

**EDGERTON CITY COUNCIL  
MEETING AGENDA  
CITY HALL, 404 EAST NELSON STREET  
August 25, 2016**

**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 August 11, 2016

**Regular Agenda**

6. **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.
7. **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.
8. Request for Donation from Cops 'N Bobbers Fishing Derby
9. Request for Donation from Mike and Johnnie's Annual Adopt the Children Charity Clay Shoot

**Business Requiring Action**

10. **CONSIDER RESOLUTION NO 08-25-16A AMENDING RESOLUTION NO. 07-14-16A OF THE CITY OF EDGERTON, KANSAS, PROVIDING FOR THE PAYMENT OF INCREASED COSTS TO IMPROVEMENTS TO THE SEWERAGE SYSTEM OF THE CITY PREVIOUSLY AUTHORIZED**

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

11. **CONSIDER ORDINANCE NO. 1029 AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2016-B, OF THE CITY OF EDGERTON, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO**

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

12. **CONSIDER RESOLUTION NO. 08-25-16B PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION BONDS, SERIES 2016-B, OF THE CITY OF EDGERTON, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 1029 OF THE ISSUER; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH**

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

13. **PUBLIC HEARING REGARDING RESOLUTION NO. 08-25-16C CONSENTING TO THE PARTIAL ASSIGNMENT OF A RESOLUTION OF INTENT FROM EDGERTON LAND HOLDING COMPANY, LLC TO COLDPOINT LOGISTICS REAL ESTATE, LLC, OR ITS SUCCESSORS IN INTEREST**

14. **CONSIDER RESOLUTION NO. 08-25-16C CONSENTING TO THE PARTIAL ASSIGNMENT OF A RESOLUTION OF INTENT FROM EDGERTON LAND HOLDING COMPANY, LLC TO COLDPOINT LOGISTICS REAL ESTATE, LLC, OR ITS SUCCESSORS IN INTEREST**

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

15. **PUBLIC HEARING REGARDING A 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**

16. **CONSIDER RESOLUTION NO. 08-25-16D PURSUANT TO K.S.A. 26-201 SETTING FORTH THE NECESSITY FOR CONDEMNATION OF PROPERTY AND AUTHORIZING PREPARATION OF A SURVEY AND LEGAL DESCRIPTION OF THE PROPERTY TO BE CONDEMNED**

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

17. **CONSIDER ORDINANCE NO. 1030 AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN EDGERTON, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT**

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

18. **Report by the City Administrator**

19. **Report by the Mayor**

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

- September 5<sup>th</sup> Labor Day – City Offices Closed
- Week of September 5<sup>th</sup> – Trash Collection THURSDAY
- September 8<sup>th</sup> 7:00 PM – City Council Meeting
- September 13<sup>th</sup> 7:00 PM – Planning Commission Meeting followed by Joint Work Session Planning Commission and City Council
- September 21<sup>st</sup> Noon – Senior Lunch
- September 22<sup>nd</sup> 7:00 PM – City Council Meeting

**21. CONSIDER RECESSING INTO EXECUTIVE SESSION PURSUANT TO K.S.A. 75-4319  
(b) (2) CONSULTATION WITH AN ATTORNEY DEEMED PRIVILEGED IN THE  
ATTORNEY-CLIENT RELATIONSHIP TO INCLUDE CITY ATTORNEY AND CITY  
ADMINISTRATOR**

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

**RECONVENE INTO OPEN SESSION**

**22. CONSIDER RECESSING INTO EXECUTIVE SESSION PURSUANT TO K.S.A. 75-4319  
(b) (6) FOR PRELIMINARY DISCUSSION RELATED TO ACQUISITION OF REAL  
PROPERTY TO INCLUDE CITY ATTORNEY AND CITY ADMINISTRATOR**

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

**RECONVENE INTO OPEN SESSION**

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

**City of Edgerton, Kansas  
Minutes of City Council Regular Session  
August 11, 2016**

A Regular Session of the City Council was held in the Edgerton City Hall, 404 E. Nelson, Edgerton, Kansas on August 11, 2016. 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
Darius Crist	present
Clay Longanecker	present
Cindy Crooks	present
Jody Brown	present

With a quorum present, the meeting commenced.

Staff in attendance:	City Administrator Beth Linn
	Community Development Director Kenny Cook
	City Attorney Patrick Reavey
	Public Works Superintendent Trey Whitaker
	Accountant Karen Kindle
	Parks & Recreation Coordinator Tegan Meadors

**2. WELCOME**

**3. PLEDGE OF ALLEGIANCE**

**CONSENT AGENDA**

4. The agenda for August 11, 2016 was considered.
5. City Council meeting Minutes of July 28, 2016 was considered.

Motion by Crooks, seconded by Longanecker, to approve Consent Agenda items No. 4 and 5.

Motion was approved, 5-0.

6. Change Order Nos. 2 and 3 for Waverly Road project were removed for separate consideration.

Councilmember Troutner requested Item 6 be removed. Mr. Troutner stated need of the copies for the changes. It was noted the change for No. 2 is updated costs for utilities and No. 3 is for redesign of the 196th Street cul-de-sac.

Motion by Brown , seconded by Troutner, to approve the Consent Agenda Item No. 6.

Motion was approved, 5-0.

**7. PUBLIC COMMENTS**

Mike Sleister stated the minutes do not include enough details about the raises. He noted this town is small and has the same wages as cities 50 to 75 percent larger.

Mayor Roberts indicated there were no raises. He noted the action was for salary/wage brackets and stated these ranges should be for this size town and not big cities.

**8. DECLARATION**

none

**BUSINESS REQUIRING ACTION**

**2017 BUDGET PUBLIC HEARING**

**9. A PUBLIC HEARING REGARDING THE RECOMMENDED 2017 BUDGET WAS CONSIDERED.**

City Administrator Beth Linn overviewed the proposed budget which included the following funds: General, Water, Sewer, Special Highway, Special Parks and Recreation, Bonds and Interest. She noted within this request, three new positions were included: Finance Director, Maintenance Tech II, and CIP Project Manager.

Mayor Roberts opened the public hearing at 7:17 p.m.

No one appeared to oppose or support.

The public hearing was closed at 7:18 p.m.

Mayor Roberts thanked city staff and Council for input.

**2017 BUDGET**

**10. THE RECOMMENDED BUDGET FOR 2017 WAS CONSIDERED.**

Motion by Crooks, seconded by Crist, to approve the recommended budget for 2017.

Motion was approved, 5-0.

**2016 BUDGET AMENDMENT**

**11. A PUBLIC HEARING REGARDING AMENDMENT TO 2016 SPECIAL HIGHWAY FUND BUDGET WAS CONSIDERED.**

Ms. Linn overviewed the need for the amendment indicating an increase in the City's share of the Sunflower Road CARS Project as well as annual street maintenance rescheduled from 2015.

The public hearing was opened at 7:20 p.m.

No one appeared with comment or questions.

The hearing was closed at 7:21 p.m.

**2016 SPECIAL HIGHWAY FUND BUDGET**

**12. AN AMENDMENT TO THE 2016 SPECIAL HIGHWAY FUND BUDGET WAS CONSIDERED.**

Motion by Longanecker, seconded by Crooks, to approve the amendment to the 2016 Special Highway Fund Budget.

Motion was approved, 5-0.

**INDUSTRIAL REVENUE BONDS – AUTHORIZATION**

**13. ORDINANCE NO. 1026 AUTHORIZING THE CITY OF EDGERTON, KANSAS, TO ISSUE INDUSTRIAL REVENUE BONDS (ELHC XXXII, LLC PROJECT) SERIES 2016, IN AN AGGREGATE MAXIMUM PRINCIPAL AMOUNT NOT TO EXCEED \$38,250,000, FOR THE PURPOSE OF FINANCING A WAREHOUSE AND DISTRIBUTION FACILITY; AUTHORIZING THE CITY TO ENTER INTO A TRUST INDENTURE WITH UMB BANK, NB.A., AS TRUSTEE; AUTHORIZING THE CITY TO ENTER INTO A BASE LEASE AND LEASE AGREEMENT WITH ELHC XXXII, LLC; AND AUTHORIZING AND APPROVING THE EXECUTION OF ADDITIONAL DOCUMENTS AND THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS WAS CONSIDERED.**

Scott Anderson, City's Bond Attorney, reviewed the project, which is located west of the Water Tower located in the Logistics Park.

Mike Sleister spoke about the taxes on bonds.

Motion by Brown, seconded by Crooks, to approve Ordinance No. 1026.

Motion was approved, 5-0.

**INDUSTRIAL REVENUE BONDS – AUTHORIZATION**

**14. ORDINANCE NO. 1027 AUTHORIZING THE CITY OF EDGERTON, KANSAS, TO ISSUE INDUSTRIAL REVENUE BONDS (ELHC XXXIII, LLC PROJECT) SERIES 2016, IN AN AGGREGATE MAXIMUM PRINCIPAL AMOUNT NOT TO EXCEED \$46,350,000, FOR THE PURPOSE OF FINANCING A WAREHOUSE AND DISTRIBUTION FACILITY; AUTHORIZING THE CITY TO ENTER INTO A TRUST INDENTURE WITH UMB BANK, NB.A., AS TRUSTEE; AUTHORIZING THE CITY TO ENTER INTO A BASE LEASE AND LEASE AGREEMENT WITH ELHC XXXIII, LLC; AND AUTHORIZING AND APPROVING THE EXECUTION OF ADDITIONAL DOCUMENTS AND THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS WAS CONSIDERED.**

Mr. Anderson overviewed the project. There were no questions or comments.

Motion by Longanecker, seconded by Brown, to approve Ordinance No. 1027.

Motion was approved, 5-0.

**GENERAL OBLIGATION BONDS**

**15. ENGAGEMENT OF ROBERT W. BAIRD & CO. INCORPORATED AS UNDERWRITER OF THE CITY'S \$250,000 (PRELIMINARY) GENERAL OBLIGATIONS BONDS, SERIES 2016-B WAS CONSIDERED.**

Jeff White, Columbia Capital, and Gina Riekhof, Gilmore & Bell, were present.

Mr. White informed the Council that due to an error, the amount issued in General Obligation Bonds, Series 2016 was short of the amount needed for the improvement projects. Robert W. Baird & Co. Incorporated (Baird) is the underwriter of the 2016 bonds, et. al, Staff recommends engaging Baird to underwrite Series 2016-B on a negotiated basis.

Mr. White indicated his firm would cover any extra expenses.

Motion by Crooks, seconded by Brown, to approve Robert W. Baird & Co. Incorporated as underwriter of General Obligation Bonds, Series 2016-B.

Motion was approved, 5-0.

#### **ANNEXATION**

#### **16. ORDINANCE NO. 1028 AMENDING ORDINANCE NO. 998 ANNEXING LAND OWNED BY EDGERTON LAND HOLDING COMPANY INTO THE CITY OF EDGERTON, KANSAS WAS CONSIDERED.**

Kenneth Cook, Community Development Director, informed the Council the ordinance approved on April 23, 2015 was the result of an application from Edgerton Land Holding Company. He noted the property is located at 18501 Waverly Road. He indicated staff was reviewing the requests for a preliminary plat and site plan for Inland Port VII and VIII, and it was found the original description included in the annexation excluded the right-of-way. Mr. Cook noted that a strip of ground located within the Waverly Road and 183<sup>rd</sup> Street is technically located outside city boundary. It was noted tonight's action will bring the right-of-way into the City.

Motion by Longanecker, seconded by Troutner, to approve Ordinance No. 1028.

Motion was approved, 5-0.

#### **PARK FACILITIES**

#### **17. UPDATING OF THE PARKS AND RECREATION RESERVATION REQUEST FORM FOR PARK FACILITIES WAS CONSIDERED.**

Tegan Meadors, Parks and Recreation Coordinator, spoke about current fees. He overviewed requested changes and noted another policy would be presented to the Council prior to February 2017 which would include a rental policy study of nearby communities.

The members were informed the City Attorney needs to approve the Liability Release which is also updated.

The Council discussed the matter and indicated this is a great start.

Motion by Crooks, seconded by Crist, to approve the request form, adding an option for non-profits to use the ballfields and no time restrictions.

Motion was approved, 5-0.

## 18. REPORT BY THE CITY ADMINISTRATOR PROJECTS

- Ms. Linn overviewed the 207<sup>th</sup> Street Bridge Separation project. She noted the design process would begin in late 2016 with construction to begin in 2020. Ms. Linn overviewed the CARS process, which is several years out. She also indicated if the City pursues using Mid-America Regional Council (MARC) funds for 2019-2020, the preliminary funds are \$505,000. She noted if this is the option, then KDOT manages the project and the charge to the City would be approximately \$750,000.00. She questioned if this is worth it or not. The consensus from the Council was to go forward and keep the members posted.

### PERSONNEL

- Ms. Linn reviewed the job description for the proposed CIP Project Manager.

Motion by Crooks, seconded by Longanecker, to approve the job description pending approval from the City Attorney. Motion was approved, 5-0.

### EVENTS

- The City Administrator spoke about the Gardner Edgerton Sporting Clay Tournament, scheduled for September 16, 2016. She overviewed the levels of support. The consensus of the Council was to support the event as a station sponsor.






Motion by Longanecker, seconded by Brown, to approve an expenditure of \$150.00 for support as a station sponsor of the event. Motion was approved, 5-0.

### PARKS & RECREATION

- Ms. Linn informed the Council that she and the Parks and Recreation Coordinator attended the Johnson County Parks & Recreation meeting regarding future park plan on August 8, 2016. After brief discussion, it was noted this plan is difficult to access on the county's park website. Staff will add a link from the City's Parks and Recreation website to the county's website.
- The City Administrator reported the Johnson County Community College Trustees, the mayor, and she toured the LPKC and Intermodal facility. She indicated they were all very impressed.

## 19. REPORT BY THE MAYOR

## 20. FUTURE MEETING/EVENT REMINDERS

	August 17 <sup>th</sup> Noon – Senior Lunch
	August 20 <sup>th</sup> – Food Pantry at Methodist Church
	August 25 <sup>th</sup> 7:00 pm – City Council Meeting
	September 5 <sup>th</sup> Labor Day – City Offices Closed
	Week of September 5 <sup>th</sup> – Trash Collection THURSDAY

### EXECUTIVE SESSION – REAL PROPERTY ACQUISITION

## 21. CONSIDER RECESSING INTO EXECUTIVE SESSION PURSUANT TO K.S.A. 75-4319 (b)(6) FOR PRELIMINARY DISCUSSION RELATED TO ACQUISITION OF REAL PROPERTY TO INCLUDE CITY



**ATTORNEY, CITY ADMINISTRATOR, AND COMMUNITY DEVELOPMENT DIRECTOR WAS CONSIDERED.**

Motion by Crooks, seconded by Crist, to recess into executive session for ten minutes, to include the City Attorney, City Administrator, and Community Development Director.

Motion was approved, 5-0. The meeting recessed at 8:35 p.m.

Motion by Crooks, seconded by Brown, to return to regular session, noting the City Attorney attended via phone connection and was alone during the entire executive session, adding no action taken.

Motion was approved, 5-0.

The meeting reconvened at 8:46 p.m.

**22. ADDITIONAL ITEMS**

Mr. Crist offered congratulations to citizen Donna Bratton as Johnson County Citizen of the Year and honored as Grand Marshall of the parade at Johnson County Fair parade at Gardner, Kansas on Saturday, August 6, 2016

Commercial development along Homestead Lane was discussed.

Mr. Cook spoke about a joint meeting between the Planning Commission and City Council. It was noted the next scheduled meeting of the Planning Commission is September 13, 2016 at 7:00 p.m. Several other dates for the meeting were discussed. More information will be available in the future.

**16. ADJOURN**

Motion by Crooks, seconded by Crist, to adjourn the meeting.

Motion was approved, 5-0.

The meeting adjourned at 9:02 p.m.

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**Janeice L. Rawles, CMC**  
City Clerk

**Approved by the Governing Body on**

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## AGENDA ITEM INFORMATION FORM

**Agenda Item:** Consider Resolution No. 08-25-16A Amending Resolution No. 07-14-16A Of The City Of Edgerton, Kansas, Providing For The Payment Of Increased Costs To Improvements To The Sewerage System Of The City Previously Authorized

**Department:** Administration

**Background/Description of Item:**

Resolution No. 08-25-16A amends the City's previously adopted resolution authorizing the City's sewerage system improvements. The description of the improvements does not change and will include: decommissioning the existing Edgerton Wastewater Treatment Plant; establishing a new pump station at the location of the Edgerton Wastewater Treatment Plant; constructing a new lift station and force main to connect the new pump station at the location of the Edgerton Wastewater Treatment Plant to the new Big Bull Creek Wastewater Treatment Facility; installing a wastewater sludge disposal belt process, including feed pump and polymer system, construction of a sludge storage building, yard piping modifications and other related site improvements (the "Improvements"). This resolution acknowledges the increase cost of improvements.

The items in the council packet published on August 22, 2016, are preliminary pending the pricing of the Series 2016-B Bonds via negotiated sale on August 23. Representatives of bond counsel (Gilmore & Bell) and financial advisor (Columbia Capital) will be in attendance at the August 25 meeting to describe the results of the negotiated bond sale and to address any questions.

Enclosures: Draft Resolution No. 08-25-16A

**Related Ordinance(s) or Statute(s):** The project to be financed by the bonds is authorized under Charter Ordinance No. 22.

**Recommendation:** Approve Resolution No. 08-25-16A Amending Resolution No. 07-14-16A Of The City Of Edgerton, Kansas, Providing For The Payment Of Increased Costs To Improvements To The Sewerage System Of The City Previously Authorized

**Funding Source:** Unlimited general obligation (property tax) pledge of repayment, but intended to be repaid from fees charged to the City's sewer customers.

Prepared by: Karen Kindle, Accountant  
Date: August 22, 2016

## **RESOLUTION NO. 08-25-16A**

### **A RESOLUTION AMENDING RESOLUTION NO. 07-14-16A OF THE CITY OF EDGERTON, KANSAS, PROVIDING FOR THE PAYMENT OF INCREASED COSTS TO IMPROVEMENTS TO THE SEWERAGE SYSTEM OF THE CITY PREVIOUSLY AUTHORIZED.**

**WHEREAS**, the City of Edgerton, Kansas (the “City”) and operates a combined public water supply system, sewerage plant and system, electric system and gas system (the “System”); and

**WHEREAS**, Charter Ordinance No. 22 of the City (the “Charter Ordinance”) authorizes the City to operate and maintain sewers and disposal works for the collection and purification of the sewage of the City and to issue general obligation bonds to pay all or part of any costs thereof; and

**WHEREAS**, on July 14, 2016, the City adopted Resolution No. 07-14-16A authorizing improvements to the System (the “Improvements”), as more fully described therein; and

**WHEREAS**, it is necessary to amend Resolution No. 07-14-16A to increase the estimated cost of the Improvements and amount of general obligation bonds and/or temporary notes to be issued for the Improvements, as provided herein.

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

**Section 1.** That Section 2 of Resolution No. 07-14-16A is hereby amended to read as follows:

**Section 2. Project Financing.** The costs of the Project, including construction, engineering fees, acquisition of right-of-way and easements, contingencies and administrative expenses is \$3,440,000. The costs of the Project, together with interest during the period of construction, costs of issuance and interest and fees related to any interim financing, shall be payable from the proceeds of general obligation bonds of the City issued under authority of the Act and the Charter Ordinance (the “Bonds”).

**Section 2.** Resolution No. 07-14-16A, as amended by this Resolution, is hereby ratified and confirmed and shall remain in full force and effect.

**Section 3.** This Resolution shall take effect and be in full force from and after its adoption by the governing body of the city.

**ADOPTED AND APPROVED** by the governing body of the City of Edgerton, Kansas, on August 25, 2016.

(Seal)

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Donald Roberts, Mayor

ATTEST:

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Janeice Rawles, City Clerk

APPROVED AS TO FORM:

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Bond Counsel

## AGENDA ITEM INFORMATION FORM

**Agenda Item:** Consider Ordinance No. 1029 Authorizing And Providing For The Issuance Of General Obligation Bonds, Series 2016-B, Of The City Of Edgerton, Kansas; Providing For The Levy And Collection Of An Annual Tax For The Purpose Of Paying The Principal Of And Interest On Said Bonds As They Become Due; Authorizing Certain Other Documents And Actions In Connection Therewith; And Making Certain Covenants With Respect Thereto

**Department:** Administration

**Background/Description of Item:**

Staff recommends the City Council authorize the issuance of the City's \$245,000 (preliminary) General Obligation Bonds, Series 2016-B (the "2016-B Bonds"). The Series 2016-B Bonds are being issued subsequent to the City's previously issued General Obligation Bonds, Series 2016 (the "Series 2016 Bonds"), to remedy a shortfall in Series 2016 Bond proceeds necessary to fund sewerage system improvements and related expenses. These include decommissioning the existing Edgerton Wastewater Treatment Plant; establishing a new pump station at the location of the Edgerton Wastewater Treatment Plant; constructing a new lift station and force main to connect the new pump station at the location of the Edgerton Wastewater Treatment Plant to the new Big Bull Creek Wastewater Treatment Facility; installing a wastewater sludge disposal belt process, including feed pump and polymer system, construction of a sludge storage building, yard piping modifications and other related site improvements (the "Improvements").

To effect this recommendation, the governing body is asked to take two actions:

- 1) Approve Ordinance No. 1029 authorizing the sale of the bonds; and
  - 2) Approve Resolution No. 08-25-16B specifying the terms and conditions of the bonds.
- [FOLLOWING AGENDA ITEM]

The items in the council packet published on August 22, 2016, are preliminary pending the pricing of the bonds via negotiated sale on August 23. Representatives of bond counsel (Gilmore & Bell) and financial advisor (Columbia Capital) will be in attendance at the August 25 meeting to describe the results of the negotiated bond sale and to address any questions.

Enclosures: Draft Ordinance No. 1029

**Related Ordinance(s) or Statute(s):** The project to be financed by the bonds is authorized under Charter Ordinance No. 22.

**Recommendation:** Approve Ordinance No. 1029 Authorizing And Providing For The Issuance Of General Obligation Bonds, Series 2016-B, Of The City Of Edgerton, Kansas; Providing For The Levy And Collection Of An Annual Tax For The Purpose Of Paying The Principal Of And Interest On Said Bonds As They Become Due; Authorizing Certain Other Documents And Actions In Connection Therewith; And Making Certain Covenants With Respect Thereto

**Funding Source:** Unlimited general obligation (property tax) pledge of repayment, but intended to be repaid from fees charged to the City's sewer customers.

Prepared by: Karen Kindle, Accountant

Date: August 22, 2016

**ORDINANCE NO. 1029**

**AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2016-B, OF THE CITY OF EDGERTON, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.**

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**WHEREAS**, the City of Edgerton, Kansas (the “City” or “Issuer”) is a city of the third class, duly created, organized and existing under the Constitution and laws of the State; and

**WHEREAS**, the City desires to undertake certain other improvements to its sewer system, including but not limited to decommissioning the existing Edgerton Wastewater Treatment Plant, establishing a new pump station at the location of the Edgerton Wastewater Treatment Plant, and constructing a new lift station and force main to connect the new pump station at the location of the Edgerton Wastewater Treatment Plant to the new Big Bull Creek Wastewater Treatment Facility (the “Improvements”); and

**WHEREAS**, the City proposes to issue its general obligation bonds to permanently finance the Improvements; and

**WHEREAS**, the governing body of the City is authorized by law to issue general obligation bonds of the City to pay the costs of the Improvements.

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

**Section 1. Definitions of Words and Terms.** In addition to words and terms defined elsewhere herein, the following words and terms in this Ordinance shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

**“Act”** means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, Charter Ordinance No. 22 of the Issuer and Article 12, Section 5 of the Constitution of the State of Kansas, all as amended and supplemented from time to time.

**“Bond and Interest Fund”** means the Bond and Interest Fund of the City for its general obligation bonds.

**“Bond Resolution”** means the resolution to be adopted by the governing body of the City prescribing the terms and details of the Bonds and making covenants with respect thereto.

**“Bonds”** means the City’s General Obligation Bonds, Series 2016-B, dated September 8, 2016, authorized by this Ordinance.

**“City”** means the City of Edgerton, Kansas.

**“Clerk”** means the duly appointed and acting Clerk of the City or, in the Clerk’s absence, the duly appointed Deputy, Assistant or Acting Clerk.

**“Mayor”** means the duly elected and acting Mayor of the City or, in the Mayor’s absence, the duly appointed and/or elected Vice Mayor or Acting Mayor of the City.

**“Ordinance”** means this Ordinance authorizing the issuance of the Bonds.

**“State”** means the State of Kansas.

**Section 2. Authorization of the Bonds.** There shall be issued and hereby are authorized and directed to be issued the General Obligation Bonds, Series 2016-B, of the City in the principal amount of \$[PRINCIPAL AMOUNT], for the purpose of providing funds to: (a) pay the costs of the Improvements; (b) pay a portion of the interest on the Bonds; and (c) pay costs of issuance of the Bonds.

**Section 3. Security for the Bonds.** The Bonds shall be general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

**Section 4. Terms, Details and Conditions of the Bonds.** The Bonds shall be dated and bear interest, shall mature and be payable at such times, shall be in such forms, shall be subject to redemption and payment prior to the maturity thereof, and shall be issued and delivered in the manner prescribed and subject to the provisions, covenants and agreements set forth in the Bond Resolution hereafter adopted by the governing body of the City.

**Section 5. Levy and Collection of Annual Tax.** The governing body of the City shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the City in the manner provided by law.

The taxes above referred to shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the general ad valorem taxes of the City are levied and collected, shall be used solely for the payment of the principal of, redemption premium, if any, and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund.

If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the City and to reimburse said general funds for money so expended when said taxes are collected.

**Section 6. Further Authority.** The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

**Section 7. Governing Law.** This Ordinance and the Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State.

**Section 8. Effective Date.** This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City, approval by the Mayor and publication of the Ordinance or a summary thereof in the official City newspaper.

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**PASSED** by the governing body of the City on August 25, 2016 and **APPROVED AND SIGNED** by the Mayor.

(SEAL)

---

Donald Roberts, Mayor

ATTEST:

---

Janeice Rawles, City Clerk

APPROVED AS TO FORM:

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Bond Counsel

## AGENDA ITEM INFORMATION FORM

**Agenda Item:** Consider Resolution No. 08-25-16B Prescribing The Form And Details Of And Authorizing And Directing The Sale And Delivery Of General Obligation Bonds, Series 2016-B, Of The City Of Edgerton, Kansas, Previously Authorized By Ordinance No. 1029 Of The Issuer; Making Certain Covenants And Agreements To Provide For The Payment And Security Thereof; And Authorizing Certain Other Documents And Actions Connected Therewith

**Department:** Administration

**Background/Description of Item:**

Staff recommends the City Council authorize the issuance of the City's \$245,000 (preliminary) General Obligation Bonds, Series 2016-B (the "2016-B Bonds"). The Series 2016-B Bonds are being issued subsequent to the City's previously issued General Obligation Bonds, Series 2016 (the "Series 2016 Bonds"), to remedy a shortfall in Series 2016 Bond proceeds necessary to fund sewerage system improvements and related expenses. These include decommissioning the existing Edgerton Wastewater Treatment Plant; establishing a new pump station at the location of the Edgerton Wastewater Treatment Plant; constructing a new lift station and force main to connect the new pump station at the location of the Edgerton Wastewater Treatment Plant to the new Big Bull Creek Wastewater Treatment Facility; installing a wastewater sludge disposal belt process, including feed pump and polymer system, construction of a sludge storage building, yard piping modifications and other related site improvements (the "Improvements").

To effect this recommendation, the governing body is asked to take two actions:

- 1) Approve Ordinance No. 1029 authorizing the sale of the bonds; [PREVIOUS ITEM]
- 2) Approve Resolution No. 08-25-16B specifying the terms and conditions of the bonds.

The items in the council packet published on August 22, 2016, are preliminary pending the pricing of the bonds via negotiated sale on August 23. Representatives of bond counsel (Gilmore & Bell) and financial advisor (Columbia Capital) will be in attendance at the August 25 meeting to describe the results of the negotiated bond sale and to address any questions.

Enclosures: Draft Resolution No. 08-25-16B

**Related Ordinance(s) or Statute(s):** The project to be financed by the bonds is authorized under Charter Ordinance No. 22.

**Recommendation:** Approve Resolution No. 08-25-16B Prescribing The Form And Details Of And Authorizing And Directing The Sale And Delivery Of General Obligation Bonds, Series 2016-B, Of The City Of Edgerton, Kansas, Previously Authorized By Ordinance No. 1029 Of The Issuer; Making Certain Covenants And Agreements To Provide For The Payment And Security Thereof; And Authorizing Certain Other Documents And Actions Connected Therewith

**Funding Source:** Unlimited general obligation (property tax) pledge of repayment, but intended to be repaid from fees charged to the City's sewer customers.

Prepared by: Karen Kindle, Accountant  
Date: August 22, 2016

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**RESOLUTION NO. 08-25-16B**

**OF**

**THE CITY OF EDGERTON, KANSAS**

**ADOPTED**

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**GENERAL OBLIGATION BONDS  
SERIES 2016-B**

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## **RESOLUTION NO. 08-25-16B**

**A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION BONDS, SERIES 2016-B, OF THE CITY OF EDGERTON, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 1029 OF THE ISSUER; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS CONNECTED THEREWITH.**

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**WHEREAS**, the Issuer has passed the Ordinance authorizing the issuance of the Bonds; and

**WHEREAS**, the Ordinance authorized the governing body of the Issuer to adopt a resolution prescribing certain details and conditions and to make certain covenants with respect to the issuance of the Bonds; and

**WHEREAS**, the governing body of the Issuer hereby finds and determines that it is necessary for the Issuer to authorize the issuance and delivery of the Bonds in the principal amount of \$[PRINCIPAL AMOUNT] to pay a portion of the costs of the Improvements.

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

### **ARTICLE I**

#### **DEFINITIONS**

**Section 101. Definitions of Words and Terms.** In addition to words and terms defined elsewhere herein, the following words and terms as used in this Bond Resolution shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

**“Act”** means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, Charter Ordinance No. 22 of the Issuer and Article 12, Section 5 of the Constitution of the State of Kansas, all as amended and supplemented from time to time.

**“Authorized Denomination”** means \$5,000 or any integral multiples thereof.

**“Beneficial Owner”** of the Bonds includes any Owner of the Bonds and any other Person who, directly or indirectly has the investment power with respect to such Bonds.

**“Bond and Interest Fund”** means the Bond and Interest Fund of the Issuer for its general obligation bonds.

**“Bond Counsel”** means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the Issuer.

**“Bond Payment Date”** means any date on which principal of or interest on any Bond is payable.

**“Bond Purchase Agreement”** means the Bond Purchase Agreement dated as of September 8, 2016, between the Issuer and the Purchaser.

**“Bond Register”** means the books for the registration, transfer and exchange of Bonds kept at the office of the Bond Registrar.

**“Bond Registrar”** means the State Treasurer, and any successors and assigns.

**“Bond Resolution”** means this resolution relating to the Bonds.

**“Bonds”** means the General Obligation Bonds, Series 2016-B, authorized and issued by the Issuer pursuant to the Ordinance and this Bond Resolution.

**“Business Day”** means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

**“Cede & Co.”** means Cede & Co., as nominee of DTC and any successor nominee of DTC.

**“City”** means the City of Edgerton, Kansas.

**“Clerk”** means the duly appointed and/or elected Clerk or, in the Clerk’s absence, the duly appointed Deputy Clerk or Acting Clerk of the Issuer.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder by the United States Department of the Treasury.

**“Costs of Issuance”** means all costs of issuing the Bonds, including but not limited to all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel, expenses incurred in connection with compliance with the Code, all expenses incurred in connection with receiving ratings on the Bonds, and any premiums or expenses incurred in obtaining municipal bond insurance on the Bonds.

**“Dated Date”** means September 8, 2016.

**“Debt Service Account”** means the Debt Service Account for General Obligation Bonds, Series 2016-B created within the Bond and Interest Fund pursuant to **Section 501** hereof.

**“Debt Service Requirements”** means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on the Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State and having full trust powers.

**“Defaulted Interest”** means interest on any Bond which is payable but not paid on any Interest Payment Date.

**“Defeasance Obligations”** means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) such obligations are rated in a rating category by Moody’s or Standard & Poor’s that is no lower than the rating category then assigned by that Rating Agency to United States Government Obligations.

**“Derivative”** means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.

**“Disclosure Undertaking”** means the Continuing Disclosure Undertaking dated as of the Issue Date.

**“DTC”** means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, including any successor securities depository duly appointed.

**“DTC Representation Letter”** means the Blanket Letter of Representation from the Issuer and the Paying Agent to DTC which provides for a book-entry system, or any agreement between the Issuer and Paying Agent and a successor securities depository duly appointed.

**“Event of Default”** means each of the following occurrences or events:

(a) Payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise;



(b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or

(c) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Bond Resolution (other than the covenants relating to continuing disclosure requirements contained herein and in the Disclosure Undertaking) on the part of the Issuer to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Issuer by the Owner of any of the Bonds then Outstanding.

**“Federal Tax Certificate”** means the Issuer’s Federal Tax Certificate dated as of the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

**“Financeable Costs”** means the amount of expenditure for an Improvement which has been duly authorized by action of the governing body of the Issuer to be financed by general obligation bonds, less: (a) the amount of any temporary notes or general obligation bonds of the Issuer which are currently Outstanding and available to pay such Financeable Costs; and (b) any amount of Financeable Costs which has been previously paid by the Issuer or by any eligible source of funds unless such amounts are entitled to be reimbursed to the Issuer under State or federal law.

**“Fiscal Year”** means the twelve month period ending on December 31.

**“Funds and Accounts”** means funds and accounts created pursuant to or referred to in *Section 501* hereof.

**“Improvement Fund”** means the Improvement Fund for General Obligation Bonds, Series 2016-B created pursuant to *Section 501* hereof.

**“Improvements”** means the improvements referred to in the preamble to the Ordinance.

**“Independent Accountant”** means an independent certified public accountant or firm of independent certified public accountants at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Independent Accountant by this Bond Resolution.

**“Interest Payment Date(s)”** means the Stated Maturity of an installment of interest on any Bond which shall be February 1 and August 1 of each year, commencing February 1, 2017.

**“Issue Date”** means the date when the Issuer delivers the Bonds to the Purchaser in exchange for the Purchase Price.

**“Issuer”** means the City of Edgerton, Kansas and any successors or assigns.

**“Maturity”** when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

**“Mayor”** means the duly elected and acting Mayor, or in the Mayor’s absence, the duly appointed and/or elected Vice Mayor or Acting Mayor of the Issuer.

**“Moody’s”** means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

**“Notice Address”** means with respect to the following entities:

(a) To the Issuer at:

City of Edgerton, Kansas  
404 E. Nelson St.  
PO Box 225  
Edgerton, Kansas 66021  
Fax: (913) 893-6232

(b) To the Paying Agent at:

State Treasurer of the State of Kansas  
Landon Office Building  
900 Southwest Jackson, Suite 201  
Topeka, Kansas 66612-1235  
Fax: (785) 296-6976

(c) To the Purchaser:

Robert W. Baird & Co., Inc.  
777 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202

(d) To the Rating Agency:

Standard & Poor’s  
55 Water Street  
New York, New York 100414

or such other address as is furnished in writing to the other parties referenced herein.

**“Notice Representative”** means:

- (a) With respect to the Issuer, the Clerk.
- (b) With respect to the Bond Registrar and Paying Agent, the Director of Bond Services.
- (c) With respect to any Purchaser, the manager of its Municipal Bond Department.
- (d) With respect to any Rating Agency, any Vice President thereof.

**“Official Statement”** means Issuer’s Official Statement relating to the Bonds.

**“Ordinance”** means Ordinance No. \_\_\_\_ of the Issuer authorizing the issuance of the Bonds, as amended from time to time.

**“Outstanding”** means, when used with reference to the Bonds, as of a particular date of determination, all Bonds theretofore authenticated and delivered, except the following Bonds:

- (a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of *Article VII* hereof; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.

**“Owner”** when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register. Whenever consent of the Owners is required pursuant to the terms of this Bond Resolution, and the Owner of the Bonds, as set forth on the Bond Register, is Cede & Co., the term Owner shall be deemed to be the Beneficial Owner of the Bonds.

**“Participants”** means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

**“Paying Agent”** means the State Treasurer, and any successors and assigns.

**“Permitted Investments”** shall mean the investments hereinafter described, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the Issuer’s temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the Issuer is located which are insured by the Federal Deposit Insurance Corporation or collateralized by securities described in (c); (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody’s or Standard & Poor’s; (i) investments and shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f), all as may be further restricted or modified by applicable state law.

**“Person”** means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

**“Purchase Price”** means the amount set forth in the Bond Purchase Agreement.

**“Purchaser”** means Robert W. Baird & Co., Inc., the original purchaser of the Bonds, and any successor and assigns.

**“Rating Agency”** means any company, agency or entity that provides, pursuant to request of the Issuer, financial ratings for the Bonds.

**“Record Dates”** for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

**“Redemption Date”** means, when used with respect to any Bond to be redeemed, the date fixed for the redemption of such Bond pursuant to the terms of this Bond Resolution.

**“Redemption Price”** means, when used with respect to any Bond to be redeemed, the price at which such Bond is to be redeemed pursuant to the terms of this Bond Resolution, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

**“Replacement Bonds”** means Bonds issued to the Beneficial Owners of the Bonds in accordance with *Article II* hereof.

**“SEC Rule”** means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

**“Securities Depository”** means, initially, DTC, and its successors and assigns.

**“Special Record Date”** means the date fixed by the Paying Agent pursuant to *Article II* hereof for the payment of Defaulted Interest.

**“Standard & Poor’s” or “S&P”** means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor’s shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

**“State”** means the state of Kansas.

**“State Treasurer”** means the duly elected Treasurer or, in the Treasurer’s absence, the duly appointed Deputy Treasurer or acting Treasurer of the State.

**“Stated Maturity”** when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and this Bond Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

**“Substitute Improvements”** means the substitute or additional improvements of the Issuer described in *Article V* hereof.

[ **“Term Bonds”** means the Bonds scheduled to mature in the year 2048.]

**“Treasurer”** means the duly appointed and/or elected Treasurer of the Issuer or, in the Treasurer’s absence, the duly appointed Deputy Treasurer or acting Treasurer of the Issuer.

**“United States Government Obligations”** means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest

on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, which obligations are rated in the highest rating category by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the Issuer.

## ARTICLE II

### AUTHORIZATION AND DETAILS OF THE BONDS

**Section 201. Authorization of the Bonds.** The Bonds have been heretofore authorized and directed to be issued pursuant to the Ordinance in the principal amount of \$[PRINCIPAL AMOUNT] for the purpose of providing funds to: (a) pay a portion of the costs of the Improvements; (b) pay a portion of the interest on the Bonds; and (c) pay costs of issuance of the Bonds.

**Section 202. Description of the Bonds.** The Bonds shall consist of fully registered bonds in an Authorized Denomination, and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities as provided in *Article III* hereof, and shall bear interest at the rates per annum as follows:

#### [SERIAL][TERM] BONDS

Stated Maturity	Principal	Annual Rate
<u>August 1</u>	<u>Amount</u>	<u>of Interest</u>
2048	\$ _____	____%

The Bonds shall bear interest at the above specified rates (computed on the basis of a 360-day year of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner set forth in *Section 204* hereof.

Each of the Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as *EXHIBIT A* or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*

**Section 203. Designation of Paying Agent and Bond Registrar.** The State Treasurer is hereby designated as the Paying Agent for the payment of principal of and interest on the Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds. The Mayor of the Issuer is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Bonds.

The Issuer will at all times maintain a Paying Agent and Bond Registrar meeting the qualifications herein described for the performance of the duties hereunder. The Issuer reserves the right to appoint a successor Paying Agent or Bond Registrar by (a) filing with the Paying Agent or Bond Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Bond Registrar and appointing a successor, and (b) causing notice of appointment of the successor

Paying Agent and Bond Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Bond Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent or Bond Registrar.

Every Paying Agent or Bond Registrar appointed hereunder shall at all times meet the requirements of K.S.A. 10-501 *et seq.* and K.S.A. 10-620 *et seq.*, respectively.

**Section 204. Method and Place of Payment of the Bonds.** The principal of, or Redemption Price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Owner; or (b) in the case of an interest payment to Cede & Co, by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Bonds and at least annually shall forward a copy or summary of such records to the Issuer.

**Section 205. Payments Due on Saturdays, Sundays and Holidays.** In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

**Section 206. Registration, Transfer and Exchange of Bonds.** The Issuer covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Bond Registrar as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any Authorized Denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds provided for by this Bond Resolution and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Code § 3406, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Bonds.

The Issuer and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to *Article III* hereof and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to this *Article II*.

The Issuer and the Paying Agent may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute Owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Owner or upon the Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Bond Registrar, the Bond Register may be inspected and copied by the Owners (or a designated representative thereof) of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Bond Registrar.

**Section 207. Execution, Registration, Authentication and Delivery of Bonds.** Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the Issuer by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Clerk, and the seal of the Issuer shall be affixed

thereto or imprinted thereon. The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and to cause the Bonds to be registered in the office of the Clerk, which registration shall be evidenced by the manual or facsimile signature of the Clerk with the seal of the Issuer affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds as herein specified, and when duly executed, to deliver the Bonds to the Bond Registrar for authentication.

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as **EXHIBIT A** hereof, which shall be manually executed by an authorized officer or employee of the Bond Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Bond Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Bond Registrar. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Bond Resolution. Upon authentication, the Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the Issuer or its representative.

**Section 208. Mutilated, Lost, Stolen or Destroyed Bonds.** If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer, in its discretion, may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the Issuer and the Paying Agent may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Bond issued pursuant to this Section shall constitute a replacement of the prior obligation of the Issuer, and shall be entitled to all the benefits of this Bond Resolution equally and ratably with all other Outstanding Bonds.

**Section 209. Cancellation and Destruction of Bonds Upon Payment.** All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the



customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bonds so cancelled and destroyed and shall file an executed counterpart of such certificate with the Issuer.

**Section 210. Book-Entry Bonds; Securities Depository.** The Issuer and Paying Agent have entered into a DTC Representation Letter with DTC. The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds as provided in this Section. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraph.

The Issuer may decide, subject to the requirements of the Operational Arrangements of DTC (or a successor Securities Depository), and the following provisions of this section to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository):

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds; or

(b) if the Bond Registrar receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository in accordance with the following paragraph, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided

the Bond Registrar receives written evidence satisfactory to the Bond Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in an Authorized Denominations and form as provided herein.

**Section 211. Nonpresentment of Bonds.** If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within four (4) years following the date when such Bond becomes due at Maturity, the Paying Agent shall repay, without liability for interest thereon, to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

**Section 212. Official Statement.** An Official Statement is hereby authorized to be prepared as necessary to conform to and describe the transaction. The Mayor and Clerk of the Issuer are hereby authorized to execute the Official Statement, and the use and public distribution of the Official Statement by the Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the Issuer are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the Issue Date.

**Section 213. Sale of the Bonds – Bond Purchase Agreement.** The Mayor is hereby authorized to enter into the Bond Purchase Agreement between the Issuer and the Purchaser in substantially the form submitted to the governing body concurrently with the adoption of this Resolution, with such changes therein as shall be approved by the Mayor, such officer's signature thereon being conclusive evidence of the approval thereof. Pursuant to the Bond Purchase Agreement, the Issuer agrees to sell the Bonds to the Purchaser for the Purchase Price, upon the terms and conditions set forth therein.

### ARTICLE III

#### REDEMPTION OF BONDS

**Section 301. Redemption by Issuer.**

**Optional Redemption.** At the option of the Issuer, the Bonds will be subject to redemption and payment prior to their Stated Maturity on August 1, 2024, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such

equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

**Mandatory Redemption.** The Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The taxes levied in *Article IV* hereof which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on August 1 in each year, the following principal amounts of such Term Bonds:

<b><u>Principal Amount</u></b>	<b><u>Year</u></b>
\$ __,000	2047
__,000	2048*

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\*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the Issuer may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Owner thereof whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the Issuer under this Section for any Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection. Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Issuer to redeem Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same Stated Maturity as designated by the Issuer, and the principal amount of Term Bonds to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the Issuer intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the Issuer will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with, with respect to such mandatory redemption payment.

**Section 302. Selection of Bonds to be Redeemed.** Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed in such manner as the Issuer shall determine. Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in a minimum Authorized Denomination of principal amount in such equitable manner as the Bond Registrar may determine.

In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption a minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of the denomination of a minimum Authorized Denomination. If it is determined that one or more, but not all, of a minimum Authorized Denomination of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem a minimum Authorized Denomination, the Owner or

the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of a minimum Authorized Denomination of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of a minimum Authorized Denomination of face value called for redemption (and to that extent only).

**Section 303. Notice and Effect of Call for Redemption.** In the event the Issuer desires to call the Bonds for redemption prior to maturity, written notice of such intent shall be provided to the Bond Registrar in accordance with K.S.A. 10-129, as amended, not less than 45 days prior to the Redemption Date. The Bond Registrar shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Bond Registrar at least 45 days prior to the Redemption Date of written instructions of the Issuer specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. [The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Term Bonds hereunder, and Term Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the Issuer and whether or not the Paying Agent holds moneys available and sufficient to effect the required redemption.]

Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar and the State Treasurer. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and
- (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent.

The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on such Redemption Date.

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Bond Registrar shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have been surrendered for redemption shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Undertaking. Further notice may be given by the Issuer or the Bond Registrar on behalf of the Issuer as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if official notice thereof is given as above prescribed:

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed; (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least one day before the mailing of notice to Owners by first class, registered or certified mail or overnight delivery, as determined by the Bond Registrar, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Each check or other transfer of funds issued for the payment of the Redemption Price of Bonds being redeemed shall bear or have enclosed the CUSIP number of the Bonds being redeemed with the proceeds of such check or other transfer.

The Paying Agent is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

## ARTICLE IV

### SECURITY FOR BONDS

**Section 401. Security for the Bonds.** The Bonds shall be general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

**Section 402. Levy and Collection of Annual Tax; Transfer to Debt Service Account.** The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer shall thereafter be transferred to the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the Issuer and to reimburse said general funds for money so expended when said taxes are collected.

## ARTICLE V

### ESTABLISHMENT OF FUNDS AND ACCOUNTS

#### DEPOSIT AND APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

**Section 501. Creation of Funds and Accounts.** Simultaneously with the issuance of the Bonds, there shall be created within the Treasury of the Issuer the following Funds and Accounts:

- (a) Improvement Fund for General Obligation Bonds, Series 2016-B;
- (b) Debt Service Account for General Obligation Bonds, Series 2016-B (within the Bond and Interest Fund);

The Funds and Accounts established herein shall be administered in accordance with the provisions of this Bond Resolution so long as the Bonds are Outstanding.

**Section 502. Deposit of Bond Proceeds.** The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds as follows:

(a) All accrued interest received from the sale of the Bonds and \$\_\_\_\_\_, representing a portion of the interest on the Bonds during construction of the Improvements, shall be deposited in the Debt Service Account.

(b) The remaining balance of the proceeds derived from the sale of the Bonds in the amount of \$\_\_\_\_\_ shall be deposited in the Improvement Fund.

**Section 503. Application of Moneys in the Improvement Fund.** Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying the costs of the Improvements, in accordance with the plans and specifications therefor approved by the Governing Body and on file in the office of the Clerk, including any alterations in or amendments to said plans and specifications deemed advisable and approved by the Governing Body; (b) paying interest on the Bonds during construction of the Improvements; and (c) paying Costs of Issuance.

Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

**Section 504. Substitution of Improvements; Reallocation of Proceeds.**

(a) The Issuer may elect for any reason to substitute or add other public improvements to be financed with proceeds of the Bonds provided the following conditions are met: (1) the Substitute Improvement and the issuance of general obligation bonds to pay the cost of the Substitute Improvement has been duly authorized by the Governing Body in accordance with the laws of the State; (2) a resolution authorizing the use of the proceeds of the Bonds to pay the Financeable Costs of the Substitute Improvement has been duly adopted by the Governing Body pursuant to this Section, (3) the Attorney General of the State has approved the amendment made by such resolution to the transcript of proceedings for the Bonds to include the Substitute Improvements; and (4) the use of the proceeds of the Bonds to pay the Financeable Cost of the Substitute Improvement will not adversely affect the tax-exempt status of the Bonds under State or federal law.

(b) The Issuer may reallocate expenditure of Bond proceeds among all Improvements financed by the Bonds; provided the following conditions are met: (1) the reallocation is approved by the Governing Body; (2) the reallocation shall not cause the proceeds of the Bonds allocated to any Improvement to exceed the Financeable Costs of the Improvement; and (3) the reallocation will not adversely affect the tax-exempt status of the Bonds under State or federal law.

**Section 505. Application of Moneys in Debt Service Account.** All amounts paid and credited to the Debt Service Account shall be expended and used by the Issuer for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Debt Service Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Bond Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Bond Registrar and Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the Issuer. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Bond Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bonds entitled to payment from such moneys.

Any moneys or investments remaining in the Debt Service Account after the retirement of the Bonds shall be transferred and paid into the Bond and Interest Fund.

**Section 506. Deposits and Investment of Moneys.** Moneys in each of the Funds and Accounts shall be deposited in accordance with laws of the State, in a bank, savings and loan association or savings bank organized under the laws of the State, any other state or the United States: (a) which has a main or branch office located in the Issuer; or (b) if no such entity has a main or branch office located in the Issuer, with such an entity that has a main or branch office located in the county or counties in which the Issuer is located. All such depositories shall be members of the Federal Deposit Insurance Corporation, or otherwise as permitted by State law. All such deposits shall be invested in Permitted Investments as set forth in this Article or shall be adequately secured as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the Issuer so that there shall be no commingling with any other funds of the Issuer.

Moneys held in any Fund or Account may be invested in accordance with this Bond Resolution and the Federal Tax Certificate in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account; provided that, during the period of construction of the Improvements, earnings on the investment of such funds may, at the discretion of the Issuer, be credited to the Debt Service Account.

## ARTICLE VI

### DEFAULT AND REMEDIES

**Section 601. Remedies.** The provisions of the Bond Resolution, including the covenants and agreements herein contained, shall constitute a contract between the Issuer and the Owners of the Bonds. If an Event of Default occurs and shall be continuing, the Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Bonds similarly situated:

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Owner or Owners against the Issuer and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Resolution or by the Constitution and laws of the State;

(b) by suit, action or other proceedings in equity or at law to require the Issuer, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

**Section 602. Limitation on Rights of Owners.** The covenants and agreements of the Issuer contained herein and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the



payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Bond Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Bonds.

**Section 603. Remedies Cumulative.** No remedy conferred herein upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners of the Bonds by this Bond Resolution may be enforced and exercised from time to time and as often as may be deemed expedient. If action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Owner, then, and in every such case, the Issuer and the Owners of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

## ARTICLE VII

### DEFEASANCE

**Section 701. Defeasance.** When any or all of the Bonds, redemption premium, if any, or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Bond Resolution and the pledge of the Issuer's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds, redemption premium, if any, or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Bond Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of or Redemption Price of said Bonds and/or interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments. If the amount to be so deposited is based on the Redemption Price of any Bonds, no such satisfaction shall occur until (a) the Issuer has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the Issuer has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with *Article III* hereof. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the Issuer, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are

hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Bond Resolution.

## ARTICLE VIII

### TAX COVENANTS

**Section 801. General Covenants.** The Issuer covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Mayor and Clerk are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

**Section 802. Survival of Covenants.** The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to *Article VII* hereof or any other provision of this Bond Resolution until such time as is set forth in the Federal Tax Certificate.

## ARTICLE IX

### CONTINUING DISCLOSURE REQUIREMENTS

**Section 901. Disclosure Requirements.** The Mayor and Clerk are hereby authorized and directed to execute the Disclosure Undertaking in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer hereby covenants with the Purchaser and the Beneficial Owners to provide and disseminate such information as further set forth in the Disclosure Undertaking, which are incorporated herein by reference. Such covenant shall be for the benefit of and enforceable by the Purchaser and the Beneficial Owners.

**Section 902. Failure to Comply with Continuing Disclosure Requirements.** In the event the Issuer fails to comply in a timely manner with its covenants contained in the preceding section, the Purchaser and/or any Beneficial Owner may make demand for such compliance by written notice to the Issuer. In the event the Issuer does not remedy such noncompliance within 10 days of receipt of such written notice, the Purchaser or any Beneficial Owner may in its discretion, without notice or demand, proceed to enforce compliance by a suit or suits in equity for the specific performance of such covenant or agreement contained in the preceding section or for the enforcement of any other appropriate legal or equitable remedy, as the Purchaser and/or any Beneficial Owner shall deem effectual to protect and enforce any of the duties of the Issuer under such preceding section. Notwithstanding any other provision of this Bond Resolution, failure of the Issuer to comply with its covenants contained in the preceding section shall not be considered an Event of Default under this Bond Resolution.

## ARTICLE X

### MISCELLANEOUS PROVISIONS

**Section 1001. Annual Audit.** Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the financial statements of the Issuer for the preceding Fiscal Year by an Independent Accountant. Such audit shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reasonable cost of preparing and mailing the same, a copy of any annual audit will, upon request, be sent to any Owner or prospective Owner. As soon as possible after the completion of the annual audit, the governing body of the Issuer shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Bond Resolution, the Issuer shall promptly cure such deficiency.

**Section 1002. Amendments.** The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount which the Issuer is required to pay as principal of or interest on any Bond;
- (c) permit preference or priority of any Bond over any other Bond; or
- (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Bond Resolution.

Any provision of the Bonds or of this Bond Resolution may, however, be amended or modified by resolution duly adopted by the governing body of the Issuer at any time in any legal respect with the written consent of the Owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any Owners, the Issuer may amend or supplement this Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity herein, to grant to or confer upon the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners, to more precisely identify the Improvements, to reallocate proceeds of the Bonds among Improvements, to provide for Substitute Improvements, to conform this Bond Resolution to the Code or future applicable federal law concerning tax-exempt obligations, or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Every amendment or modification of the provisions of the Bonds or of this Bond Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution adopted by the governing body of the Issuer amending or supplementing the provisions of this Bond Resolution and shall be deemed to be a part of this Bond Resolution. A certified copy of every such

amendatory or supplemental resolution, if any, and a certified copy of this Bond Resolution shall always be kept on file in the office of the Clerk, and shall be made available for inspection by the Owner of any Bond or a prospective purchaser or owner of any Bond authorized by this Bond Resolution, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental resolution or of this Bond Resolution will be sent by the Clerk to any such Owner or prospective Owner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Clerk a copy of the resolution of the Issuer hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

The Issuer shall furnish to the Paying Agent a copy of any amendment to the Bonds or this Bond Resolution which affects the duties or obligations of the Paying Agent under this Bond Resolution.

**Section 1003. Notices, Consents and Other Instruments by Owners.** Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Bond Resolution, and shall be conclusive in favor of the Issuer and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Bond Resolution, Bonds owned by the Issuer shall be disregarded and deemed not to be Outstanding under this Bond Resolution, except that, in determining whether the Owners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Owners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer.

**Section 1004. Notices.** Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Bond Resolution shall be in writing, given to the Notice Representative at the Notice Address and shall be deemed duly given or filed if the same shall be: (a) duly mailed by registered or certified mail, postage prepaid; or (b) communicated via fax, with electronic or telephonic confirmation of receipt. Copies of such notices shall also be given to the Paying Agent. The Issuer, the Paying Agent and the Purchaser may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

All notices given by: (a) certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed; (b) fax as aforesaid shall be deemed duly given as of the date of confirmation of receipt. If, because of the temporary or permanent suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such other form of notice as shall be made with the approval of the Paying Agent shall constitute a sufficient notice.

**Section 1005. Electronic Transactions.** The issuance of the Bonds and the transactions related thereto and described herein may be conducted and documents may be stored by electronic means.

**Section 1006. Further Authority.** The officers and officials of the Issuer, including the Mayor and Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Bond Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

**Section 1007. Severability.** If any section or other part of this Bond Resolution, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Bond Resolution.

**Section 1008. Governing Law.** This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

**Section 1009. Effective Date.** This Bond Resolution shall take effect and be in full force from and after its adoption by the governing body of the Issuer.

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**ADOPTED** by the governing body of the Issuer on August 25, 2016.

(SEAL)

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Donald Roberts, Mayor

ATTEST:

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Janeice Rawles, City Clerk

APPROVED AS TO FORM:

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Bond Counsel

**EXHIBIT A**  
**(FORM OF BONDS)**

**REGISTERED  
NUMBER** \_\_

**REGISTERED  
\$**

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation (“DTC”), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA  
STATE OF KANSAS  
CITY OF EDGERTON  
GENERAL OBLIGATION BOND  
SERIES 2016-B**

<b>Interest</b>	<b>Maturity</b>	<b>Dated</b>	<b>CUSIP:</b>
<b>Rate:</b> _____%	<b>Date:</b> August 1, 20____	<b>Date:</b> September 8, 2016	

**REGISTERED OWNER: CEDE & CO.**

**PRINCIPAL AMOUNT:**

**KNOW ALL PERSONS BY THESE PRESENTS:** That the City of Edgerton, State of Kansas (the “Issuer”), for value received, hereby acknowledges itself to be indebted and promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, unless called for redemption prior to said Maturity Date, and to pay interest thereon at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months), from the Dated Date shown above, or from the most recent date to which interest has been paid or duly provided for, payable semiannually on February 1 and August 1 of each year, commencing February 1, 2017 (the “Interest Payment Dates”), until the Principal Amount has been paid.

**Method and Place of Payment.** The principal or redemption price of this Bond shall be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Bond Registrar”). The interest payable on this Bond on any Interest Payment Date shall be paid to the person in whose name this Bond is registered on the registration books maintained by the Bond Registrar at the close of business on the Record Date(s) for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next

preceding the Interest Payment Date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed. The principal or redemption price of and interest on the Bonds shall be payable in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Interest not punctually paid will be paid in the manner established in the within defined Bond Resolution.

**Definitions.** Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the hereinafter defined Bond Resolution.

**Authorization of Bonds.** This Bond is one of an authorized series of Bonds of the Issuer designated “General Obligation Bonds, Series 2016-B,” aggregating the principal amount of \$[PRINCIPAL AMOUNT] (the “Bonds”) issued for the purposes set forth in the Ordinance of the Issuer authorizing the issuance of the Bonds and the Resolution of the Issuer prescribing the form and details of the Bonds (collectively, the “Bond Resolution”). The Bonds are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and laws of the State of Kansas, including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.*, Charter Ordinance No. 22 of the Issuer and Article 12, Section 5 of the Constitution of the State of Kansas, all as amended and supplemented from time to time, and all other provisions of the laws of the State of Kansas applicable thereto.

**General Obligations.** The Bonds constitute general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

**Redemption Prior to Maturity.** The Bonds are subject to redemption prior to maturity as set forth in the Bond Resolution.

**Book-Entry System.** The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Bond Resolution. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository’s participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Issuer and the Bond Registrar will recognize the Securities Depository nominee, while the Registered Owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Issuer and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the



Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Issuer, the Bond Registrar and the Securities Depository.

**Transfer and Exchange.** EXCEPT AS OTHERWISE PROVIDED IN THE BOND RESOLUTION, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY. This Bond may be transferred or exchanged, as provided in the Bond Resolution, only on the Bond Register kept for that purpose at the principal office of the Bond Registrar, upon surrender of this Bond, together with a written instrument of transfer or authorization for exchange satisfactory to the Bond Registrar duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Bond or Bonds in any Authorized Denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Bond Resolution and upon payment of the charges therein prescribed. The Issuer shall pay all costs incurred in connection with the issuance, payment and initial registration of the Bonds and the cost of a reasonable supply of bond blanks. The Issuer and the Paying Agent may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Bonds are issued in fully registered form in Authorized Denominations.

**Authentication.** This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the hereinafter defined Bond Resolution until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

**IT IS HEREBY DECLARED AND CERTIFIED** that all acts, conditions, and things required to be done and to exist precedent to and in the issuance of this Bond have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Kansas, and that the total indebtedness of the Issuer, including this series of bonds, does not exceed any constitutional or statutory limitation.

**IN WITNESS WHEREOF**, the Issuer has caused this Bond to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its Clerk, and its seal to be affixed hereto or imprinted hereon.

**CITY OF EDGERTON, KANSAS**

[(Facsimile Seal)]

By: \_\_\_\_\_ (facsimile)  
Mayor

ATTEST:

By: \_\_\_\_\_ (facsimile)  
Clerk

## CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of a series of General Obligation Bonds, Series 2016-B, of the City of Edgerton, Kansas, described in the within-mentioned Bond Resolution.

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

Office of the State Treasurer,  
Topeka, Kansas,  
as Bond Registrar and Paying Agent

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

Registration Number: \_\_\_\_\_

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## CERTIFICATE OF CLERK

STATE OF KANSAS                                 )  
  ) SS.  
COUNTY OF JOHNSON                         )

The undersigned, Clerk of the City of Edgerton, Kansas, does hereby certify that the within Bond has been duly registered in my office according to law as of September 8, 2016.

WITNESS my hand and official seal.

(Facsimile Seal)

By: \_\_\_\_\_ (facsimile)  
Clerk

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## CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

RON ESTES, Treasurer of the State of Kansas, does hereby certify that a transcript of the proceedings leading up to the issuance of this Bond has been filed in the office of the State Treasurer, and that this Bond was registered in such office according to law on \_\_\_\_\_.

WITNESS my hand and official seal.

(Seal)

By: \_\_\_\_\_  
Treasurer of the State of Kansas

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**BOND ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned do(es) hereby sell, assign and transfer to

\_\_\_\_\_  
(Name and Address)

\_\_\_\_\_  
(Social Security or Taxpayer Identification No.)

the Bond to which this assignment is affixed in the outstanding principal amount of \$\_\_\_\_\_, standing in the name of the undersigned on the books of the Bond Registrar. The undersigned do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ as agent to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises.

Dated \_\_\_\_\_

\_\_\_\_\_  
Name

\_\_\_\_\_  
Social Security or  
Taxpayer Identification No.

\_\_\_\_\_  
Signature (Sign here exactly as name(s)  
appear on the face of Certificate)

Signature guarantee:

By \_\_\_\_\_

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**LEGAL OPINION**

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Bonds:

**GILMORE & BELL, P.C.**

Attorneys at Law  
2405 Grand Boulevard  
Suite 1100  
Kansas City, Missouri 64108

(PRINTED LEGAL OPINION)

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## CITY OF EDGERTON, KANSAS

### COUNCIL AGENDA ITEM

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<b>Council Meeting Date:</b>	August 25, 2016
<b>Agenda Item:</b>	Public Hearing Partial Assignment of Resolution of Intent
<b>Subject:</b>	Property Tax Abatement for Coldpoint Logistics Real Estate, LLC Project (ELHC 40)
<b>Hearing Notice Published:</b>	August 17, 2016 in the <i>Gardner News</i>

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#### Summary:

The City has received an application for property tax abatement from Coldpoint Logistics Real Estate, LLC (“Coldpoint”). Coldpoint desires to construct an approximately 161,000 sq. ft. warehouse and cold-storage distribution facility to be located at 31301 W. 181<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 Council 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 \$36,100,000 of the Master Resolution of Intent to Coldpoint for the purpose of constructing this project.

## **RESOLUTION NO. 08-25-16C**

### **RESOLUTION CONSENTING TO THE PARTIAL ASSIGNMENT OF A RESOLUTION OF INTENT FROM EDGERTON LAND HOLDING COMPANY, LLC TO COLDPOINT LOGISTICS REAL ESTATE, LLC, OR ITS SUCCESSORS IN INTEREST**

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**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 adopted 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 \$36,100,000 of its interest in the Resolution of Intent to Coldpoint Logistics Real Estate, 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 161,000 sq. ft. warehouse and cold-storage distribution facility (the “ELHC Project”), to be located at 31301 W. 181<sup>st</sup> Street, 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 \$36,100,000 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 25<sup>th</sup> day of August, 2016.

**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

August 19, 2016

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

*RE: Cost-Benefit Analysis for Inland Port XL (Coldpoint), 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 Coldpoint Logistics Real Estate, LLC, related to the construction of a new 161,000 square foot cold storage distribution and 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. Consistent with City policy for development within LPKC, this analysis assumes the City will grant 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.

## **BACKGROUND**

As part of negotiations with the original master developer on the potential location of LPKC in Edgerton, the Edgerton City Council approved an incentives program that provides ten-year property tax abatements for projects locating in LPKC. The purpose of these abatements was to ensure that rents paid by the eventual users of buildings constructed by the master developer would be competitive against warehouse/distribution developments in Olathe, south Kansas City, Riverside and those located in other cities, including Dallas, Chicago, Memphis and Indianapolis. Like Edgerton, these communities also have incentives programs in place for warehouse and distribution facilities.

The original master developer reported—and its successor, NorthPoint Development/Edgerton Land Holding Company (**ELHC**) continues to make the argument—that, without the abatement incentives, large-scale warehouse and distribution facilities would not materialize in LPKC and certainly not at the pace of development LPKC has seen in recent years: the presence of the abatements was and is a necessary condition to the development of the project.

## ABATEMENT MECHANICS

Under Kansas law, every ad valorem tax abatement is a 100% abatement. Cities granting an abatement have the right to negotiate payments-in-lieu-of-tax (**PILOT**) payments from the abatement beneficiary to reduce the effective value of the abatement to that party. PILOT payments are distributed by Kansas counties to all taxing jurisdictions affected by the abatement in the same proportion as regular property taxes.

Property tax abatements effectively defer a portion of the tax benefit on new development for a period of up to 10 years. Although property tax abatements can create a loss of status quo ante tax revenues for taxing jurisdictions, abatements at LPKC have a very limited impact on existing tax revenues. Because the vast majority of undeveloped land within the boundaries of LPKC is classified for property tax purposes as “farming or ranch operations,” status quo ante property taxes in the aggregate within LPKC tend to total less than \$50 per acre per year.

## ECONOMICS

The subject property is approximately 62 acres in size and will house an estimated 161,000 square foot cold storage distribution and warehousing facility. Pursuant to the City’s agreement with the master developer, this analysis assumes the City will provide the applicant with a 100% property tax abatement for 10 years. We have further assumed that, consistent with its agreement with the master developer, the City will impose a \$0.21 per square foot per year PILOT, or \$33,810 per year.

The table below reflects the immediate impact on property tax/PILOT receipts from the subject property, assuming a status quo ante tax burden of \$50 per acre per year and based upon November 2015 levy rates published by Johnson County.

ENTITY	LEVY	% of TOTAL	EXISTING TAXES	NEW PILOTs	ANNUAL NET TAX GAIN/(LOSS)
			LOST	PAID	
State of KS	1.500	0.96%	\$(30)	\$ 324	\$ 295
Johnson Co.	19.582	12.53%	(388)	4,235	3,847
JCCC	9.469	6.06%	(188)	2,048	1,860
JCPRD	3.101	1.98%	(61)	671	609
Edgerton	33.622	21.51%	(667)	7,271	6,605
USD 231 Uniform	20.000	12.79%	(397)	4,325	3,929
USD 231 Capital	8.000	5.12%	(159)	1,730	1,571
USD 231 Other	25.015	16.00%	(496)	5,410	4,914
USD 231 Bond	16.170	10.34%	(321)	3,497	3,176
Fire Dist #1	15.965	10.21%	(317)	3,453	3,136
Library	3.912	2.50%	(78)	846	768
	156.336	100.00%	\$(3,100)	\$ 33,810	\$ 30,710

## COST-BENEFIT ANALYSIS DETAILS AND ASSUMPTIONS

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 USD 231 Gardner/Edgerton Schools (the **District**). 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 the District. 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. Please note our analysis assumes the return of a school finance formula that provides aid to the District on a per pupil basis (see below).
- 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?

#### **TREATMENT OF SCHOOL FINANCE FORMULA**

As of the date of this analysis, the mechanics of public school finances in Kansas remain in flux. The Kansas legislature, through special session during the summer of 2016, resolved immediate judicial concerns about funding equity that might have delayed the start of the 2016/17 school year. But, lower Kansas courts have found that the current block grant funding mechanism is constitutionally flawed and falls hundreds of millions of dollars short of the amount of state aid to schools necessary to satisfy the "adequate" funding requirement within the state constitution; appeals to that lower court ruling remain before the Kansas Supreme Court and are as yet unresolved.

For the purposes of our analysis, we have assumed the existence of a school funding formula that increases or decreases district state aid based upon the district's student enrollment. The district court's findings on the funding adequacy issue were particularly critical of the current block grant formula's failure to recognize and compensate schools for the impacts of changes in enrollment. Our cost-benefit modeling

assumes a return to the capitation-based funding approach that has prevailed in Kansas since the 1990s.

For the treatment of costs in the model, we have assumed that the addition of one new child in the schools increases the District's costs by an average cost to educate the remainder of the students currently within the District. (This approach is consistent with our treatment of new city and county residents on city and county budgets.) For small changes in student enrollment, this approach likely over-states the cost impact to the District: a District with 5,500 students is very likely to spend the same amount in the aggregate to educate those children as it would if its enrollment were 5,501 instead.

It is important to note that, under the state constitution, the obligation of funding public schools is fundamentally the State's obligation. The majority of the local property tax levies imposed by the District automatically adjust to provide a level of funding prescribed by school funding laws or regulations. Put another way, as assessed valuations *decline*, property tax levy rates *increase* to produce required revenue; similarly, as assessed valuations increase, property tax levy levies roll-down to limit revenue collected. This is how, for instance, school districts are able to execute "no tax increase" bond issues—as assessed valuations increase, existing debt service levies produce higher property tax receipts, providing schools with additional financial resources to pay principal and interest on debt even though the levy rate itself has not changed.

The one exception to this general rule is the levy the District may impose for capital purposes. That levy is capped under current state law at eight mills. Because the District imposes the levy at the eight-mill limit, any reduction in assessed value in the District reduces tax dollars available to the District. Similarly, increases in assessed value produce more dollars for the purposes permitted related to that levy.

As demonstrated in the "Economics" section above, we expect most projects within LPKC to produce positive net property tax/PILOT revenues for the District (and all other taxing entities) compared to existing, undeveloped property, even during the term of the tax abatement on such projects.

## **USING THE COST-BENEFIT MODELING RESULTS**

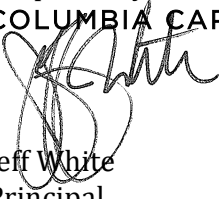
The output of the model is presented as the net present value benefit/(cost) of the project for the City, County and school district over the 10-year life of the abatement on each project. The net benefit (or, if negative, cost) of the incentive package is presented in today's dollars. The estimated 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**

A handwritten signature in black ink, appearing to read "Jeff White", is written over the company name.

Jeff White  
Principal



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

**APPLICANT INFORMATION:**

<b>Application Date:</b>	8/16/16	<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>	Coldpoint Logistics Real Estate, 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	612,537	100	38,375	0	0	0
3	100	612,537	100	0	0	0	0
4	100	612,537	100	0	0	0	0
5	100	612,537	100	0	0	0	0
6	100	612,537	100	0	0	0	0
7	100	612,537	100	0	0	0	0
8	100	612,537	100	0	0	0	0
9	100	612,537	100	0	0	0	0
10	100	612,537	100	0	0	0	0
11	100	612,537	100	0	0	0	0

**PAYMENT IN LIEU OF TAXES RECEIPTS:**

City	County	School
Year	Year	Year
7,271	4,235	14,962
7,271	4,235	14,962
7,271	4,235	14,962
7,271	4,235	14,962
7,271	4,235	14,962
7,271	4,235	14,962
7,271	4,235	14,962
7,271	4,235	14,962
7,271	4,235	14,962
7,271	4,235	14,962
7,271	4,235	14,962

**SUMMARY OF PRESENT VALUE BENEFITS:**

City Summary				
Year	Total Benefits*	Total Costs	Net Benefit	Net PV Benefit
2	268,650	-182,352	86,298	80,435
3	267,511	-182,352	85,158	76,630
4	267,541	-182,352	85,188	74,008
5	267,573	-182,352	85,220	71,476
6	267,606	-182,352	85,253	69,033
7	267,641	-182,352	85,288	66,674
8	267,677	-182,352	85,325	64,398
9	267,716	-182,352	85,364	62,200
10	267,756	-182,352	85,404	60,078
11	267,799	-182,352	85,446	58,031
	2,677,469	-1,823,524	853,945	682,963

County Summary			
Total Benefits	Total Costs	Net Benefit	Net PV Benefit
144,668	-154,168	-9,500	-8,854
104,924	-115,792	-10,869	-9,780
104,988	-115,792	-10,804	-9,386
105,056	-115,792	-10,736	-9,005
105,128	-115,792	-10,665	-8,636
105,203	-115,792	-10,590	-8,279
105,281	-115,792	-10,511	-7,933
105,364	-115,792	-10,429	-7,599
105,450	-115,792	-10,342	-7,275
105,541	-115,792	-10,251	-6,962
1,091,603	-1,196,300	-104,697	-83,709

School District Summary			
Total Benefits	Total Costs	Net Benefit	Net PV Benefit
381,363	-368,028	13,335	12,429
381,363	-368,028	13,335	11,999
381,363	-368,028	13,335	11,584
381,363	-368,028	13,335	11,184
381,363	-368,028	13,335	10,798
381,363	-368,028	13,335	10,424
381,363	-368,028	13,335	10,064
381,363	-368,028	13,335	9,716
381,363	-368,028	13,335	9,380
381,363	-368,028	13,335	9,056
3,813,629	-3,680,283	133,346	106,635

\* Includes revenues required to be directed to the Public Infrastructure Fund

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

Number of jobs to be created : 20

**Number of new residents:**

City	4
County	7
School District	7

Expected 10-Year Contribution to PIF: \$ 755,090

Impact of exemption on state revenues: \$ (75,073)

## CITY OF EDGERTON, KANSAS

### COUNCIL AGENDA ITEM

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**Council Meeting Date:** August 25, 2016

**Agenda Item:** Public Hearing

**Subject:** Completion of ELHC XIV, LLC Project

**Hearing Notice Published:** August 17, 2016 in the *Gardner News*

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#### **Summary:**

The City has previously issued \$38,500,000 in industrial revenue bonds for the benefit of ELHC XIV, a Kansas limited liability company ("ELHC XIV"), the proceeds of which were used to acquire, construct and equip an approximately 822,500 sq. ft. spec warehouse and distribution facility to be located at 19451 and 19535 Waverly Road in Edgerton, Kansas (the "Project"). ELHC XIV subsequently subleased the Project to an Amazon affiliate.

ELHC XIV is requesting an additional \$25 million in industrial revenue bonds to complete the Project. The additional bonds will be issued under the existing bond indenture.

#### **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. A new public hearing is required for the Project because the total cost of the Project has increased.

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

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

#### **Action**

Information from the developer was not received in time to properly distribute the cost-benefit report. Staff recommends that after comments are taken from the public, that a motion be made continuing the public hearing until the September 8, 2016 Council meeting. No new public hearing notice will be required. Staff will notify the County and School District that the public hearing has been continued until the September 8, 2016 Council meeting.

## AGENDA ITEM INFORMATION FORM

**Agenda Item:** Consider Resolution No. 08-25-16D Pursuant To K.S.A. 26-201 Setting Forth The Necessity For Condemnation Of Property And Authorizing Preparation Of A Survey And Legal Description Of The Property To Be Condemned

**Department:** Utilities

**Background/Description of Item:** The City of Edgerton is constructing a new sanitary sewer pump station and force main to connect the residential area of Edgerton to Big Bull Creek Wastewater Treatment Facility. This project will also decommission the existing Edgerton Wastewater Treatment Plant. City Council approved the contract with Burns & McDonnell/CAS Constructors, including the GMP, earlier in 2016. Additionally, the City has acquired easements necessary from Johnson County Parks and Recreation District (JCPRD). The only remaining property owner along the force main route is owned by Mid States Materials, which operates the Edgerton Quarry.

Easements needed for the project were provided to Mid States Materials in June. Staff has met with representatives from Mid States Materials and continues to negotiate in good faith to acquire the necessary easements.

To meet the construction timeline for the project, staff recommends the City Council approve the first step in the condemnation process to pass a resolution confirming the necessity for condemnation and authorizing the preparation of survey and legal descriptions. Passing the resolution does not prohibit the City from continuing to negotiate and/or acquire the easements. It simply authorizes the preparation of the descriptions.

Enclosure: Draft Resolution 08-25-16D

**Related Ordinance(s) or Statute(s):** K.S.A. 26-201

**Recommendation:** Approve Resolution No. 08-25-16D Pursuant To K.S.A. 26-201 Setting Forth The Necessity For Condemnation Of Property And Authorizing Preparation Of A Survey And Legal Description Of The Property To Be Condemned

**Funding Source:** N/A

Prepared by: Beth Linn, City Administrator  
Date: August 22, 2016



## **RESOLUTION NO. 08-25-16D**

### **A RESOLUTION PURSUANT TO K.S.A. 26-201 SETTING FORTH THE NECESSITY FOR CONDEMNATION OF PROPERTY AND AUTHORIZING PREPARATION OF A SURVEY AND LEGAL DESCRIPTION OF THE PROPERTY TO BE CONDEMNED**

WHEREAS, K.S.A. 26-201 authorizes a City to acquire by condemnation any interest in real property when it is deemed necessary, for use by the City for any purpose whatsoever, by the governing body of the City; and

WHEREAS, it is necessary for the City to construct a new sanitary sewer pump station and connect it to the Big Bull Creek Wastewater Treatment Facility located at the southwest corner of Interstate 35 and Homestead (hereinafter “the Project”); and

WHEREAS, to make the above described connection, the City needs to acquire a permanent utility easement and temporary construction easement across part of the rock quarry land located just outside the corporate boundary of the City; and

WHEREAS, the City has attempted, and is continuing to attempt, to negotiate with the landowner for easements needed.

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the City of Edgerton, Kansas:

**SECTION 1:** That pursuant to K.S.A. 26-201, the City declares that permanent and temporary easements are needed for the Project.

**SECTION 2:** That City Staff is authorized to have a survey conducted and a description of the easements to be condemned to be prepared by a competent engineer. Both the survey and the description of the property to be condemned shall be filed with the City Clerk upon their completion.

**SECTION 3:** The City Clerk is hereby directed to publish this Resolution once in the City’s official newspaper and once in the official newspaper utilized by Johnson County, Kansas, and provide a copy of the Resolution to the owner of the land sought to be condemned.

**SECTION 4:** This Resolution shall be effective upon its approval and adoption.

ADOPTED BY THE GOVERNING BODY OF THE CITY OF EDGERTON ON THIS  
25th DAY OF SEPTEMBER, 2016.

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DONALD ROBERTS, MAYOR

ATTEST:

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JANEICE RAWLES, CITY CLERK

APPROVED AS TO FORM:

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PATRICK REAVEY, CITY ATTORNEY

## AGENDA ITEM INFORMATION FORM

**Agenda Item:** Consider Ordinance No. 1030 Authorizing The Execution Of A Loan Agreement Between Edgerton, Kansas And The State Of Kansas, Acting By And Through The Kansas Department Of Health And Environment For The Purpose Of Obtaining A Loan From The Kansas Public Water Supply Loan Fund For The Purpose Of Financing A Public Water Supply Project; Establishing A Dedicated Source Of Revenue For Repayment Of Such Loan; Authorizing And Approving Certain Documents In Connection Therewith; And Authorizing Certain Other Actions In Connection With The Loan Agreement

**Department:** Utilities

**Background/Description of Item:** In November 2015, Edgerton City Council approved the selection of Neptune as Preferred Vendor for Automated Meter Reading Project and authorized staff to submit the project to Kansas Department of Health and Environment (KDHE) as requested project for approximately \$300,000.

This project will include the replacement and upgrade of every water meter in the City of Edgerton system to Advanced Metering Infrastructure (AMI) system. The AMI system provides utilities accurate daily reads, daily flags for leak, tamper, and reverse flow detection, consumption data to assist conservation programs, and final daily reads that eliminate truck rolls for off-cycle automatic meter reading. Additionally, it provides historical consumption graphs (both daily and monthly) to assist in addressing high water bill concerns.

The project budget of \$300,000 includes purchase of all the hardware and software for the advanced metering infrastructure, portion of the utility rate study and administrative support of completing the application. Staff anticipates using existing staff for installation of the new meters.

To be eligible for funding through the Kansas Public Water Supply Loan Fund, the City held a public hearing in February 2016. Following the public hearing, City Council approved Resolution No. 02-25-16B that allowed the loan application to be prepared and executed.

KDHE has notified the City the loan application has been approved. Ordinance No. 1030 and the enclosed Loan Agreement are the final actions required by City Council to obtain the loan.

Below are a summary of the terms of the Agreement:

**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 and proceeds of Bonds, KDHE will loan an amount not to exceed **Three Hundred Thousand Dollars [\$300,000]** to Edgerton to pay all or a portion of Project Costs. 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.

**Interest Rate.** The interest rate on the loan shall be 1.91% per annum, which shall be assessed on the unpaid principal balance to be paid as set out in the Loan Repayment Schedule (see attached Exhibit B).

This interest rate consists of a net loan interest rate, and a service fee, as described in Exhibit B. Any subsequent revision to the amount of the Loan or Exhibit B hereto shall not change the gross interest rate on the Loan.

**Disbursement of Loan Proceeds.** Subject to the conditions, KDHE agrees to disburse the proceeds of the Loan during the progress of the Project for Project Costs. Requests for disbursement may be submitted by the Municipality, not more than once per month, in accordance with the procedures set forth by KDHE. Any request for disbursement must be supported by proper invoices and a certificate of the Authorized Municipality Representative to the effect that all representations made in this Loan Agreement remain true as of the date of the request and, based upon that information then available to such person, no adverse developments affecting the financial condition of the Municipality or its ability to complete the Project or to repay the Loan have occurred.

**Eligible Costs.** The loan proceeds will be utilized to pay the costs of:

- (1) Construction: Replace the current metering system with an automated meter reading system.
- (2) Engineering: All actual costs of planning, design and construction engineering, construction inspection, final plan of operation, operation and maintenance manual, user charge and ordinance development, and project performance services.
- (3) Administrative: All reasonable costs of legal and financial administrative support directly provided by the project, costs of interest during construction, emergency costs associated with the project activities during construction, and the costs associated with obtaining the necessary easements for the project.

KDHE shall not be under any obligation to disburse any Loan proceeds to the Municipality under this Loan Agreement unless:

- (1) there are moneys available in the Revolving Fund to fund the Loan, as determined solely by KDHE;
- (2) Edgerton shall certify to KDHE that it has funds available to pay for that portion of the Project Costs not eligible (pursuant to the Loan Act or the Federal Act) to be funded under this Loan Agreement, if any;
- (3) no Event of Default by the Municipality shall have occurred and be continuing; and
- (4) the Municipality continues to maintain reasonable progress towards completion of the Project.

**Schedule of Compliance; Completion of Project.** Edgerton agrees to Initiation of Operation within 90 days of notice to proceed or no later than January 1, 2017; finalization of construction within 120 days of notice to proceed; and Project Performance Certification 365 days following Initiation of Operation.

**Repayment of the Loan.** Edgerton shall pay to KDHE, on or before the due dates, installments of principal and interest on the Loan in accordance with the Agreement, until the Loan has been paid in full. As shown in Exhibit B, the first payment will be due in August 2017. Total annual payment is \$18,117.62 (\$9,058.81 in February and August). Length of loan is twenty (20) years. Edgerton may prepay the outstanding principal of the Loan, in whole, or in part, at any time, without penalty, upon giving 60 days written notice to KDHE of its intent to so prepay, such notice shall indicate the actual source of funds that will be used to make the prepayment (specifically proceeds from a tax exempt bond issue, proceeds from a taxable bond issue, cash on hand, or some other instrument); provided, however, a partial prepayment may be made only if the prepayment amount is the greater of 10% of the original principal amount of the Loan or \$50,000. A new Exhibit B will be prepared by KDHE following receipt of any acceptable partial prepayment, re-amortizing the remaining principal amount over the remaining term of the Loan.

**Dedicated Source of Revenue.** Edgerton 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 Edgerton as will provide System Revenues 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,
- (c) pay all other amounts due at any time under the Loan Agreement, and
- (d) pay the principal of and interest on Additional Revenue Obligations as and when the same become due; provided, however, the pledge of the System Revenues contained herein (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations.

In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, Edgerton 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 Edgerton to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

**Operation and Maintenance of System.** Edgerton agrees that it shall, in accordance with prudent public water supply utility practice:

- (1) at all times operate System in an efficient manner in accordance with applicable laws and regulations;
- (2) maintain its System, making all necessary and proper repairs, renewals, replacements, additions, betterments and improvements necessary to maintain its System in good repair, working order and operating condition;
- (3) implement any modification of the rates fees and charges for use of the System that comprise the Dedicated Source of Revenues as the Secretary may require to ensure repayment of the Loan in accordance with the provisions of the Loan Act; and
- (4) take such other action as the Secretary may require in accordance with powers granted to the Secretary under the Loan Act and the Regulations.

The Loan Agreement and Ordinance No. 1030 has been review and approved by City Attorney.

Enclosure: Draft Ordinance No. 1030  
Draft Loan Agreement

**Related Ordinance(s) or Statute(s):** K.S.A. 65-163d

**Recommendation:** Approve Ordinance No. 1030 Authorizing The Execution Of A Loan Agreement Between Edgerton, Kansas And The State Of Kansas, Acting By And Through The Kansas Department Of Health And Environment For The Purpose Of Obtaining A Loan From The Kansas Public Water Supply Loan Fund For The Purpose Of Financing A Public Water Supply Project; Establishing A Dedicated Source Of Revenue For Repayment Of Such Loan; Authorizing And Approving Certain Documents In Connection Therewith; And Authorizing Certain Other Actions In Connection With The Loan Agreement

**Funding Source:** GO Bonds Series A & B

Prepared by: Beth Linn, City Administrator  
Date: August 22, 2016

## **ORDINANCE NO. 1030**

**AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN EDGERTON, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.**

**WHEREAS**, the Safe Drinking Water Act Amendments of 1996 [PL 104-182] to the Safe Drinking Water Act (the "Federal Act") established the Drinking Water Loan Fund to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

**WHEREAS**, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

**WHEREAS**, by passage of the Kansas Public Water Supply Loan Act, K.S.A. 65-163d *et seq.*, as amended (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Public Water Supply Loan Fund (the "Revolving Fund") for purposes of the Federal Act; and

**WHEREAS**, under the Loan Act, the Secretary of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

**WHEREAS**, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge Agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public water supply projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

**WHEREAS**, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

**WHEREAS**, Edgerton, Kansas (the "Municipality") is a municipality as said term is defined in the Loan Act which operates a water system (the "System"); and

**WHEREAS**, the System is a Public Water Supply System, as said term is defined in the Loan Act; and

**WHEREAS**, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain a loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:

Replace the current metering system with an automated meter reading system.  
(the "Project"); and

**WHEREAS**, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-15-50 through 28-15-65 (the "Regulations") applicable thereto necessary to qualify for the loan; and

**WHEREAS**, KDHE has informed the Municipality that it has been approved for a loan in an amount not to exceed \$300,000.00 (the "Loan") in order to finance the Project; and

**WHEREAS**, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the Loan and to enter into a loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the Loan Agreement.

**THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF EDGERTON, KANSAS:**

**Section 1. Authorization of Loan Agreement.** The Municipality is hereby authorized to accept the Loan and to enter into a certain Loan Agreement, with an effective date of July 7, 2016, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Loan Agreement") to finance the Project Costs (as defined in the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Municipality's legal counsel, the Mayor's execution of the Loan Agreement being conclusive evidence of such approval.

**Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan.** Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, 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 (as defined in the Loan Agreement) 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, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations (as defined in the Loan Agreement) as and when the same become due; provided, however, the pledge of the System Revenues contained herein and in the Loan Agreement (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations. 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. In accordance with the Loan Act, the obligations under the Loan and the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

**Section 3. Further Authority.** The Mayor, Clerk and other City officials and legal counsel are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

**Section 4. Governing Law.** The Ordinance and the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

**Section 5. Effective Date.** This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

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**PASSED** by the governing body of the City on the 25<sup>th</sup> of August, 2016 and signed and **APPROVED** by the Mayor.

(SEAL)

---

Donald Roberts, Mayor

ATTEST:

---

Janeice Rawles, City Clerk

APPROVED AS TO FORM ONLY:

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Patrick Reavey, City Attorney

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**LOAN AGREEMENT**

Between

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

and

**EDGERTON, KANSAS**

**KPWSLF PROJECT NO. 2903**

**EFFECTIVE AS OF JULY 7, 2016**

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*The interest of the Kansas Department of Health and Environment ("KDHE") in the interest portion of the Loan Repayments to be made by the Municipality and certain other revenues (the "Revenues") under this Loan Agreement have been pledged and assigned to the Kansas Development Finance Authority (the "Authority") pursuant to a Pledge Agreement between KDHE and the Authority. The interest of the Authority in the Revenues has been pledged as security for the payment of the principal of, redemption premium, if any, and interest on the Authority's Kansas Public Water Supply Loan Fund Revenue Bonds, pursuant to a Master Bond Resolution adopted by the Authority.*

# **LOAN AGREEMENT**

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## **KANSAS PUBLIC WATER SUPPLY LOAN FUND LOAN AGREEMENT**

**THIS LOAN AGREEMENT**, effective as of July 7, 2016, by and between the KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT ("KDHE"), acting on behalf of THE STATE OF KANSAS (the "State"), and EDGERTON, KANSAS, a "Municipality" according to K.S.A. 65-163d, hereinafter referenced as the "Municipality";

### **W I T N E S S E T H:**

**WHEREAS**, the Safe Drinking Water Act Amendments of 1996 [PL 104-182] to the Safe Drinking Water Act (jointly, the "Federal Act") established the Drinking Water Loan Fund to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

**WHEREAS**, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

**WHEREAS**, by passage of the Kansas Public Water Supply Loan Act, K.S.A. 65-163d *et seq.*, as amended (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Public Water Supply Loan Fund (the "Revolving Fund") for purposes of the Federal Act; and

**WHEREAS**, under the Loan Act, the Secretary (the "Secretary") of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

**WHEREAS**, the Secretary, Kansas Development Finance Authority (the "Authority"), and the Kansas Department of Administration (the "DOA") have entered into an Inter-Agency Agreement dated as of September 28, 2009, (jointly, the "Inter-Agency Agreement"), to define the cooperative relationship between KDHE, the DOA and the Authority to jointly administer certain provisions of the Loan Act; and

**WHEREAS**, the Authority and KDHE have supplemented the Inter-Agency Agreement by entering into a Pledge Agreement, dated as of November 1, 1997, as the same may be amended and supplemented from time to time (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities (as defined in the Loan Act) for Public Water Supply Projects (the "Projects") and to pledge the Loan Repayments received pursuant to such Loan Agreements to the Authority; and

**WHEREAS**, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

**WHEREAS**, the Municipality has made timely application to KDHE for a Loan to finance all or a portion of the Project Costs; and

**WHEREAS**, the State has approved the Municipality's application for a Loan, subject to the receipt of capitalization grants from the EPA pursuant to the Federal Act and proceeds of the Bonds when issued by the Authority.

**NOW, THEREFORE**, for and in consideration of the award of the Loan by KDHE, the Municipality agrees to complete its Project and to perform under this Loan Agreement in accordance with the conditions, covenants and procedures set forth herein and attached hereto as a part hereof, as follows:

## **ARTICLE I**

### **DEFINITIONS**

**Section 1.01. Definitions.** The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meanings:

**"Additional Payments"** means the payments described in *Section 2.06* hereof.

**"Additional Revenue Obligations"** means any obligation for the payment of money undertaken by the Municipality which is payable from or secured by a pledge of, or lien upon, the System Revenues incurred after the date of execution and delivery of this Loan Agreement, and all Existing Revenue Obligations.

**"Authority"** means the Kansas Development Finance Authority, a public body politic and corporate and an instrumentality of the State, and its successors and assigns.

**"Authorized Municipality Representative"** means any person authorized pursuant to a resolution of the governing body of the Municipality to perform any act or execute any document relating to the Loan, or this Loan Agreement.

**"Bonds"** means the Kansas Development Finance Authority, Kansas Public Water Supply Revolving Loan Fund Revenue Bonds, issued in one or more series, pursuant to Master Bond Resolution No. 106, and supplements thereto.

**"Code"** means the Internal Revenue Code of 1986, and amendments thereto, and any applicable regulations thereunder promulgated by the Department of the Treasury.

**"Dedicated Source of Revenue"** shall have the meaning ascribed thereto in *Exhibit B* attached hereto.

**"EPA"** means the Environmental Protection Agency of the United States, its successors and assigns.

**"Event of Default"** means any occurrence of the following events:

(a) failure by the Municipality to pay, or cause to be paid, any Loan Repayment required to be paid hereunder when due;

(b) failure by the Municipality to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraph (a) of this Section, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Municipality by KDHE, unless KDHE shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in such notice is correctable but cannot be corrected within the applicable period KDHE may not unreasonably withhold its consent to an extension of such time up to 90 days from the delivery of the written notice referred to above if corrective action is instituted by the Municipality within the applicable period and diligently pursued until the Event of Default is corrected;

(c) failure by the KDHE to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Agreement which shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to KDHE by the Municipality, unless the Municipality shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in such notice is correctable but cannot be corrected within the applicable period the Municipality may not unreasonably withhold its consent to an extension of such time up to 90 days from the delivery of the written notice referred to above if corrective action is instituted by KDHE within the applicable period and diligently pursued until the Event of Default is corrected;

(d) any representation made by or on behalf of the Municipality contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is intentionally false or misleading in any material respect;

(e) any representation made by or on behalf of KDHE contained in this Agreement, or in any instrument furnished in compliance with or with reference to this Agreement, is intentionally false or misleading in any material respect;

(f) a petition is filed by or against the Municipality under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Municipality, such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal;

(g) the Municipality shall generally fail to pay its debts as such debts become due;

(h) failure of KDHE to promptly pay any Project Costs when reasonably requested to do so by the Municipality pursuant to *Section 2.03* hereof.

**"Existing Revenue Obligation"** means any obligation for the payment of money undertaken by the Municipality which is payable from or secured by a pledge of, or lien upon, the System Revenues existing or outstanding at the time of execution and delivery of this Loan Agreement by the Municipality.

**"Federal Act"** means the Safe Drinking Water Act, including the Safe Drinking Water Act Amendments of 1996 [PL 104-182] thereto.

**"FIAC"** means the Financial Integrity Assurance Contract, among KDHE, the Authority, KRWFA and the Municipality, the form of which is attached hereto as *Exhibit I*.

**"FIAC Origination Fee"** means the fee charged by KDHE to implement the FIAC, which shall be an amount equal to 1.0% of the original principal amount of the Loan if such FIAC is entered into in

conjunction with the execution of this Loan Agreement, or if the FIAC is entered into after the Municipality commences the Loan Repayments, an amount equal to 1.0% of the outstanding principal amount of the Loan as of the effective date of the FIAC.

**"GAAP"** means generally accepted accounting principles as applicable to municipal utility systems.

**"Green Project Reserve"** means the requirement from Public Law 111-88 indicating that to the extent there are sufficient eligible project applications, 20 % of the funds awarded to the KPWSLF from Public Law 111-88 shall be used by for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

**"Indebtedness"** means any financial obligation of the Municipality evidenced by an instrument executed by the Municipality, including this Loan, Existing Revenue Indebtedness, Additional Revenue Indebtedness, general obligation bonds or notes, lease or lease-purchase agreement or similar financial transactions.

**"KDHE"** means the Kansas Department of Health and Environment or its successors in interest.

**"KRWFA"** means the Kansas Rural Water Finance Authority.

**"Loan"** means the loan made by KDHE to the Municipality to finance or refinance a portion of the Project Costs pursuant to this Loan Agreement.

**"Loan Act"** means the Constitution and laws of the State of Kansas, including particularly K.S.A. 65-163d through 65-163u inclusive, as amended and supplemented.

**"Loan Agreement"** means this Loan Agreement, including the Exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

**"Loan Origination Fee"** means a fee charged by KDHE to originate the Loan pursuant to this Loan Agreement, which shall be an amount equal to 0.25% of the original principal amount of the Loan, as adjusted in accordance with the provisions of *Section 2.01* hereof.

**"Loan Repayments"** means the payments payable by the Municipality pursuant to *Section 2.05* of this Loan Agreement.

**"Loan Terms"** means the terms of this Loan Agreement provided in *Article II* hereof.

**"Municipal Fiscal Year"** means the twelve-month period ending on December 31 of each year.

**"Municipality"** means Edgerton, Kansas, its successors and assigns.

**"Pledge Agreement"** means the Pledge Agreement between the Authority and KDHE, dated as of November 1, 1997, and any agreement or agreements amendatory or supplemental thereto.

**"Project"** means the acquisition, design, construction, improvement, repair, rehabilitation or extension of the System described in *Exhibit A* hereto, which constitutes a project pursuant to the Loan Act for which KDHE is making a Loan to the Municipality pursuant to this Loan Agreement.



**"Project Costs"** means all costs or expenses which are necessary or incident to the Project and which are directly attributable thereto, including, but not limited to: (a) costs of any Loan reserves; (b) interest on the Loan during the construction of the Project; (c) principal of and interest on any temporary financing obligations issued by the Municipality to pay Project Costs incurred for contracts entered into on or after August 6, 1996; and (d) financing and administrative costs associated with the Loan Agreement.

**"Public Water Supply System"** means a system for the provision to the public of piped water for human consumption, if such system has at least ten (10) service connections or regularly serves an average of at least twenty-five (25) individuals daily at least sixty (60) days out of the year, and as further defined in K.S.A. 65-162a, and amendments thereto.

**"Rating Agency"** means Moody's Investors Service, Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Fitch Investors Service, Inc., and any other nationally recognized securities rating agency designated by the Authority.

**"Regulations"** means Kansas Administrative Regulations (K.A.R.) 28-15-50 to 28-15-65, and any amendments thereto promulgated by KDHE pursuant to the Loan Act.

**"Revolving Fund"** means the Kansas Public Water Supply Loan Fund established by the Loan Act.

**"SEC Rule"** means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as may be amended from time to time or such other similar rule regarding disclosure of information in securities transactions.

**"Secretary"** means the Secretary of KDHE

**"State"** means the State of Kansas, acting, unless otherwise specifically indicated, by and through KDHE, and its successors and assigns.

**"System"** means the water system of the Municipality, as the same may be modified or enlarged from time to time, including the Project described in *Exhibit A*, for which the Municipality is making the borrowing under this Loan Agreement, which constitutes or includes a Public Water Supply System.

**"System Revenues"** means all revenues derived by the Municipality from the ownership and operation of the System.

#### **Section 1.02. Rules of Interpretation.**

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(c) All references in this Loan Agreement to designated "Articles," "Sections" and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this Loan Agreement as originally executed. The words "herein," "hereof," "hereunder" and other words of

similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

(d) The Table of Contents and the Article and Section headings of this Loan Agreement shall not be treated as a part of this Loan Agreement or as affecting the true meaning of the provisions hereof.

## 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 and proceeds of Bonds, KDHE will loan an amount not to exceed \$300,000.00 to the Municipality to pay all or a portion of the Project Costs for 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 excess of the amount of the Loan. Any amendment to *Exhibit B* shall be effected by written amendment to the Loan Agreement executed by all parties.

**Section 2.02. Interest Rate.** The interest rate on the loan shall be 1.91% per annum, which shall be assessed on the unpaid principal balance to be paid as set out in the Loan Repayment Schedule, *Exhibit B* hereto. This interest rate consists of a net loan interest rate, and a service fee, as described in *Exhibit B*. Any subsequent revision to the amount of the Loan or *Exhibit B* hereto shall not change the gross interest rate on the Loan.

### **Section 2.03. Disbursement of Loan Proceeds.**

(a) Subject to the conditions described in this Section, KDHE agrees to disburse the proceeds of the Loan during the progress of the Project for Project Costs. Requests for disbursement may be submitted by the Municipality (in substantially the form attached hereto as *Exhibit E*), not more than once per month, in accordance with the procedures set forth by KDHE. Any request for disbursement must be supported by proper invoices and a certificate of the Authorized Municipality Representative to the effect that all representations made in this Loan Agreement remain true as of the date of the request and, based upon that information then available to such person, no adverse developments affecting the financial condition of the Municipality or its ability to complete the Project or to repay the Loan have occurred.

The Municipality may request disbursement for the following Project Costs:

- (1) any eligible planning/design costs incurred prior to execution of this Loan Agreement (initial disbursement request only);
- (2) disbursement for eligible Project Costs if such Project Costs have been incurred and are due and payable to Project contractors (actual payment of such Project Costs by the Municipality is not required as a condition of the payment request); or
- (3) interest becoming due on the Loan prior to the initial scheduled payment of principal;

- (4) the amount of the Loan Origination Fee, if not paid from Municipality funds;
  - (5) the principal of and interest on any temporary financing obligations issued by the Municipality to pay Project Costs incurred for contracts entered into on or after August 6, 1996; and
  - (6) the amount of the FIAC Origination Fee, if not paid from Municipality funds.
- (b) KDHE shall not be under any obligation to disburse any Loan proceeds to the Municipality under this Loan Agreement unless:
- (1) there are moneys available in the Revolving Fund to fund the Loan, as determined solely by KDHE;
  - (2) the Municipality shall certify to KDHE that it has funds available to pay for that portion of the Project Costs not eligible (pursuant to the Loan Act or the Federal Act) to be funded under this Loan Agreement;
  - (3) no Event of Default by the Municipality shall have occurred and be continuing; and
  - (4) the Municipality continues to maintain reasonable progress towards completion of the Project.

#### **Section 2.04. Schedule of Compliance; Completion of Project.**

- (a) The Municipality agrees to complete the Project in accordance with the Conditions Applicable to Construction of the Project set forth in *Exhibit C* attached hereto.
- (b) The completion of the construction of the Project shall be evidenced to KDHE by a certificate signed by the Authorized Municipality Representative stating: (1) that the construction of the Project has been completed in accordance with the plans and specifications therefore; and (2) that all Project Costs have been paid, except Project Costs the payment of which is not yet due or is being retained or contested in good faith by the Municipality. Such certificate shall be given not later than the date established by KDHE, which shall be approximately the date that the Project is capable of being placed into operation by the Municipality. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

#### **Section 2.05. Repayment of the Loan.**

- (a) **Loan Repayments.** The Municipality shall pay to KDHE, on or before the due dates, installments of principal and interest on the Loan in accordance with *Exhibit B* attached hereto, until the Loan has been paid in full. Installments of principal and interest on the Loan shall be computed and paid in accordance with the Loan Repayment Schedule on *Exhibit B* as in effect at any time under this Loan Agreement. Notwithstanding any other provision of this Loan Agreement, the first payment of principal and interest due on the Loan shall be made the earlier of two years after receipt by the Municipality of the first disbursement under the Loan or one year after Project completion. The final installment of principal under the Loan shall be fully repaid not later than 20 years after Project completion.

(b) **Prepayment of the Loan.** The Municipality may prepay the outstanding principal of the Loan, in whole, or in part, at any time, without penalty, upon giving 60 days written notice to KDHE of its intent to so prepay, such notice shall indicate the actual source of funds that will be used to make the prepayment (specifically proceeds from a tax exempt bond issue, proceeds from a taxable bond issue, cash on hand, or some other instrument); provided, however, a partial prepayment may be made only if the prepayment amount is the greater of 10% of the original principal amount of the Loan or \$50,000. A new **Exhibit B** will be prepared by KDHE following receipt of any acceptable partial prepayment, reamortizing the remaining principal amount over the remaining term of the Loan.

**Section 2.06. Additional Payments.** The Municipality shall pay as Additional Payments the following amounts:

(a) The FIAC Origination Fee (if applicable), if the same was not paid from proceeds of the Loan.

(b) Any amounts required to be paid by the Authority to the United States of America as arbitrage rebate, arising due to the Municipality's failure to expend proceeds of the Loan at the times certified to KDHE by the Municipality, that result in arbitrage rebate liability for the Authority, but only to the extent that the funds in the Rebate Fund established by the Master Resolution are insufficient to make such payments; and.

(c) All other payments of whatever nature which the Municipality has agreed to pay or assume hereunder.

**Section 2.07. Financial Integrity Assurance Contract.** In accordance with the powers granted to the Secretary in the Loan Act, the Secretary may require at any time during the term of this Loan Agreement the execution of a FIAC by the Municipality; provided the Secretary shall not make such requirement so long as the Municipality maintains a financial rating on its general obligation bonds or Additional Revenue Obligations of not less than the lowest category of "A" from any Rating Agency. In addition, the Municipality may elect to execute a FIAC prior to the funding of the Loan or at any time during the term of this Loan Agreement. In either instance, the Municipality and the Secretary hereby agree to execute such document in substantially the form attached hereto as **Exhibit I**. The provider of contract services under the FIAC shall be compensated by KDHE from proceeds of the FIAC Origination Fee; the Municipality shall have no further obligation for fees to KDHE under the FIAC. The Municipality will cooperate fully with any recommendations and requirements imposed by the FIAC provider.

### ARTICLE III

#### REPRESENTATIONS AND COVENANTS OF MUNICIPALITY

**Section 3.01. Representations of the Municipality.** The Municipality makes the following representations:

(a) **Organization and Authority.**

(1) The Municipality is a municipal corporation duly created and validly existing under and pursuant to the constitution and statutes of the State.

(2) The Municipality has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain its System, to carry on its activities relating thereto, to execute and deliver this Loan Agreement, to undertake and complete the Project, and to carry out and consummate all transactions contemplated by this Loan Agreement.

(3) The Ordinance (adopted substantially in the form attached hereto as *Exhibit F*) and other proceedings of the Municipality's governing body approving this Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Municipality, and authorizing the Municipality to undertake and complete the Project have been duly and lawfully adopted.

(4) This Loan Agreement has been duly authorized, executed and delivered on behalf of the Municipality, and, constitutes the legal, valid and binding obligation of the Municipality enforceable in accordance with its terms.

(b) **Full Disclosure.** To the best knowledge of the Municipality, there is no fact that the Municipality has not disclosed to KDHE in writing on the Municipality's application for the Loan or otherwise that materially adversely affects or that will materially adversely affect the properties, activities, or its System, or the ability of the Municipality to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreement under this Loan Agreement.

(c) **Non-Litigation.** There is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way: (1) the legal organization of the Municipality; (2) its boundaries; (3) the right or title of any of its officers to their respective offices; (4) the legality of any official act taken in connection with obtaining the Loan; (5) the constitutionality or validity of the indebtedness represented by the Loan Agreement; (6) any of the proceedings had in relation to the authorization or execution of this Loan Agreement; (7) the collection of revenues of the System; (8) the levy and collection of unlimited *ad valorem* taxes to pay the principal of and interest on the Loan; or (9) the ability of the Municipality to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(d) **Compliance with Existing Laws and Agreements.** To the best knowledge of the Municipality, the authorization, execution and delivery of this Loan Agreement by the Municipality, and the performance by the Municipality of its duties, covenants, obligations and agreements thereunder will not result in any breach of any existing law or agreement to which the Municipality is a party.

(e) **No Defaults.** No event has occurred and no condition exists that would constitute an Event of Default. The Municipality is not presently aware of any violation of any agreement which would materially adversely affect the ability of the Municipality to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(f) **Compliance with Law.** The Municipality has, to the best of the Authorized Municipality's Representative's knowledge:

(1) complied with all laws, ordinances, governmental rules and regulations to which it is subject, including, without limitation, any public hearing or public notice requirements or environmental review requirements contained in the Loan Act, the Regulations and the Federal Act, the failure to comply with which would materially adversely affect the ability of the

Municipality to conduct its activities, enter into this Loan Agreement or undertake or complete the Project; and

(2) obtained all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its property which, if not obtained, would materially adversely affect the ability of the Municipality to complete the Project or operate the Project.

(g) **Use of Loan Proceeds.** The Municipality will apply the proceeds of the Loan as described in *Exhibit D*:

(1) to finance or refinance a portion of the Project Cost; and

(2) where applicable, to reimburse the Municipality for a portion of the Project Costs, which portion was paid or incurred in anticipation of reimbursement by KDHE as a result of contracts entered into on or after to August 6, 1996 and is eligible for such reimbursement pursuant to the Regulations and the Code.

(h) **Project Costs.** The Municipality certifies that the Project Costs, as listed in *Exhibit D*, is a reasonable and accurate estimation and, upon direction of KDHE, will supply the same with a certificate from its consulting engineer stating that such Costs are reasonable and accurate estimations, taking into account investment income to be realized during the course of construction of the Project, if any, and other lawfully available money that would, absent the Loan, have been used to pay the Project Costs.

### **Section 3.02. Particular Covenants of the Municipality.**

(a) **Dedicated Source of Revenue for Repayment of the Loan.** The Municipality hereby establishes the Dedicated Source of Revenue described on *Exhibit B* attached hereto, which Dedicated Source of Revenue is hereby pledged to the Loan Repayments, Additional Payments and all other obligations of the Municipality under this Loan Agreement.

(b) **Performance Under Loan Agreement.** The Municipality covenants and agrees in the performance of its obligations under this Loan Agreement:

(1) to comply with all applicable State and federal laws, rules and regulations (including, but not limited to the conditions set forth in *Exhibit C* hereto) as are applicable to this Loan Agreement; and

(2) to cooperate with KDHE in the observance and performance of the respective duties, covenants, obligations and agreements of the Municipality and KDHE under this Loan Agreement (including, without limitation the requirements contained in *Exhibit C* hereto).

(c) **Completion of Project and Provision of Moneys Therefore.** The Municipality covenants and agrees:

(1) to exercise its best efforts in accordance with prudent utility practice to complete the Project and to so accomplish such completion on or before the estimated Project completion date set forth in *Exhibit C* hereto; and

(2) to provide, from its own financial resources, all moneys, in excess of the total amount of proceeds it receives under the Loan, required to complete the Project.

(d) ***Delivery of Documents and Payment of Fees.*** Concurrently with the delivery of this Loan Agreement and the closing of the Loan, the Municipality will cause to be delivered to KDHE:

- (1) fully executed counterparts of this Loan Agreement;
- (2) copies of the ordinance of the governing body of the Municipality authorizing the execution and delivery of this Loan Agreement, certified by an Authorized Municipality Representative, which shall be in substantially the form attached hereto as ***Exhibit F*** together with an affidavit of publication thereof in the official newspaper of the Municipality;
- (3) an opinion of the Municipality's counsel substantially in the form set forth in ***Exhibit G*** attached hereto;
- (4) a fully executed FIAC, if required by the Secretary, or desired by the Municipality;
- (5) payment of the FIAC Origination Fee, if applicable, if not included in the principal amount of the Loan;
- (6) payment of the Loan Origination Fee, if not included in the principal amount of the Loan; and
- (7) such other certificates, documents, opinions and information as KDHE may reasonably require.

(e) ***Operation and Maintenance of System.*** The Municipality covenants and agrees that it shall, in accordance with prudent public water supply utility practice:

- (1) at all times operate System in an efficient manner in accordance with applicable laws and regulations;
- (2) maintain its System, making all necessary and proper repairs, renewals, replacements, additions, betterments and improvements necessary to maintain its System in good repair, working order and operating condition;
- (3) implement any modification of the rates fees and charges for use of the System that comprise the Dedicated Source of Revenues as the Secretary may require to ensure repayment of the Loan in accordance with the provisions of the Loan Act; and
- (4) take such other action as the Secretary may require in accordance with powers granted to the Secretary under the Loan Act and the Regulations.

(f) ***Disposition of System.*** The Municipality shall not sell, lease or otherwise transfer ownership of all or substantially all of its System without the consent of the Secretary. The Municipality shall provide the Secretary with ninety (90) days' prior written notice to KDHE of such sale, lease or transfer. No such sale, lease or transfer shall be effective unless compliance is with the provisions of *Section 4.02* hereof, assuming such sale, lease or transfer is deemed to be an assignment for the purposes of such Section. The provisions of this paragraph shall not be construed to prohibit the lease of portions of the System by the Municipality in connection with a lease-purchase transaction to finance improvements to the System; provided that a termination or an event of default by the Municipality under such arrangement shall not have a material adverse effect on the Municipality's Dedicated Source of Revenues.

(g) **Records and Accounts.**

(1) The Municipality shall keep accurate records and accounts for its System (the "System Records"), separate and distinct from its other records and accounts (the "General Accounts"). Such System Records shall be audited annually by an independent certified public accountant or firm of independent certified public accountants, in accordance with generally accepted auditing standards, if municipal aggregate annual gross receipts are in excess of \$275,000 or if the municipality has outstanding debt in excess of \$275,000. Such audit may be a part of the single agency audit made in accordance with the Federal Single Audit Act of 1984, OMB Circular No. A-133, *Audits of States, Local Governments, and Non-profit Organizations* as amended in 1996 and 2003 and as may be further amended and revised. Such System Records and General Accounts shall be made available for inspection by KDHE at any reasonable time, and a copy of the Municipality's annual audit, including all written comments and recommendations of such accountant, shall be furnished to KDHE within 210 days of the close of the Municipal Fiscal Year being so audited. Such audit report shall be prepared in accordance with subsection (g)(2) hereof.

(2) The Municipality shall maintain financial statements in accordance with generally accepted government accounting standards defined in the Government Accounting, Auditing, and Financial Reporting Manual (1994 Ed.), or any revised edition, issued by the Government Finance Officers Association. The financial information shall be prepared in accordance with generally accepted accounting principles (GAAP) for state and local governments.

(h) **Inspections.** The Municipality shall permit the EPA, KDHE and any party designated by KDHE to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, including the System Records and General Accounts, and shall supply such reports and information as the EPA and KDHE may reasonably require in connection therewith.

(i) **Financial Information.** The Municipality specifically agrees to provide to KDHE a reasonable number of copies of such financial information and operating data of the Municipality and the System, to the extent necessary for KDHE to comply with its continuing disclosure obligations set forth in the SEC Rule and the Pledge Agreement. Such financial information shall be accompanied by an audit report prepared in accordance with the provisions of subsection (g)(1) hereof. Any such requested financial information and operating data shall be supplied within 210 days after the end of the Municipal Fiscal Year. Such requirement may be satisfied by submitting the Municipality's comprehensive annual financial report (CAFR) and/or annual report of its System unless KDHE notifies the Municipality of the need for additional information. If an audit is required to be prepared, but is not available within 210 days of the end of the Municipal Fiscal Year, unaudited financial information shall be provided to KDHE pending receipt of the audit report. In addition, the Municipality shall provide KDHE with prompt notification of the occurrence of certain material events. For purposes of this paragraph, "material event" shall mean: (a) principal and interest payment delinquencies on any Indebtedness; (b) non-payment related defaults in agreements authorizing any Indebtedness; (c) rating changes on any Indebtedness; (d) adverse tax opinions or events affecting the tax-exempt status of any Indebtedness; or (e) unscheduled draws on debt service reserves or credit enhancements on any Indebtedness reflecting financial difficulties.

(j) **Insurance.** The Municipality will carry and maintain such reasonable amount of all-risk insurance on all properties and all operations of its System as would be carried by similar municipal operators of Systems, insofar as the properties are of an insurable nature. The Municipality also will carry



general liability insurance in amounts not less than the maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the Kansas Tort Claims Act, K.S.A. 75-6101 *et seq.*, or other similar future law (currently \$500,000 per occurrence).

(k) ***Notice of Material Adverse Change.*** The Municipality shall promptly notify KDHE of any material adverse change in the activities, prospects or condition (financial or otherwise) of the System, or in the ability of the Municipality to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(l) ***Additional Covenants and Requirements.*** The parties hereto acknowledge that this Loan Agreement may be assigned or pledged to secure Bonds or other financings of the Authority. Should it be necessary to modify any covenants or obtain or enhance the security of the Bonds or other financings, the parties agree to take all reasonable actions and make reasonable covenants and agreements necessary to accomplish such purpose to the extent permitted by applicable laws. The parties hereto acknowledge that in conjunction with the issuance of or providing security for any Bonds or other financings, KDHE reserves the right to obtain municipal bond insurance or any other form of credit enhancement with respect to this Loan Agreement. The Municipality acknowledges that the decision to obtain any such municipal bond insurance or other credit enhancement shall be at the sole discretion of KDHE and the Authority. The costs of obtaining such credit enhancement and related costs shall be borne by Revolving Fund. The municipality shall cooperate with KDHE, the Authority and any provider of such credit enhancement with respect to furnishing financial information required by ***subsections (g) and (i)*** of this section, or any other relevant information or operating data of the System reasonably necessary to obtain such credit enhancement or comply with the provisions thereof on an ongoing basis so long as this Loan Agreement is in effect.

## ARTICLE IV

### ASSIGNMENT

**Section 4.01. Assignment and Transfer by KDHE.** The Municipality hereby approves and consents to any assignment or transfer of this Loan Agreement that KDHE deems necessary in connection with the operation and administration of the Revolving Fund. The Municipality hereby specifically approves the assignment and pledging of the Loan Repayments and Additional Payments to the Authority, and the Authority's pledging of all or a portion of the same to the Bonds.

**Section 4.02. Assignment by the Municipality.** This Loan Agreement may not be assigned by the Municipality for any reason, unless the following conditions shall be satisfied:

- (a) KDHE and the Authority shall have approved said assignment in writing;
- (b) the assignee is a city, county, township, water district, improvement district or other political subdivision of the State or any combination thereof;
- (c) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Municipality's duties, covenants, and obligations under this Loan Agreement; provided, however, such assignment shall not relieve the Municipality of its duties, covenants, and obligations under this Loan Agreement;

(d) the assignment will not adversely impact KDHE's ability to meet its duties, covenants and obligations under the Authority under the Pledge Agreement, nor may the sale endanger the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and

(e) the Municipality shall, at its expense, provide KDHE and the Authority with an opinion of a qualified attorney that each of the conditions set forth in *subparagraphs (b), (c), and (d)* hereof have been met.

## ARTICLE V

### DEFAULT AND REMEDIES

**Section 5.01. Notice of Default.** If an Event of Default shall occur, the non-defaulting party shall give the party in default and the Authority prompt telephonic notice of the occurrence of such Event of Default, provided the non-defaulting party has knowledge of such Event of Default. Such telephonic notice shall be immediately followed by written notice of such Event of Default given in the manner set forth in *Section 6.01* hereof.

**Section 5.02. Remedies on Default.** Whenever an Event of Default shall have occurred and be continuing, KDHE or the Municipality shall have the right to take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and to become due or to enforce the performance and observance of any obligation or agreement of KDHE or the Municipality (including, without limitation, withholding remaining Loan disbursements, cancellation of the Loan Agreement and acceleration of the remaining scheduled principal payments set forth on *Exhibit B*, or such other remedies provided to the Secretary in the Loan Act and the Regulations.

#### **Section 5.03. Expenses.**

(a) Upon the occurrence of an Event of Default on the part of the Municipality, and to the extent permitted by law, the Municipality shall, on demand, pay to KDHE the reasonable fees and expenses incurred by KDHE in the collection of Loan Repayments or any other sum due hereunder or in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of the Municipality contained herein. Prior to incurring any such expenses, KDHE shall provide written notice to the Municipality that it intends to incur such expenses; provided, however, a failure by KDHE to give such notice shall not affect KDHE's right to receive payment for such expenses. Upon request by the Municipality, KDHE shall provide copies of statements evidencing the fees and expenses for which KDHE is requesting payment.

(b) Upon the occurrence of an Event of Default on the part of KDHE, and to the extent permitted by law and availability of appropriated funds by the Kansas Legislature, KDHE shall, on demand, pay to the Municipality the reasonable fees and expenses incurred by the in Municipality in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of KDHE contained herein. Prior to incurring any such expenses, the Municipality shall provide written notice to KDHE that it intends to incur such expenses; provided, however, a failure by the Municipality to give such notice shall not affect the Municipality's right to receive payment for such expenses. Upon request by KDHE, the Municipality shall provide copies of statements evidencing the fees and expenses for which the Municipality is requesting payment.

**Section 5.04. Application of Moneys.** Any moneys collected by KDHE pursuant to *Section 5.02* hereof shall be applied: (a) first, to pay interest on the Loan as the same becomes due and payable; (b) second, to pay principal due and payable on the Loan; (c) third, to pay expenses owed by the Municipality pursuant to *Section 5.03* hereof; and (d) fourth, to pay any other amounts due and payable hereunder as such amounts become due and payable.

**Section 5.05. No Remedy Exclusive; Waiver; Notice.** No remedy herein conferred upon or reserved to the Parties hereto is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. The parties hereto, in good faith, shall exercise such remedies with due diligence in a timely manner, however, no delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the parties hereto to exercise any remedy reserved to them in this *Article*, it shall not be necessary to give any notice, other than such notice as may be required in this *Article V*.

**Section 5.06. Retention of Rights.** Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof, or anything else to the contrary contained herein, the parties hereto shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the defaulting party at law or in equity, as such party may, in its discretion, deem necessary to enforce the obligations of the defaulting party pursuant to this Loan Agreement.

**Section 5.07. Financial and Management Review.** Upon failure of the Municipality to pay one or more installments of the Loan Repayments in a timely manner, or in the event that the Secretary deems it advisable or necessary, the Secretary, after consultation with the governing body of the Municipality, require the Municipality to undergo a financial and management operations review or to enter into a FIAC if permitted in accordance with *Section 2.07* hereof. The governing body shall correct any deficiencies noted during such review and adopt charges or surcharges as may be required by the Secretary during the term of this Loan Agreement.

## ARTICLE VI

### MISCELLANEOUS

**Section 6.01. Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when: (a) hand delivered; (b) mailed by registered or certified United States mail, postage prepaid; or (c) via telefax, with confirmation in the manner set forth in *subsection (b)*, to the parties hereinafter set forth at the following addresses:

(1) to KDHE:

Department of Health and Environment  
1000 SW Jackson - Suite 420  
Topeka, Kansas 66612  
Attention: Bureau of Water

with a copy to its General Counsel

(2) to the Authority:

Kansas Development Finance Authority  
534 S. Kansas Avenue, Suite 800  
700 S.W. Jackson  
Topeka, Kansas 66603  
Attention: President,

with a copy to its General Counsel

(3) to the Municipality:

at the address set forth on *Exhibit H*.

All notices given by telefax as aforesaid shall be deemed given as of the date of evidence of receipt thereof by the recipient. All notices given by registered or certified mail as aforesaid shall be deemed duly given as of the date they are so deposited in the United States Postal Service, if postage is prepaid. Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others.

**Section 6.02. Binding Effect.** This Loan Agreement shall inure to the benefit of and shall be binding upon KDHE and the Municipality and their respective successors and assigns.

**Section 6.03. Severability.** In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

**Section 6.04. Amendments, Supplements and Modifications.** This Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Authority.

**Section 6.05. Execution in Counterparts.** This Loan Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

**Section 6.06. Governing Law and Regulations.** This Loan Agreement shall be governed by and construed in accordance with the laws of the State, including the Loan Act and the Regulations which Regulations are, by this reference thereto, incorporated herein as a part of this Loan Agreement.

**Section 6.07. Consents and Approvals.** Whenever the written consent or approval of the State shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the Secretary.

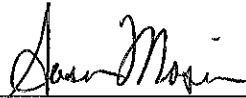
**Section 6.08. Further Assurances.** The Municipality shall, at the request of KDHE, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be reasonably necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Agreement.

[BALANCE OF THIS PAGE HAVE BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, KDHE and the Municipality have caused this Loan Agreement to be executed, sealed and delivered, effective as of the date above first written.



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

By: 

Susan Mosier, MD  
Secretary  
KDHE

Date: 8-1-16

**EDGERTON, KANSAS**

(Seal)

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

\_\_\_\_\_  
(Printed Name)

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

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

ATTEST:

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

\_\_\_\_\_  
(Printed Name)  
Title: Clerk

## ***EXHIBIT A***

### **DESCRIPTION OF THE PROJECT**

This project will replace the current metering system with an automated meter reading system.

## ***EXHIBIT B***

### **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 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, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations as and when the same become due; provided, however, the pledge of the System Revenues contained herein (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations. 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.

#### ***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 PUBLIC WATER SUPPLY LOAN FUND

ESTIMATED Draws - Actual Interest Rate  
Amortization of Loan Costs

Prepared for:  
City of Edgerton, Project No. 2903

Project Principal: 299,250.00  
Interest During Const.: 0.00  
Service Fee During Const.: 0.00  
Loan Origination Fee: 750.00  
Loan Reserve Account: 0.00  
Financial Integrity Assurance Contract: 0.00  
Gross Loan Costs: 300,000.00

7/18/2016  
Gross Rate: 1.91%  
Service Fee Rate: 0.35%  
Loan Interest Rate: 1.56%  
1st Payment Date: 8/1/2017  
Number of Payments: 40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	8/1/2017	300,000.00	2,340.00	6,193.81	525.00	9,058.81	293,806.19
2	2/1/2018	293,806.19	2,291.69	6,252.96	514.16	9,058.81	287,553.23
3	8/1/2018	287,553.23	2,242.92	6,312.67	503.22	9,058.81	281,240.56
4	2/1/2019	281,240.56	2,193.68	6,372.96	492.17	9,058.81	274,867.60
5	8/1/2019	274,867.60	2,143.97	6,433.82	481.02	9,058.81	268,433.78
6	2/1/2020	268,433.78	2,093.78	6,495.27	469.76	9,058.81	261,938.51
7	8/1/2020	261,938.51	2,043.12	6,557.30	458.39	9,058.81	255,381.21
8	2/1/2021	255,381.21	1,991.97	6,619.92	446.92	9,058.81	248,761.29
9	8/1/2021	248,761.29	1,940.34	6,683.14	435.33	9,058.81	242,078.15
10	2/1/2022	242,078.15	1,888.21	6,746.96	423.64	9,058.81	235,331.19
11	8/1/2022	235,331.19	1,835.58	6,811.40	411.83	9,058.81	228,519.79
12	2/1/2023	228,519.79	1,782.45	6,876.45	399.91	9,058.81	221,643.34
13	8/1/2023	221,643.34	1,728.82	6,942.11	387.88	9,058.81	214,701.23
14	2/1/2024	214,701.23	1,674.67	7,008.41	375.73	9,058.81	207,692.82
15	8/1/2024	207,692.82	1,620.00	7,075.35	363.46	9,058.81	200,617.47
16	2/1/2025	200,617.47	1,564.82	7,142.91	351.08	9,058.81	193,474.56
17	8/1/2025	193,474.56	1,509.10	7,211.13	338.58	9,058.81	186,263.43
18	2/1/2026	186,263.43	1,452.85	7,280.00	325.96	9,058.81	178,983.43
19	8/1/2026	178,983.43	1,396.07	7,349.52	313.22	9,058.81	171,633.91
20	2/1/2027	171,633.91	1,338.74	7,419.71	300.36	9,058.81	164,214.20
21	8/1/2027	164,214.20	1,280.87	7,490.57	287.37	9,058.81	156,723.63
22	2/1/2028	156,723.63	1,222.44	7,562.10	274.27	9,058.81	149,161.53
23	8/1/2028	149,161.53	1,163.46	7,634.32	261.03	9,058.81	141,527.21
24	2/1/2029	141,527.21	1,103.91	7,707.23	247.67	9,058.81	133,819.98
25	8/1/2029	133,819.98	1,043.80	7,780.83	234.18	9,058.81	126,039.15
26	2/1/2030	126,039.15	983.11	7,855.13	220.57	9,058.81	118,184.02
27	8/1/2030	118,184.02	921.84	7,930.15	206.82	9,058.81	110,253.87
28	2/1/2031	110,253.87	859.98	8,005.89	192.94	9,058.81	102,247.98
29	8/1/2031	102,247.98	797.53	8,082.35	178.93	9,058.81	94,165.63
30	2/1/2032	94,165.63	734.49	8,159.53	164.79	9,058.81	86,006.10
31	8/1/2032	86,006.10	670.85	8,237.45	150.51	9,058.81	77,768.65
32	2/1/2033	77,768.65	606.60	8,316.11	136.10	9,058.81	69,452.54
33	8/1/2033	69,452.54	541.73	8,395.54	121.54	9,058.81	61,057.00
34	2/1/2034	61,057.00	476.24	8,475.72	106.85	9,058.81	52,581.28
35	8/1/2034	52,581.28	410.13	8,556.66	92.02	9,058.81	44,024.62
36	2/1/2035	44,024.62	343.39	8,638.38	77.04	9,058.81	35,386.24
37	8/1/2035	35,386.24	276.01	8,720.87	61.93	9,058.81	26,665.37
38	2/1/2036	26,665.37	207.99	8,804.16	46.66	9,058.81	17,861.21
39	8/1/2036	17,861.21	139.32	8,888.23	31.26	9,058.81	8,972.98
40	2/1/2037	8,972.98	69.99	8,972.98	15.84	9,058.81	0.00
Totals			50,926.46	300,000.00	11,425.94	362,352.40	



## *EXHIBIT C*

### **CONDITIONS APPLICABLE TO CONSTRUCTION OF THE PROJECT**

The standard conditions applicable to the Loan are:

1. Municipality agrees to expeditiously initiate and complete the Project in accordance with the following schedule:
  - a. Advertisement for bids will not be initiated without written authorization by KDHE.
  - b. Advertising for bids within 30 days of authorization to advertise.
  - c. Bid opening at least 30 days from advertisement for bids.
  - d. Notice of Award will not be issued without written authorization by KDHE.
  - e. Contract award within 60 days of bid opening.
  - f. Issuance of notice to proceed within 30 days of contract award.
  - g. Initiation of operation within 90 days of notice to proceed or no later than January 1, 2017.
  - h. Finalization of construction within 120 days of notice to proceed.
  - i. Project Performance Certification 365 days following Initiation of Operation.
  - j. No change may be implemented by the Municipality which will delay or accelerate this schedule without prior approval of KDHE. KDHE must be promptly notified of any proposed changes.
2. Prior to giving a notice to proceed, the Municipality must certify that all easements and rights-of-way necessary to allow construction of the Project have been obtained and comply with the Uniform Relocation Assistance and Real Property Acquisition Policies (40 CFR part 4) (i.e., all real property has been acquired, bonafide options have been taken or formal condemnation proceedings have been initiated for necessary real property).
3. A final plan of operations shall be submitted by the Municipality for approval by KDHE at or prior to 50 percent construction completion. The plan of operation must include, but is not limited to, an overall Project completion schedule, annual operating cost projections for a minimum of five years, a description of the financial management system, and the projected revenues to operate and maintain the public water supply system. Revenue projections shall also include the Loan Repayments.
4. The final operations and maintenance manual must be submitted to KDHE at or prior to 90 percent construction completion. The operations and maintenance manual must include, but is not limited to, a description of the operation and managerial responsibility, detailed operation and controls, operators and personnel classification and requirements, operational testing, equipment maintenance schedule, operational records, and emergency operating and shut-down procedures.
5. The rates and ordinances enacting the System user charges and System use requirements shall be enacted prior to initiation of operation.
6. The Municipality agrees to make prompt payment to its contractor(s) of sums due for construction and to retain only such amounts as may be justified by specific circumstances and provisions of this Loan Agreement or the construction contract.

7. The Municipality hereby assures that the engineering firm principally responsible for supervising construction and for providing engineering services during construction will continue its relationship with the Municipality for a period of up to one year after initiation of operation of the Project. During this period, the engineering firm shall direct the operation of the Project, train operating personnel and prepare curricula and training material for operating personnel. The following specific requirements apply:
  - a. The Municipality agrees the performance standards applicable to the Project are:
    - (1) all construction deficiencies have been resolved.
    - (2) all testing requirements of the specifications have been performed and met.
  - b. The final plan of operations submitted in accordance with *Exhibit C*, Condition No. 3 must include a draft proposal for these services.
  - c. The final operation and maintenance manual submitted in accordance with *Exhibit C*, Condition No. 4 must be accompanied by a final proposal for these services.
  - d. One year after completion of construction and initial operation of the Project, the Municipality shall certify to KDHE whether or not such Project meets the design specifications and requirements contained in subparagraph a. of this condition. Any statement of non-compliance must be accompanied by a corrective action report containing: an analysis of the cause of the Project's inability to meet performance standards; actions necessary to bring it into compliance, and a reasonably scheduled date for positive certification of the Project. Timely corrective action will be executed by the Municipality.
  - e. Municipality agrees to furnish KDHE with an annual report describing actions taken to date to achieve positive certification, planned future activities, the Project's status and potential for positive certifications.
8. If this Project is for a segment of a total project for the System, KDHE does not assume any obligation, commitment, or responsibility for funding any other anticipated steps, phases, segments or stages or any other improvements to the System not constituting the Project. The Municipality agrees to complete the total System improvements of which this Project is a part in accordance with the schedule presented in *Exhibit C(1)*, regardless of whether KDHE funding is available for the remaining System improvements.
9. The Municipality shall obtain any required Corps of Engineers Section 404 and/or Section 10 permit prior to awarding the construction contract.
10. The Municipality shall follow applicable state procurement laws and regulations.
11. The Municipality hereby agrees to implement measures to mitigate all known adverse environmental effects of this project. The following mitigative actions are required:
  - a. proper grading, drainage and slope protection to eliminate erosion;
  - b. riparian habitat will be avoided, and disturbed areas will be reseeded with native plant species;
  - c. if any riparian trees are removed they will be replaced by pole plantings or saplings;
  - d. directional boring at all stream crossings, where practical, to minimize aquatic habitat

- impacts;
  - e. in the event that construction work uncovers buried archeological artifacts, the Kansas Historical Society should be contacted immediately; and
  - f. contacting KCC in the event of unexpected circumstances are encountered during construction such as the discovery of abandoned oil, gas, or exploratory holes.
12. The Municipality agrees and consents to KDHE's authority to monitor and enforce compliance with the mitigative measures identified in paragraph 11 above and the Loan Agreement conditions.
  13. The Municipality further agrees that those members of the public who participate in the environmental review process shall have the right to appeal the decisions made within that process. Further, that all such appeals shall be conducted pursuant to the Kansas Administrative Procedures Act (K.S.A. 77-5501, *et seq.*) and the Act for Judicial Review (77-601, *et seq.*).
  14. The Municipality agrees to comply with the Kansas Act Against Discrimination, K.S.A. 44-1001, *et seq.* and the Kansas Age Discrimination in Employment Act, K.S.A. 44-1111, *et seq.* as provided by law and to include those provisions in every contract or purchase order relating to the Project so that they are binding upon such subcontractors or vendors.
  15. In order to comply with KPWSLF wage rate requirements the Municipality shall,
    - a. insert in full in any contract funded by this loan agreement in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1, wage rate contract provisions, found in 29 CFR 5.5, as indicated by EPA and US Department of Labor, generally known as Davis Bacon requirements;
    - b. while the solicitation remains open, shall monitor [www.wdol.gov](http://www.wdol.gov). on a weekly basis to ensure that the wage determination contained in the solicitation remains current. The municipality shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the Municipality may request a finding from KDHE that there is not reasonable time to notify interested contractors of the modification of the wage determination. KDHE will provide a report of its findings to the Municipality.
    - c. incorporate any modifications or supersedes DOL makes to the wage determination contained in the solicitation if the contract is not awarded within 90 days of bid opening. Unless KDHE, at the request of the Municipality, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The Municipality shall monitor [www.wdol.gov](http://www.wdol.gov) on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.
    - d. review all subcontracts subject to Davis-Bacon entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.

- e. either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order, if the Department of Labor (DOL) issues a revised wage determination applicable to the contract after the award of a contract or the issuance of an ordering instrument due to a DOL determination that the municipality has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. The Municipality's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.
- f. provide written confirmation in a form satisfactory to KDHE indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls;
- g. interview a sufficient number of employees entitled to Davis Bacon Act prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 20 CFR 5.6 (a)(6), all interviews must be conducted in confidence. The Municipality must use Standard Form 1445 or equivalent documentation to memorialize the interviews. Copies of SF 1445 are available from EPA on request;
- h. establish and follow an interview schedule based on its assessment of the risks of noncompliance with Davis-Bacon posed by contractors or subcontractors and the duration of the contract or subcontract. The municipality s shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.
- i. periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The municipality shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with Davis -Bacon posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the municipality must spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. The municipality must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with Davis-Bacon . In addition, during the examinations the municipality shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.
- j. periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item (h) and (i) above.
- k. must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact Julie Milazzo at [Milazzo.Julie@epa.gov](mailto:Milazzo.Julie@epa.gov) or 206-553-2429 ; and to

the appropriate DOL Wage and Hour District Office listed at [www.dol.gov/whd/america2.htm](http://www.dol.gov/whd/america2.htm).

16. Prior to 90% of project completion the municipality agrees to execute a water conservation plan using the most recent municipal water conservation plan guidelines provided by the Kansas Water Office.
17. The Municipality must comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. Other civil rights laws may impose additional requirements on the Municipality. These laws include, but are not limited to, Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.
18. Municipalities that receive over \$100,000 in KPWSLF funds shall comply with the Anti-Lobbying Act, Title 40 CFR Part 34, and file an Anti-Lobbying Certification form and the Disclosure of Lobbying Activities form to KDHE when required. Furthermore the Municipality shall require that the language of this certification be included in the award of any contracts funded by this loan.
19. The Municipality certifies that it is not suspended or debarred from participating in federal assistance and benefit programs and further agrees to fully comply with Subpart C of 2 CFR Part 180 and Subpart C of 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions." The Municipality must ensure that any lower tier covered transaction, as described in Subpart B of 2 CFR Part 180 and Subpart B of 2 CFR Part 1532, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. Recipient may search for exclusion records at [www.sam.gov](http://www.sam.gov).
20. The Municipality hereby agrees to the following Disadvantaged Business Enterprise (DBE) requirements:
  - a. Adopt the MBE/WBE Fair Share Objective/Goals established between KDHE and EPA for construction of the project. These goals will be made part of the construction contract specifications.
  - b. Make the good faith efforts to contact DBE firms set out in 40 CFR Section 33.301 whenever procuring construction services for the project.
  - c. Comply with the administrative provisions found in 40 CFR Section 33.302
  - d. If the loan amount is greater than \$250,000, maintain a bidders list of contractors and subcontractors that have previously bid on KPWSLF projects as required by 40 CFR Section 33.501(b).
21. The Municipality agrees to submit to KDHE a completed EPA Form 5700-52A by April 15 and October 15 beginning the year the notice to proceed for construction has been issued thru the year construction has been completed.
22. The Municipality agrees to comply with Executive Order No. 11246 by including Section 202 of E.O. 11246 in all contracts funded in part with proceeds of this loan.

23. The Municipality is prohibited from procuring goods or services from persons who have been convicted of violations of the Clean Air Act or the Clean Water act.
24. None of the funds made available by this loan agreement shall be used for a project for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used in the project are produced in the United States. The term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.

***EXHIBIT D***

**USE OF LOAN PROCEEDS**

The loan proceeds will be utilized to pay the costs of:

<u>Project Description</u>	<u>Approximate Cost</u>
1. Construction: Replace the current metering system with an automated meter reading system.	\$265,000.00
2. Engineering: All actual costs of planning, design and construction engineering, construction inspection, final plan of operation, operation and maintenance manual, user charge and ordinance development, and project performance services.	\$10,000.00
3. Administration: All reasonable costs of legal and financial administrative support directly provided by the project, costs of interest during construction, emergency costs associated with the project activities during construction, and the costs associated with obtaining the necessary easements for the project.	\$25,000.00
<b><i>Total</i></b>	<b>\$ 300,000.00</b>

## ***EXHIBIT E***

### **INSTRUCTIONS FOR REQUESTING DISBURSEMENTS**

1. All payment requests must be filed on the Outlay Report and Request for Disbursement Form and represent the actual completion level of the project at the date the request is prepared.
2. All cost entries must be based upon allowable work in place which is due and payable. This means that you may **not** request payment for:
  - a. Any work or services which have not been explicitly approved by the KDHE in the Loan Agreement or subsequent amendments.
  - b. Any work performed under a change order unless written approval of the change order has been given by the State.
  - c. Any ineligible project costs.
  - d. Any retainage which you are withholding from the construction contractor, engineer, etc.
  - e. Easements acquired through eminent domain are not eligible for funding.
  - f. Costs associated with the approval, preparation, issuance and sale of Bonds, and other costs incidental to normal operating overhead of a Municipality, whether performed by Municipal employees, the engineer, or the attorney.

It is essential that you understand the cost basis of the approved Loan amount. It is, therefore, necessary that you read the Loan Agreement (including all conditions) and its transmittal letter, any Loan amendments and Project correspondence, and that you maintain current and accurate files on all approved change orders. Failure to follow these procedures may result in your requesting and subsequently receiving overpayment of loan funds which later may, in turn, result in substantial inconvenience to you and the Municipality. This could include repayment or crediting to KDHE the interest earned on overpaid funds, and any penalties that can result from this action.

3. Submit two original signatures of the form and one set of supporting documentation directly to:

Kansas Department of Health & Environment  
Bureau of Water  
Public Water Supply Section  
1000 SW Jackson Street - Suite 420  
Topeka, Kansas 66612

You should retain one copy for your records.

4. The Authorized Municipality Representative identified in the Loan Agreement remains the principal contact for all project matters.



**EXHIBIT E**

KWPCRF or KPWSLF OUTLAY REPORT AND REQUEST FOR DISBURSEMENT (See Instructions)	1. AGENCY TO WHICH THIS REPORT IS SUBMITTED: KDHE - BUREAU OF WATER  MUNICIPAL PROGRAMS SECTION OR PUBLIC WATER SUPPLY SECTION	2. KDHE PROJECT NUMBER ASSIGNED  KWPCRF PROJECT # C20 _____ KPWSLF PROJECT # _____		
3. TYPE OF REQUEST: FINAL _____ PARTIAL _____	4. PAYMENT REQUEST NUMBER # _____	5. PERIOD COVERED BY THIS REPORT FROM (Mo, day, year) TO (Mo, day, year)		
6. RECIPIENT ORGANIZATION INFORMATION  NAME :  NO. & STREET :  CITY :  STATE AND ZIP CODE				
7. FEIN NUMBER:				
8. TO: THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, ACTING ON BEHALF OF THE STATE OF KANSAS UNDER THE LOAN AGREEMENT EFFECTIVE AS OF _____, BETWEEN KDHE AND the _____ The undersigned hereby requests that the following amounts be paid to the following payees for the following Project Costs as defined in said Agreement:				
CLASSIFICATION	(a) Total amount requested	(b) Payee	(c) Description	Total Approved (KDHE use only)
a. Administrative expense				See KDHE Attached Sheet or Reverse Side
b. Preliminary expense (Planning and Design)				
c. Land, structures, right-of-way (Not allowable)				
d. Architectural engineering basic fees				
e. Other architectural engineering fees				
f. Project inspection fees				
g. Construction and project improvement cost				
h. Equipment (By Separate Contract)				
i. Miscellaneous cost				
j. Total cumulative to date (sum of lines a thru i)	\$0.00			
k. Deductions for program income				
l. Net cumulative to date (Line j minus line k)	\$0.00			
m. Disbursements Paid to Date				
n. Amount due this Request (Line l minus Line m)	\$0.00			
o. Percentage of physical completion of project				
9. CERTIFICATION: I hereby state and certify that: (i) the amounts requested are or were necessary and appropriate in connection with the purchase, construction and installation of the Project, have been properly incurred and are a proper disbursement of the proceeds of the Loan and that an inspection has been performed and all work is in accordance with the terms of the Loan; have been paid or are justly due to the persons whose names and addresses are stated above; and have not been the basis of any previous requisition from the proceeds of the Loan; (ii) as of this date, except for the amounts specified above, there are no outstanding statements which are due and payable for labor, wages, materials, supplies or services in connection with the acquisition, purchase, construction, improvement, repair, rehabilitation or extension of the Wastewater Treatment Works or the Water Supply/Treatment/Distribution Works; (iii) all representations made in the Agreement remain true as of the date of this request; and (iv) no adverse developments affecting the financial condition of the Recipient or its ability to complete the Project or to repay the Loan have occurred.				
a. RECIPIENT:		b. KDHE Representative Certifying to line 8.n.  Rodney R. Geisler or William J. Carr		
Signature of Authorized Certifying Official		Signature of Authorized Certifying Official  <b>See KDHE Attached Sheet or Reverse Side</b>		
Typed or Printed Name and Title		Typed or Printed Name and Title Chief, Municipal Programs Section or KPWSLF Manager		
Date Submitted	Telephone (Area Code, number & ext.)	Date Approved	Telephone (Area Code, number & ext.)  785-296-5527 or 296-5503	

## INSTRUCTIONS FOR OUTLAY REPORT AND REQUEST FOR DISBURSEMENT

Please type or print legibly. Items 1, 4, 5, 6, 8.n., and 8.o. are self-explanatory; specific instructions for other items are as follows:

Item	Entry	Item	Entry
2	Enter the assigned KPWSLF project number.	8h	Enter amounts for all equipment, both fixed and movable, exclusive of equipment used for construction. For example, permanently attached laboratory tables, built-in audio visual systems, movable desks, chairs, and laboratory equipment.
3	Mark as appropriate. If the request is final, the amounts billed should represent the final cost of the project	8i	Enter the amounts for all items not specifically mentioned above.
7	Enter the complete employer identification number assigned by the U.S. Internal Revenue Service [or FICE institution code if requested by the Federal agency].	8j	Enter the total cumulative amount to date which should be the sum of lines a through i.
8	Use only columns a, b, and c	8k	Enter the total amount of program income applied to the loan agreement. Identify on a separate sheet of paper the sources and types of the income.
8a	Enter amounts expended for such items as travel, legal fees, rental of vehicles and any other administrative expenses. Include the amount of interest expense when authorized by program legislation. Also show the amount of interest expense on a separate sheet.	8l	Enter the net cumulative amount to date which should be the amount shown on line j minus the amount on line k.
8b	Enter amounts pertaining to the work of location and designing, making surveys and maps, sinking test holes, and all other work required prior to actual construction.	8m	Enter the amount of reimbursements paid to date.
8c	Enter all amounts directly associated with the acquisition of land, existing structures and related right-of-way.	8n	Enter the amount now being requested for reimbursement. This amount should be the difference between the amounts shown on lines l and m. If different, explain on a separate sheet.
8d	Enter basic fees for services of architectural engineers.	9a	To be completed and signed by the duly authorized recipient representative official. The date should be the actual date the form is submitted to the funding agency.
8e	Enter other architectural engineering services. Do not include any amounts shown on line d.	9b	To be completed by the funding agency official representative who is certifying to the percent of project completion as provided for in the terms of the loan agreement. Recipient leave blank.
8f	Enter inspection and audit fees of construction and related programs.		
8g	Enter those amounts associated with the actual construction of, addition to, or restoration of infrastructure.		

NOTE: TWO ORIGINAL SIGNATURE DISBURSEMENT REQUESTS AND ONE SET OF SUPPORTING DOCUMENTATION MUST BE SUBMITTED

**EXHIBIT F**

**FORM OF MUNICIPALITY ORDINANCE**

\*\*\*\*\*

**EXCERPT OF MINUTES OF A MEETING  
OF THE GOVERNING BODY OF  
THE CITY OF EDGERTON, KANSAS  
HELD ON \_\_\_\_\_ [ORDINANCE DATE]**

The Governing Body of the City met in \_\_\_\_\_ [regular/special] session at the usual meeting place in the City, at \_\_\_\_\_ [meeting time], the following members being present and participating, to-wit:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

\*\*\*\*\*

(Other Proceedings)

Thereupon, there was presented an Ordinance entitled:

**AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN EDGERTON, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.**

Thereupon, [Council member/Commissioner] \_\_\_\_\_ moved that said Ordinance be passed. The motion was seconded by [Council member/Commissioner] \_\_\_\_\_. Said Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the Governing Body, the vote being as follows:

Yes: \_\_\_\_\_.

No: \_\_\_\_\_.

Thereupon, the Mayor declared said Ordinance duly passed and the Ordinance was then duly numbered Ordinance No. \_\_\_\_\_ and was signed and approved by the Mayor and attested by the Clerk. The Clerk was directed to publish the Ordinance one time in the official newspaper of the City.

\* \* \* \* \*

(Other Proceedings)

On motion duly made, seconded and carried, the meeting thereupon adjourned.

(SEAL)

\_\_\_\_\_  
Clerk

(Published in [Official City Newspaper] on [publication date])

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN EDGERTON, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS PUBLIC WATER SUPPLY LOAN FUND FOR THE PURPOSE OF FINANCING A PUBLIC WATER SUPPLY PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.**

**WHEREAS**, the Safe Drinking Water Act Amendments of 1996 [PL 104-182] to the Safe Drinking Water Act (the "Federal Act") established the Drinking Water Loan Fund to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the "EPA") to administer a revolving loan program operated by the individual states; and

**WHEREAS**, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

**WHEREAS**, by passage of the Kansas Public Water Supply Loan Act, K.S.A. 65-163d *et seq.*, as amended (the "Loan Act"), the State of Kansas (the "State") has established the Kansas Public Water Supply Loan Fund (the "Revolving Fund") for purposes of the Federal Act; and

**WHEREAS**, under the Loan Act, the Secretary of the Kansas Department of Health and Environment ("KDHE") is given the responsibility for administration and management of the Revolving Fund; and

**WHEREAS**, the Kansas Development Finance Authority (the "Authority") and KDHE have entered into a Pledge Agreement (the "Pledge Agreement") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public water supply projects (the "Projects") and to pledge the Loan Repayments (as defined in the Pledge Agreement) received pursuant to such Loan Agreements to the Authority; and

**WHEREAS**, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the "Bonds") for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

**WHEREAS**, Edgerton, Kansas (the "Municipality") is a municipality as said term is defined in the Loan Act which operates a water system (the "System"); and

**WHEREAS**, Edgerton, Kansas (the "Municipality") is a municipality as said term is defined in the Loan Act which operates a water system (the "System"); and

**WHEREAS**, the System is a Public Water Supply System, as said term is defined in the Loan Act; and

**WHEREAS**, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain a loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:

Replace the current metering system with an automated meter reading system.  
(the "Project"); and

**WHEREAS**, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-15-50 through 28-15-65 (the "Regulations") applicable thereto necessary to qualify for the loan; and

**WHEREAS**, KDHE has informed the Municipality that it has been approved for a loan in amount not to exceed \$300,000.00 (the "Loan") in order to finance the Project; and

**WHEREAS**, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the Loan and to enter into a loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the Loan Agreement.

**THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF , KANSAS:**

**Section 1. Authorization of Loan Agreement.** The Municipality is hereby authorized to accept the Loan and to enter into a certain Loan Agreement, with an effective date of July 7, 2016, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Loan Agreement") to finance the Project Costs (as defined in the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Municipality's legal counsel, the Mayor's execution of the Loan Agreement being conclusive evidence of such approval.

**Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan.** Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, 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 (as defined in the Loan Agreement) 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, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations (as defined in the Loan Agreement) as and when the same become due; provided, however, the pledge of the System Revenues contained herein and in the Loan Agreement (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations. 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. In accordance with the Loan Act, the obligations under the Loan and the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

**Section 3. Further Authority.** The Mayor, Clerk and other City officials and legal counsel are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

**Section 4. Governing Law.** The Ordinance and the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

**Section 5. Effective Date.** This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

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**PASSED** by the governing body of the City on [Ordinance Date] and [signed][and **APPROVED**]  
by the Mayor.

(SEAL)

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Mayor

ATTEST:

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Clerk

[APPROVED AS TO FORM ONLY.

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City Attorney



***EXHIBIT G***

**FORM OF OPINION OF MUNICIPALITY'S COUNSEL**

[Date]

Kansas Development Finance Authority  
Topeka, Kansas

The Kansas Department of Health and  
Environment, acting on behalf of  
The State of Kansas  
Topeka, Kansas

Re: Loan Agreement effective as of July 7, 2016, between the Kansas Department of Health and Environment ("KDHE"), acting on behalf of the State of Kansas (the "State"), and Edgerton, Kansas (the "Municipality")

I have acted as counsel to the Municipality in connection with the authorization, execution and delivery of the above referenced Loan Agreement (the "Loan Agreement"). In my capacity as counsel to the Municipality, I have examined original or certified copies of minutes, ordinances of the Municipality and other documents relating to the authorization of the Project, the authorization, execution and delivery of the Loan Agreement, and the establishment of a Dedicated Source of Revenue (as defined in the Loan Agreement) for repayment of the Loan evidenced by the Loan Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Loan Agreement.

In this connection, I have examined the following:

- (a) an executed or certified copy of the Loan Agreement;
- (b) proceedings adopted or taken by the Municipality to authorize and approve the Project to be constructed with the proceeds of the Loan evidenced by the Loan Agreement;
- (c) Ordinance No. \_\_\_\_ of the Municipality (the "Ordinance") adopted on \_\_\_\_\_ [Ordinance Date], and other proceedings of the Municipality taken and adopted in connection with the authorization, execution and delivery of the Loan Agreement, and the establishment of a Dedicated Source of Revenue for repayment of the Loan evidenced by the Loan Agreement; and

- (d) such other proceedings, documents and instruments as I have deemed necessary or appropriate to the rendering of the opinions expressed herein.

In this connection, I have reviewed such documents, and have made such investigations of law, as deemed relevant and necessary as the basis for the opinions hereinafter expressed.

Based upon the foregoing, it is my opinion, as of the date hereof, that:

1. The Municipality is a municipal corporation duly created, organized and existing under the laws of the State.
2. The Municipality operates a Public Water Supply System, as said term is defined in the Loan Act.
3. The Project has been duly authorized by the Municipality.
4. The Municipality has all requisite legal power and authority to, and has been duly authorized under the terms and provisions of the Ordinance to, execute and deliver, and perform its obligations under, the Loan Agreement.
5. The Loan Agreement has been duly authorized, executed and delivered by the Municipality and constitutes a valid and binding agreement of the Municipality enforceable in accordance with its terms, subject as to enforcement of remedies to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted, and subject further to the exercise of judicial discretion in accordance with general principles of equity. In rendering this opinion I have assumed due authorization, execution and delivery of the Loan Agreement by the State, acting by and through KDHE.
6. By adopting the Ordinance, the Municipality has duly authorized the Dedicated Source of Revenue for repayment of the Loan to be made pursuant to the Loan Agreement.
7. To the best of my knowledge, the execution and delivery of the Loan Agreement by the Municipality will not conflict with or result in a breach of any of the terms of, or constitute a default under, any ordinance, indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Municipality is a party or by which it or any of its property is bound or any of the rules or regulations applicable to the Municipality or its property or of any court or other governmental body.

Very truly yours,

***EXHIBIT H***

**MUNICIPALITY'S NOTICE ADDRESS**

City of Edgerton  
Attn: City Administrator  
404 E. Nelson  
Edgerton, Kansas 66021

## **EXHIBIT I**

### **FORM OF FINANCIAL INTEGRITY ASSURANCE CONTRACT**

This Contract is entered into as of July 7, 2016, between the **KANSAS RURAL WATER FINANCE AUTHORITY**, a body corporate and politic of the State of Kansas (the "Authority") and **EDGERTON**, a municipality of the State of Kansas (the "Municipality") participating in the Kansas Public Water Supply Loan Fund program (the "Program"), with the approval and for the benefit of the **KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT** ("KDHE") the administrator of the Program and for the benefit of the **KANSAS DEVELOPMENT FINANCE AUTHORITY** ("KDFA"), as provider of certain financial services to the Program..

#### **Recitals**

A. The Municipality has entered into a certain Loan Agreement (the "Loan Agreement") with KDHE, pursuant to the provisions of K.S.A. 65-1654 *et seq.* (the "Loan Act") to finance improvements to the Municipality's public water supply system (the "System") pursuant to the Program.

B. The Loan Act specifically grants to the Secretary of KDHE (the "Secretary") certain powers and remedies to enforce the Loan Agreement. The Loan Agreement permits the Municipality to enter into this contract and also permits the Secretary to require the Municipality to enter this contract as a means of assisting the Municipality to maintain financial integrity of the System over the term of the Loan Agreement.

C. KRWEA has been approved by KDHE to provide the Municipality with assistance in discharging certain system and financial management responsibilities expressly or implicitly undertaken in the Loan Agreement.

D. The Municipality [agrees][has been required by the Secretary] to engage the services of KRWEA for such purposes, and this contract sets forth KRWEA's undertakings with respect to the Municipality, the Municipality's obligations to KRWEA and their joint obligations to KDHE to assist in the performance of the Municipality's covenants pursuant to the Loan Agreement.

E. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement.

#### **Agreements**

**IN ADDITION TO THE SPECIFIC COVENANTS OF THE MUNICIPALITY CONTAINED IN THE LOAN AGREEMENT, WHICH ARE INCORPORATED HEREIN BY REFERENCE, THE PARTIES HERETO HEREBY AGREE AS FOLLOWS:**

1. **Quarterly Management Report.** The Municipality will complete a quarterly management report of operating data and financial information in the form prescribed by KRWFA and review the same at the next meeting of the Municipality's governing body after completion of the report. A copy of the report as reviewed and approved by the Municipality's governing body will be retained in the official records of the Municipality and shall also be furnished to KRWFA. The initial Quarterly Management Report shall be submitted to KRWFA in the first full calendar quarter following the first draw of loan funds by the Municipality.

2. **Inspection of Books and Records.** The Municipality will make available its financial books and records for inspection by a duly authorized representative of KRWFA upon reasonable written request of KRWFA.

3. **Annual Budget.** Not later than 180 days prior to the beginning of each fiscal year of the Municipality, the Municipality will furnish to KRWFA a proposed System budget for the ensuing fiscal year in the form prescribed by state statute, with such further modifications as may be required by KRWFA. KRWFA will review the proposed System budget and return the same to the Municipality within 30 days with KRWFA's recommendations, if any. Not later than the date required by statute, other legal document requirement or 120 days prior to the beginning of the Municipality's fiscal year, whichever is earlier, the Municipality's governing body will adopt a budget of anticipated receipts and expenditures of the System for the ensuing fiscal year. A copy of such adopted System budget will be retained in the official records of the Municipality and a copy shall be furnished to KRWFA. The initial budget of the Municipality shall be submitted to KRWFA for the first year of initial draw against loan funds.

4. **Annual Audit.** If an annual financial audit is required by Section 3.02 (k)(1) of the Loan Agreement, no less than 90 days prior to the end of the Municipality's fiscal year, the Municipality shall submit to KRWFA a written report stating the identity of the certified public accountant that has been engaged to conduct the audit of the Municipality's financial records for the preceding fiscal year required by the Loan Agreement, and the anticipated date of receipt of the report of such audit. The Municipality shall cause an audit of its financial records, in a form required by the Loan Agreement, to be completed not less than 210 days after the end of each fiscal year or such earlier date as may be required by statute or other legal document requirement, whichever is earlier. The audit must include a calculation of the Debt Service Coverage Ratio. Copies of such audit report shall be: (a) submitted to the Municipality's governing body for review; (b) retained in the Municipality's official records; and (c) furnished to KRWFA. The initial audit of the Municipality shall be submitted for the fiscal year of the initial draw against loan funds.

5. **Proposed Remediation Plan.** Within 60 days of receipt of the Municipality's audit report, KRWFA shall review the same to determine compliance with the financial covenants contained in the Loan Agreement. If the Municipality is not in compliance with the financial covenants set forth in the Loan Agreement, KRWFA will make recommendations to the Municipality for remediation of the deficiencies. KRWFA shall also review the audit and the quarterly management reports required by *Section 1* hereof, for developing trends, which, if continued, will result in noncompliance in future years. Within 30 days after receipt of KRWFA's recommendations, the Municipality's governing body will meet to review such recommendations and will submit to KRWFA its written plan for curing the deficiencies and/or implementing KRWFA's recommendations.

6. **Assistance in Implementation of Prescribed Changes.** KRWFA will provide the Municipality with assistance in implementing a remediation plan that will assure future compliance with required financial covenants as soon as is practically feasible, including implementation of changes in the

water rates or operational practices of the Municipality as may be prescribed by the Secretary pursuant to the Loan Act.

7. **Compliance Certification.** KRWFA will provide KDHE with an annual written compliance report for the Municipality within the time period set forth in *Section 5* hereof for review of the annual audit. Such report shall indicate compliance or non-compliance by the Municipality with its requirements under the Loan Agreement. Any recommendations provided by KRWFA pursuant to *Sections 5* and/or *6* hereof shall be included in such report. In the event that the Municipality does not implement such recommendations within a reasonable time, KRWFA shall immediately notify the Secretary of such noncompliance.

8. **Fees.** KRWFA shall be paid the FIAC Origination Fee as compensation for its services under this contract for the entire term of the Loan Agreement. The fee may be included in the amount of the Loan Agreement if this contract is entered into at the time of the Loan Agreement, or may be paid by the Municipality (upon the execution of the Loan Agreement) to KDFA for remittance to KRWFA.

9. **Dissemination of Information.** KRWFA shall provide KDHE and KDFA copies of all reports, recommendations and other written material received by KRWFA from the Municipality or sent by KRWFA to the Municipality pursuant to the terms of this contract.

10. **Term.** This contract shall take effect upon its signature and delivery by the parties hereto, and will remain in effect until all payments to be made by the Municipality under the Loan Agreement have been paid in full.

11. **Binding Effect on Beneficiaries.** This contract shall bind the parties hereto, their respective successors and assigns, and is made for the benefit of KDFA and KDHE and the parties.

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**EXECUTED AND DELIVERED** on behalf of the parties by an authorized signatory as of the dates hereinafter set forth.

**KANSAS RURAL WATER FINANCE AUTHORITY**

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

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

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

**EDGERTON**

By \_\_\_\_\_

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

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

**APPROVED:**

**KANSAS DEPARTMENT OF HEALTH  
AND ENVIRONMENT**

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

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

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

## EXHIBIT J

### FORM OF QUALIFIED USER CERTIFICATE

The undersigned is making the following representations and covenants on behalf of Edgerton (the "Municipality") in connection with the loan of funds to it (the "Loan") by the Kansas Department of Health and Environment ("KDHE"). The loan between KDHE and the Municipality (the "Loan Agreement") is dated July 7, 2016. The Municipality understands that all or a portion of the proceeds of its Loan may be funded with proceeds of bonds issued by Kansas Development Finance Authority ("KDFA") the interest on which is intended to be exempt from Federal income tax ("Tax-Exempt Bonds"). In the Loan Agreement the Borrower agreed that it would not use any portion of the proceeds of the Loan or the facilities financed with the proceeds of the Loan (the "Financed Facility") in a manner that could cause interest on any of the Tax-Exempt Bonds to become subject to income tax. Each of the following representations and covenants is made for the purpose of satisfying this covenant contained in the Loan Agreement.

1. In addition to the terms defined above, the following capitalized terms have the meaning set out below:

**"Management or Operating Agreement"** means a legal agreement with a Non-Qualified User where the Non-Qualified User provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. However, a contract for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing or similar services) is not a Management or Operating Agreement.

**"Non-Qualified Use"** generally means any use of the Financed Facility in a trade or business carried on by any Non-Qualified User that is different in form or substance to the use made of the Financed Facility by any other member of the general public. The rules set out in United States § 1.141-3 determine whether Bond Proceeds or the Financed Facility are "used" in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility, will constitute use under Regulations § 1.141-3.

**"Non-Qualified User"** means any person or entity other than a Qualified User.

**"Opinion of Bond Counsel"** means the written opinion of a firm of nationally recognized Bond Counsel acceptable to KDFA to the effect that the proposed action or the failure to act will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

**"Qualified User"** means the City, a State, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

2. The Municipality is the owner of the Financed Facility. As long as any portion of the Loan is unpaid the Municipality will never permit any of the Financed Facility to be used in any Non-Qualified Use without first notifying KDFA and KDHE in writing and obtaining an Opinion of Bond Counsel.



3. None of the proceeds of the Loan will be loaned directly or indirectly to any Non-Qualified User.

4. All costs previously paid by the Borrower that are to be reimbursed from the proceeds of the Loan either (1) were paid by the Borrower not more than 3 years prior to the date reimbursement is requested or (2) were for costs incurred in connection with the planning or design of the project paid prior to the date construction commenced. Loan proceeds will not be available to reimburse outstanding tax-exempt obligations of a political subdivision, except in certain limited circumstances. Should you wish to discuss applicable restrictions, please contact the KDHE Program Administrator.

5. No operating costs or expenses of the Municipality are being paid from the proceeds of the Loan.

6. The Municipality will not enter into any Management or Operating Agreement of the Financed Facility or lease any portion of the Financed Facility to any Non-Qualified User without first (1) notifying KDFA and KDHE in writing and (2) obtaining an Opinion of Bond Counsel.

7. Upon the written request of KDHE or KDFA the Municipality will provide written confirmation of compliance with each of the forgoing certifications and covenants in a form acceptable to KDHE and KDFA.

**EDGERTON**

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

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title