City hereby acknowledges, consents and agrees to the execution and delivery of this Assignment and Assumption of Bond Documents dated June __, 2016, between Eagle Exchange Company, LLC, a Kansas limited liability company, and Flexsteel Industries, Inc., a Minnesota corporation.

CITY OF EDGERTON, KANSAS

[SEAL]

By: _____
Donald Roberts
Mayor

ATTEST:

Janeice Rawles
City Clerk

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
COUNTY OF JOHNSON)

BE IT REMEMBERED that on this _____ day of June, 2016, before me, a notary public in and for said county and state, came Donald Roberts, Mayor of the City of Edgerton, Kansas, a municipal corporation duly authorized, incorporated and existing under and by virtue of the Constitution and laws of the State of 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 official seal, the day and year last above written.

[SEAL]

Notary Public
Typed Name: _____

My commission expires _____.

CONSENT OF TRUSTEE

UMB Bank, n.a., as trustee, hereby acknowledges and consents to the execution and delivery of this Assignment and Assumption of Bond Documents dated June ____, 2016, between Eagle Exchange Company, LLC, a Kansas limited liability company (“Assignor”), and Flexsteel Industries, Inc., a Minnesota corporation (“Assignee”).

The Trustee represents and warrants to the City of Edgerton, Kansas, Assignor, and Assignee that the Trustee has no knowledge of any default, monetary or otherwise, that has occurred under the terms of the Lease.

BOKF, NA

By: _____
Douglas Hare
Senior Vice President

ACKNOWLEDGMENT

STATE OF MISSOURI)
) SS.
COUNTY OF JACKSON)

On this ____ day of June, 2016, before me appeared Douglas Hare, a Senior Vice President of UMB, n.a., a national banking association, to me personally known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same on behalf of said national banking association.

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

[SEAL]

Notary Public

Typed Name: _____

My commission expires _____.

SCHEDULE 1

LEGAL DESCRIPTION OF REAL PROPERTY

That part of the Southeast and Southwest Quarters of Section 34, Township 14 South, Range 22 East, in the City of Edgerton, Johnson County, Kansas, more particularly described as follows:

Commencing at the Southeast Corner of said Southwest Quarter; thence coincident with the South line of said Southwest Quarter, South $88^{\circ}10'27''$ West, 360.36 feet to the Southeast corner of a tract of land described as the J. A. Pearce Tract in the 1892 Re-Survey of said Section 34, said point also being the Southwest corner of the East 22 acres of said Southwest Quarter; thence coincident with the West line of said East 22 acres, said line also being the East line of said J.A. Pearce Tract, North $02^{\circ}16'32''$ West, 60.00 feet to a point on the North right-of-way line of 191st Street, as it now exists, said point being the Point of Beginning; thence continuing along said West line, North $02^{\circ}16'32''$ West, 1,133.01 feet; thence departing said West line, North $87^{\circ}43'28''$ East, 1,019.79 feet; thence parallel with the West line of said East 22 acres, South $02^{\circ}16'32''$ East, 1,140.74 feet to a point on the North right-of-way line of said 191st Street; thence coincident with said North right-of-way line, South $88^{\circ}09'02''$ West, 659.00 feet; thence continuing along said North right-of-way line South $88^{\circ}10'27''$ West, 360.82 feet to the Point of Beginning, containing 1,159,417 square feet, or 26.616 acres, more or less.

CITY OF EDGERTON, KANSAS

COUNCIL AGENDA ITEM

Council Meeting Date: June 6, 2016
Agenda Item: Ordinance
Subject: Transpec Leasing Incorporated LLC Ordinance

Summary:

The City previously adopted Resolution No. 10-22-15B evidencing the intent of the City to issue industrial revenue bonds for the Transpec Leasing Incorporated LLC project. Transpec Leasing Incorporated is constructing a 478,000 sq ft surface container storage lot, a 4,800 sq ft shop building and a 400 sq ft security building at the southwest corner of 191st and Waverley Road in Edgerton, Kansas.

Ordinance:

The Ordinance authorizes the City to issue up to \$19,000,000 of industrial revenue bonds for the Project. This bond issue is commonly referred to as a “buy your own bonds bond issue.” Transpec Leasing Incorporated will be both the lessee on the project and the owner of the bonds. When the bonds are issued, Transpec Leasing Incorporated will lease the project site to the City, and the City will then sublease the project back to Transpec Leasing Incorporated. Transpec Leasing Incorporated will be obligated to repurchase the project when the bonds mature.

The bonds will be limited obligations of the City. This means that the City has to make payments on the bonds to Transpec Leasing Incorporated as the owner of the bonds only to the extent the City receives payments from Transpec Leasing Incorporated pursuant to the lease. If lease payments from Transpec Leasing Incorporated are insufficient to cover scheduled debt service on the bonds, the City is not obligated to make up any shortfall from any other funds of the City. The bonds are not a general obligation of the City and do not count against the City’s debt limit.

The Ordinance authorizes the City to enter into the following documents:

- (a) Trust Indenture which contains the terms governing the Bonds and contains the form of the Bonds;
- (b) Base Lease Agreement whereby the City leases the project site from Transpec Leasing Incorporated;
- (c) Lease Agreement whereby the City will lease the project to Transpec Leasing Incorporated for the term of the tax abatement; and
- (d) Bond Purchase Agreement whereby Transpec Leasing Incorporated agrees to acquire the Bonds;

Transpec Leasing Incorporated will not receive any property tax abatement for this project. The bonds are being issued solely to provide Transpec Leasing Incorporated with a sales tax exemption certificate for construction materials and equipment.

ORDINANCE NO. 1017

AN ORDINANCE AUTHORIZING THE CITY OF EDGERTON, KANSAS, TO ISSUE INDUSTRIAL REVENUE BONDS (TRANSPEC LEASING INCORPORATED PROJECT) SERIES 2016, IN AN AGGREGATE MAXIMUM PRINCIPAL AMOUNT NOT TO EXCEED \$19,000,000, FOR THE PURPOSE OF PROVIDING FUNDS TO PAY THE COST OF ACQUIRING, PURCHASING, CONSTRUCTING, INSTALLING AND EQUIPPING A COMMERCIAL PROJECT, CONSISTING OF A SURFACE CONTAINER STORAGE LOT, INCLUDING BUILDINGS, STRUCTURES, IMPROVEMENTS, FIXTURES, MACHINERY AND EQUIPMENT; AUTHORIZING THE CITY TO ENTER INTO A TRUST INDENTURE WITH SECURITY BANK OF KANSAS CITY, AS TRUSTEE; AUTHORIZING THE CITY TO ENTER INTO A BASE LEASE AND A LEASE AGREEMENT WITH TRANSPEC LEASING INCORPORATED; AUTHORIZING THE CITY TO ENTER INTO A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE BONDS, AND AUTHORIZING AND APPROVING THE EXECUTION OF CERTAIN DOCUMENTS AND THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS.

WHEREAS, the City of Edgerton, Kansas (the “City”), is authorized pursuant to the provisions of K.S.A. 12-1740 to 12-1749d, inclusive, as amended (the “Act”), to acquire, purchase, construct, install and equip certain commercial and industrial facilities, and to issue industrial revenue bonds for the purpose of paying the cost of such facilities, and to lease such facilities to private persons, firms or corporations; and

WHEREAS, the governing body of the City has heretofore and does now find and determine that it is desirable in order to promote, stimulate and develop the general economic welfare and prosperity of the City and the State of Kansas that the City issue its Industrial Revenue Bonds (Transpec Leasing Incorporated Project) Series 2016, in an aggregate maximum principal amount not to exceed \$19,000,000, for the purpose of acquiring, constructing, improving and equipping an approximately 478,00 sq. ft. surface container storage lot, a 4,800 sq. ft. shop building, and a 400 sq. ft. security building, located on 50 acres of land at the southwest corner of 191st Street and Waverley Road in Edgerton, Kansas (the “Project”), and that the City lease the Project to Transpec Leasing Incorporated, a Nebraska corporation (the “Company”); and

WHEREAS, the governing body of the City further finds and determines that it is necessary and desirable in connection with the issuance of these bonds that the City enter into certain agreements, and that the City take certain other actions and approve the execution of certain other documents as herein provided;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF EDGERTON, KANSAS, AS FOLLOWS:

Section 1. Authorization for the Acquisition, Purchase, Construction, Installation and Equipping of the Project. The City is hereby authorized to provide for the acquisition, purchase, construction, installation, rehabilitation and equipping of the Project, all in the manner and as more particularly described in the Indenture and the Lease hereinafter authorized.

Section 2. Authorization of and Security for the Bonds. The City is hereby authorized to issue and sell its Industrial Revenue Bonds (Transpec Leasing Incorporated Project) Series 2016, in an aggregate maximum principal amount not to exceed \$19,000,000 (the “Bonds”), for the purpose of providing funds to pay the cost of acquiring, purchasing, constructing, installing and equipping the Project. The Bonds shall be issued and secured pursuant to the herein authorized Indenture and shall bear such date, shall mature at such time, shall be in such denominations, shall bear interest at such rates, shall be in such form, shall be subject to redemption and other terms and conditions, and shall be issued in such manner, subject to such provisions, covenants and agreements, as are set forth in the hereafter defined Indenture. The Bonds shall be payable solely out of the rents, revenues and receipts derived by the City from the Project, and the Project and the net earnings derived by the City from the Project shall be pledged and assigned to the hereafter defined Trustee as security for payment of the Bonds as provided in the Indenture.

Section 3. Authorization of Documents. The City is hereby authorized to enter into the following documents, in substantially the forms presented to and reviewed by the Council of the City (copies of which documents, upon execution thereof, shall be filed in the office of the City Clerk), with such changes therein as shall be approved by the officers of the City executing such documents, such officers’ signatures thereon being conclusive evidence of their approval thereof:

(a) Trust Indenture dated the date set forth therein (the “Indenture”), between the City and Security Bank of Kansas City (the “Trustee”), pursuant to which the Bonds shall be issued and the City shall pledge the Project and assign the rents, revenues and receipts received pursuant to the hereafter defined Lease to the Trustee for the benefit of and security of the holder of the Bonds upon the terms and conditions as set forth in said form of Indenture;

(b) Base Lease Agreement dated the date set forth therein (the “Base Lease”), between the Company and the City, under which the City will lease the Project site from the Company;

(c) Lease Agreement dated the date set forth therein (the “Lease”), between the City and the Company, under which the City will agree to use the proceeds derived from the sale of the Bonds for the purpose of acquiring, purchasing, constructing, installing and equipping the Project and to sublease the Project to the Company, and the Company will agree to make payments in amounts sufficient to provide for the payment of the principal of, redemption premium, if any, and interest on the Bonds as the same become due; and

(d) Bond Purchase Agreement dated the date set forth therein (the “Bond Purchase Agreement”), between the City and the Company, as Purchaser.

Section 4. Execution of Bond and Documents. The Mayor of the City is hereby authorized and directed to execute the Bonds and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Indenture. The Mayor of the City is hereby authorized and directed to execute the Indenture, the Base Lease, the Lease, the Bond Purchase Agreement, and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance, for and on behalf of and as the act and deed of the City. The City Clerk of the City is hereby authorized and directed to attest to and affix the seal of the City to the Bonds, the Indenture, the Base Lease, the Lease, the Bond Purchase Agreement, and such other documents, certificates and instruments as may be necessary.

Section 5. Further Authority. The City shall, and the officers, employees and agents of the City are hereby authorized and directed to, take such action, expend such funds and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the

intent of this Ordinance and to carry out, comply with and perform the duties of the City with respect to the Bonds, the Indenture, the Base Lease, the Lease and the Bond Purchase Agreement.

Section 6. Effective Date. This Ordinance shall take effect and be in force from and after its passage, approval and publication in summary form in the official City newspaper.

PASSED by the Council of the City of Edgerton, Kansas, this 9th day of June, 2016.

Donald Roberts, Mayor

[SEAL]

ATTEST:

Janeice Rawles, City Clerk

Approved as to form:

Scott W. Anderson, Bond Counsel