

CITY OF TONGANOXIE  
321 S. DELAWARE 913-845-2620  
November 6, 2017  
7:00 Regular Meeting



Honorable Jason K. Ward, Mayor  
Council Members  
Chris Donnelly                      James Truesdell  
Curtis Oroke                      Andy Gilner                      Kara Reed

**Open Regular Meeting – 7:00 p.m.**

**I. Pledge of Allegiance**

**II. Approval of Minutes –** Regular Meeting dated October 16, 2017

**III. Consent Agenda**

- a) Review Bill Payments

**IV. Open Agenda**

Members of the public are welcome to use this time to comment about any matter relating to City business. The comments that are discussed under Open Agenda may or may not be acted upon by the Council during this meeting. In order to speak during open agenda, you must sign up with your name and address with the city clerk or designee **before the meeting**. Comments will be limited to 3 minutes. Please wait to be recognized by the Mayor and **state your name and address** for the record.

**V. Old Business**

**VI. New Business**

- a) Ordinance 1428: Authorizing the sale/issuance of General Obligation Refunding Bonds and related actions
- b) Resolution 11-17-01: Authorizing the sale/issuance of General Obligation Refunding Bonds and related actions
- c) Public hearing regarding amendments to the water, sewer, and sanitation funds for 2017
- d) Consider approval of budget amendments to the water, sewer and sanitation funds for 2017
- e) Consider approval of purchase of water line and concrete materials for water line extension to the industrial park, at a cost not to exceed \$14,277
- f) City Manager Agenda
  - 1. Executive session to discuss the possible acquisition of land from KDOT, pursuant to the acquisition of real property exemption, KSA 75-4319(b).
- g) City Attorney Agenda
- h) Mayor Agenda
- i) Mayor Pro Tem Agenda
- j) City Council Agenda

**VII. Information & Communications (No Action Required)**

**VIII. Adjourn**

**City Council Meeting**  
October 16, 2017  
7:00 p.m. Regular Meeting



Mayor Ward opened the meeting at 7:00 p.m. with the pledge of allegiance. Council members present were Curtis Oroke, Andy Gilner and Kara Reed. Council member Jim Truesdell and Chris Donnelly were absent. Also in attendance were City Manager George Brajkovic, City Clerk Patty Hagg and City Attorney Shannon Marcano.

**Approval of Minutes and Consent Agenda**

- Mr. Gilner moved to approve the minutes from the October 2, 2017 council meeting. Ms. Reed seconded. All ayes. Motion carried.
- Mr. Gilner moved to approve the consent agenda. Mr. Oroke seconded. All ayes. Motion carried.

**Open Agenda**

- Lawrence Hill, 1541 Fall Creek Dr., voiced his support for the library and asked for a list of candidates that are running for council on November 7, 2017.

**New Business**

Mayor Ward moved Agenda Item A after Agenda Item C

- **Tabled - Agenda Item B – Resolution 10-17-03: Approving and authorizing the execution of a real estate contract between the City of Tonganoxie, Kansas and Unilock Chicago, Inc.**
- **Agenda Item C – Consider donation of old fire hoses and nozzles.** Tonganoxie Fire Chief Jack Holcom 825 E 4<sup>th</sup> St., presented information on a grant the fire department received to replace old hoses and helmets and a request to donate the old equipment to the Shawnee Mission School District. Chief Holcom introduced retired Fire Chief John Douglas, who is now the Executive Director of Safety and Security for Shawnee Mission School District. Chief Douglas presented information about Project Blue Eagle and explained it is a hands on course for high school students in the Shawnee Mission School District. The program uses equipment donated to them from area fire departments to teach public safety. City Attorney Shannon Marcano verified the donation of the old hoses could be used for training and/or teaching programs. A waiver of liability will also be signed by the Shawnee Mission School District.
  - Kara Reed made a motion to donate the old fire equipment to the Shawnee Mission School District Project Blue Eagle.
  - Andy Gilner seconded the motion. All ayes. Motion carried.
- **Agenda Item A - Recognition of Fire Chief Jack Holcom.** Mayor Ward stated this was Jack's last council meeting. The mayor & council members presented Chief Holcom with a plaque for his service with the city. Nicole Holifield, 516 Laughlin St., thanked Jack for his service and stated his leaving is a tremendous loss to the city. Chief Holcom thanked the council for understanding the importance of Public Safety in the community.
- **Agenda Item D – Presentation from Tonganoxie Library and JE Dunn regarding needs assessment for proposed new library.** Nicole Holifield-Tonganoxie Library Director-opened with a short presentation about the importance of the library to the community, she followed that with a power point presentation that focused on the new library project, community use statistics, programs and services the library provides to the community. Brad McKensie-Sapp Design Architects-discussed the three possible locations, size of building needed and zoning regulations. Toby Tatum-JE Dunn Construction- presented a conceptual budget plan and timeline for a 16,500 sq. ft. building.
- **Agenda Item E – Consider budget request from Tonganoxie Library Board for proposed new library.** City Manager, George Brajkovic stated the library is requesting additional funds from the ¾ cent sales tax. The original amount asked for was \$3 to \$3.6 million dollars. The new amount is \$5.1 million dollars. Mr. Brajkovic reviewed the ¾ cent ballot language, revenue projections and actual funds received from the original ¾ cent sales tax for the water park. He stated that after consultation with financial advisor Ben Hart, Springstead Financial, the projected sales tax income would be approximately \$400,000.00 per year. The city council then used that number to budget \$200,000.00 to the library fund and \$200,000.00 to special highway fund per year. Council members voiced concerns over the requested fund increase. The council members also asked how surrounding communities funded their libraries and asked if fundraising for the new library was a possibility. Lajeane Keene, 817 Church St., Foundation member, stated they plan to hire a fund raising consultant and the foundation plans to do community fundraisers. The council members also discussed the need for improvement to the City infrastructure and the budget projections for other areas within the City. Mayor Ward suggested holding community forums to get public input on the need for additional funds. Brad McKensie stated there will be public meetings during the design phase.
- Mayor Ward called for a 5 minute recess.

**City Manager Agenda**

- Mr. Brajkovic presented the September financial report and the 3<sup>rd</sup> quarter treasurer's report.

**Mayor Agenda**

- Tabled executive session to November 6, 2017 meeting.

**Mayor Pro Tem**

- Kara Reed stated she is still interested in a Farmer's Market in Tonganoxie and if anyone is interested to contact her.

**Information & Communications (No Action Required)**

- Mr. Brajkovic stated Public Works will be conducting a smoke test in the city sewers and he should have a preliminary report by the end of the week.

Mr. Gilner moved to adjourn at 8:52 p.m. Ms. Reed seconded. All ayes. Motion carried.



City of Tonganoxie, KS

# Check Report

By Check Number

Date Range: 10/13/2017 - 11/02/2017

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: AP Bank-AP Bank</b>						
0873	AIRVAC	10/13/2017	Regular	0.00	846.00	42037
0025	APAC-KANSAS, INC	10/13/2017	Regular	0.00	430.79	42038
0694	APPARATUS SERVICES LLC	10/13/2017	Regular	0.00	362.40	42039
0884	APPLIANCE DOCTOR	10/13/2017	Regular	0.00	60.00	42040
0034	AT&T ACCESS TRANSPORT SERVICES	10/13/2017	Regular	0.00	74.49	42041
0039	BAMFORD FIRE SPRINKLER CO	10/13/2017	Regular	0.00	224.00	42042
0064	BOUND TREE MEDICAL, LLC	10/13/2017	Regular	0.00	281.10	42043
0749	BROADVOICE	10/13/2017	Regular	0.00	139.55	42044
0700	BUSHYHEAD LLC	10/13/2017	Regular	0.00	9,590.00	42045
0077	CARAWAY PRINTING CO., INC.	10/13/2017	Regular	0.00	266.00	42046
0166	EMERGENCY REPORTING	10/13/2017	Regular	0.00	139.00	42047
0182	FEDEX	10/13/2017	Regular	0.00	17.88	42048
0198	FRANK ROBISON	10/13/2017	Regular	0.00	1,400.00	42049
0205	GALL'S LLC	10/13/2017	Regular	0.00	551.89	42050
0596	GEOFF SONNTAG	10/13/2017	Regular	0.00	400.00	42051
0224	HAMM QUARRIES & LANDFILL	10/13/2017	Regular	0.00	2,454.52	42052
0856	HAUPT CONSTRUCTION COMPANY	10/13/2017	Regular	0.00	113,062.50	42053
0250	HONEYCREEK DISPOSAL SERVICE	10/13/2017	Regular	0.00	25,432.87	42054
0284	JAYS UNIFORMS	10/13/2017	Regular	0.00	105.94	42055
0308	KANSAS STATE TREASURER	10/13/2017	Regular	0.00	1,512.50	42056
0321	KANSAS DEPARTMENT OF REVENUE	10/13/2017	Regular	0.00	1,880.96	42057
0330	KANSAS GAS SERVICE	10/13/2017	Regular	0.00	37.26	42058
0348	KBI	10/13/2017	Regular	0.00	800.00	42059
0757	KC CLEAN	10/13/2017	Regular	0.00	240.00	42060
0373	KS HEALTH & ENVIROMENT LAB	10/13/2017	Regular	0.00	576.00	42061
0393	LAWRENCE MEMORIAL HOSPITAL	10/13/2017	Regular	0.00	30.00	42062
0395	LCDC	10/13/2017	Regular	0.00	10.00	42063
0397	LEAGUE OF KANSAS MUNICIPALITIE	10/13/2017	Regular	0.00	160.00	42064
0397	LEAGUE OF KANSAS MUNICIPALITIE	10/13/2017	Regular	0.00	-160.00	42064
0793	LEAVENWORTH COUNTY TREASURER	10/13/2017	Regular	0.00	2,416.10	42065
0426	LV COUNTY SHERIFF OFFICE	10/13/2017	Regular	0.00	275.00	42066
0857	MIDCONTINENT COMMUNICATIONS	10/13/2017	Regular	0.00	521.62	42067
0476	NATIONAL SIGN COMPANY INC.	10/13/2017	Regular	0.00	759.00	42068
0491	OLATHE WINWATER WORKS	10/13/2017	Regular	0.00	2,907.00	42069
0496	ONE CALL CONCEPTS	10/13/2017	Regular	0.00	120.00	42070
0500	OREILLY AUTO PARTS	10/13/2017	Regular	0.00	247.02	42071
0548	RECORDNEWS	10/13/2017	Regular	0.00	441.01	42072
0568	SAMS CLUB	10/13/2017	Regular	0.00	143.54	42073
0579	SECURITY BENEFIT - 457	10/13/2017	Regular	0.00	2,519.23	42074
0594	SMITHEREEN PEST CONTROL	10/13/2017	Regular	0.00	198.00	42075
0597	SOUTHERN LV CO LEADERSHIP DVLP	10/13/2017	Regular	0.00	400.00	42076
0866	TERRACON CONSULTANTS, INC	10/13/2017	Regular	0.00	6,106.25	42077
0628	TODD'S TIRE LLC	10/13/2017	Regular	0.00	836.00	42078
0635	TOTAL ELECTRIC CONTRACTORS INC	10/13/2017	Regular	0.00	385.90	42079
0641	TYLER TECHNOLOGIES	10/13/2017	Regular	0.00	2,215.00	42080
0642	U S POSTAL SERVICE	10/13/2017	Regular	0.00	1,210.00	42081
0668	WEIS FIRE & SAFETY EQUIPMENT	10/13/2017	Regular	0.00	20,089.77	42082
0671	WESTAR ENERGY	10/13/2017	Regular	0.00	13,813.46	42083
0001	911 CUSTOM	10/23/2017	Regular	0.00	6,517.79	42084
0015	ALL SEASONS CAR WASH	10/23/2017	Regular	0.00	86.19	42085
0826	ANNA WOLF	10/23/2017	Regular	0.00	800.00	42086
0046	BAY BRIDGE ADMINISTRATORS, LLC	10/23/2017	Regular	0.00	303.76	42087
0056	BLUE CROSS AND BLUE SHIELD	10/23/2017	Regular	0.00	28,182.21	42088
0059	BOARD OF PUBLIC UTIL.-WATER	10/23/2017	Regular	0.00	20,314.33	42089

Check Report

Date Range: 10/13/2017 - 11/02/2017

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
0064	BOUND TREE MEDICAL, LLC	10/23/2017	Regular	0.00	140.12	42090
0070	BROTHER' S MARKET	10/23/2017	Regular	0.00	104.46	42091
0099	CITY OF LEAVENWORTH	10/23/2017	Regular	0.00	770.00	42092
0115	CONRAD FIRE EQUIPMENT, INC.	10/23/2017	Regular	0.00	501.75	42093
0886	CREATIVE PRODUCT SOURCE, INC.	10/23/2017	Regular	0.00	133.78	42094
0813	FREESTATE ELECTRIC COOPERATIVE	10/23/2017	Regular	0.00	1,449.00	42095
0205	GALL'S LLC	10/23/2017	Regular	0.00	483.08	42096
0216	GOULD EVANS PC	10/23/2017	Regular	0.00	5,437.01	42097
0330	KANSAS GAS SERVICE	10/23/2017	Regular	0.00	151.33	42098
0381	LADD SERVICE COMPANY	10/23/2017	Regular	0.00	824.00	42099
0414	LINK-LITE NETWORKING, INC.	10/23/2017	Regular	0.00	1,699.20	42100
0857	MIDCONTINENT COMMUNICATIONS	10/23/2017	Regular	0.00	915.41	42101
0887	NASRO	10/23/2017	Regular	0.00	495.00	42102
0888	NATIONWIDE	10/23/2017	Regular	0.00	100.00	42103
0761	OKIE EXTRICATION	10/23/2017	Regular	0.00	39.86	42104
0542	QUILL	10/23/2017	Regular	0.00	166.45	42105
0555	RICOH USA, INC.	10/23/2017	Regular	0.00	546.93	42106
0578	SECURITY BENEFIT	10/23/2017	Regular	0.00	588.32	42107
0579	SECURITY BENEFIT - 457	10/23/2017	Regular	0.00	2,419.23	42108
0671	WESTAR ENERGY	10/23/2017	Regular	0.00	821.32	42109
0025	APAC-KANSAS, INC	10/26/2017	Regular	0.00	904.39	42110
0051	BG CONSULTANTS INC	10/26/2017	Regular	0.00	3,240.00	42111
0133	DAVIS MOORE AUTO GROUP	10/26/2017	Regular	0.00	23,872.00	42112
0710	EAGLE MEMORIALS	10/26/2017	Regular	0.00	110.00	42113
0205	GALL'S LLC	10/26/2017	Regular	0.00	29.98	42114
0224	HAMM QUARRIES & LANDFILL	10/26/2017	Regular	0.00	1,356.25	42115
0254	HUBER & ASSOCIATES, INC	10/26/2017	Regular	0.00	750.00	42116
0754	HUTCHINSON SALT CO. INC.	10/26/2017	Regular	0.00	3,669.99	42117
0330	KANSAS GAS SERVICE	10/26/2017	Regular	0.00	35.36	42118
0336	KANSAS RURAL WATER ASSOCIATION	10/26/2017	Regular	0.00	180.00	42119
0362	KIMBALL MIDWEST	10/26/2017	Regular	0.00	64.95	42120
0732	METLIFE - GROUP BENEFITS	10/26/2017	Regular	0.00	195.48	42121
0614	T-MOBILE	10/26/2017	Regular	0.00	875.08	42122
0648	UNIVERSAL, INC.	10/26/2017	Regular	0.00	414.59	42123
0651	USA BLUE BOOK	10/26/2017	Regular	0.00	987.24	42124
0661	VISION SERVICE PLAN	10/26/2017	Regular	0.00	812.51	42125
0668	WEIS FIRE & SAFETY EQUIPMENT	10/26/2017	Regular	0.00	48,769.47	42126
0671	WESTAR ENERGY	10/26/2017	Regular	0.00	24.21	42127
0684	WIRENUTS	10/26/2017	Regular	0.00	50.85	42128
0816	YOURMEMBERSHIP.COM, INC	10/26/2017	Regular	0.00	295.00	42129

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	140	93	0.00	377,317.43
Manual Checks	0	0	0.00	0.00
Voided Checks	0	1	0.00	-160.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	<b>140</b>	<b>94</b>	<b>0.00</b>	<b>377,157.43</b>

### Fund Summary

<b>Fund</b>	<b>Name</b>	<b>Period</b>	<b>Amount</b>
998	Gen Fund-Pooled Cash	10/2017	377,157.43
			<u>377,157.43</u>



Office of the City Manager  
**AGENDA STATEMENT**

**DATE:** November 6, 2017  
**To:** Honorable Mayor Jason K. Ward and Members of the City Council  
**FROM:** Jamie Shockley, Assistant City Manager  
**SUBJECT:** Authorization to Issue GO Refunding Bonds – Series 2017A

**DISCUSSION:**

At the October 2 meeting, the council approved Resolution 10-17-02, which authorized the sale of general obligation bonds, series 2017A, for the purposes of refunding existing debt to capitalize on interest savings. The bonds to be refunded are the Series 2007A and 2009A Bonds. 2007A financed the City's public works building, and the proceeds of the 2009A bonds financed multiple main trafficway improvements.

The bonds have been structured with the same term as the prior bonds with principal repayment structured to provide upfront savings in the first year of repayment, and the same debt service level as the prior bonds in the following years. Based on current market conditions, we anticipate to see a total of \$109,000 in net present value savings from the refunding of both bonds. The bids for the sale of the bonds are not due until November 6, 2017 at 10:30 a.m., so the City will not have the bid results available until the evening of the Council meeting on November 6.

Part of the bond refunding process requires the city to apply for a rating on the bonds with Moody's. City staff held a bond rating call with our financial advisors and Moody's on October 23, and the result of that rating is attached for the Council's review. The City was rated "A2" which is the same rating we received during our last bond rating in 2013. The following positive feedback was provided by Moody's:

- The City's financial position is stable
- The City has favorable access to employment centers
- The City has adequate cash reserves
- The City's management team exhibits prudent fiscal management evidenced by the City's stable operating results

Moody's also provided the following information for the City to consider that would lead to an upgrade or downgrade in the future:

**Factors to lead to an upgrade**

- Significant increase in reserves and liquidity
- Substantial tax base growth
- Material moderation of the debt burden

**Factors to lead to a downgrade**

- Decline in reserves or liquidity
- Increase in debt or pension burden
- Tax base decline

**Action Needed:**

- Make a motion to approve Ordinance 1428 and Resolution 11-17-01, and authorize the Mayor and City Clerk to execute the relevant refunding documents.

# City of Tonganoxie, Kansas

## Recommendations for Issuance of Bonds

### \$1,950,000 General Obligation Refunding Bonds, Series 2017A

The Council has under consideration the issuance of bonds to refund two outstanding City bond issues. This document provides information relative to the proposed issuance.

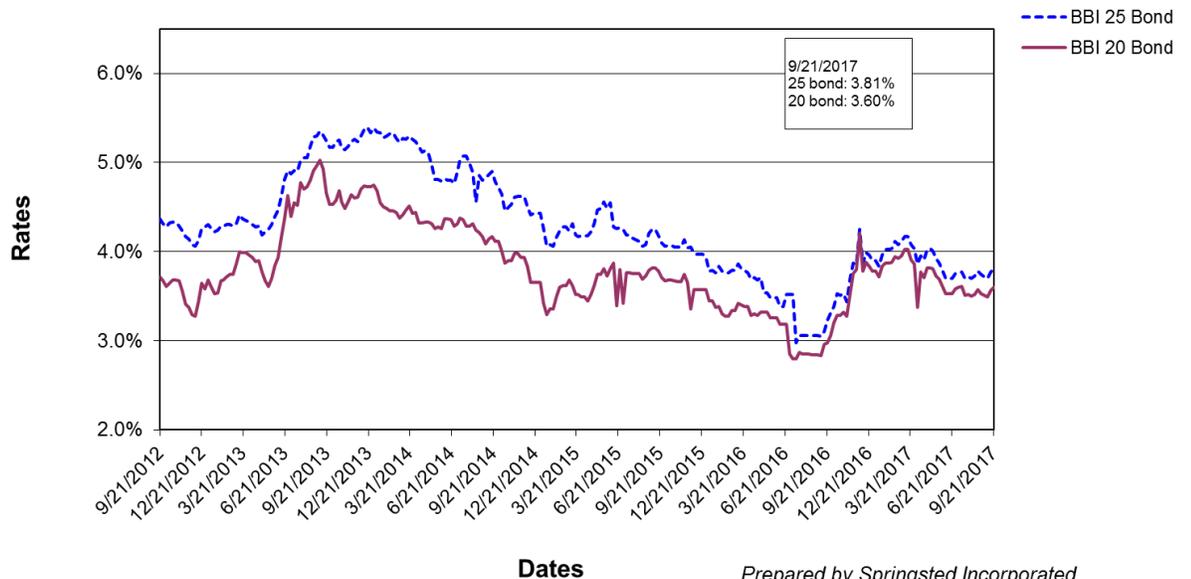
**KEY EVENTS:** The following summary schedule includes the timing of some of the key events that will occur relative to the bond issuance.

October 2, 2017	Council sets sale date and terms
Week of October 23, 2017	Rating conference is conducted
<b>November 6, 2017, 10:30 a.m.</b>	<b>Competitive bids are received</b>
<b>November 6, 2017, 7:00 p.m.</b>	<b>Council considers award of the Bonds</b>
November 21, 2017	Proceeds are received
January 1, 2018	Redeem the 2007A Bonds
September 1, 2019	Redeem the 2009A Bonds

**RATING:** An application will be made to Moody's Investors Service (Moody's) for a rating on the Bonds. The City's general obligation debt is currently rated "A2" by Moody's.

**THE MARKET:** Performance of the tax-exempt market is often measured by the Bond Buyer's Index ("BBI") which measures the yield of high grade municipal bonds in the 20<sup>th</sup> year for general obligation bonds (the BBI 20 Bond Index) and the 30<sup>th</sup> year for revenue bonds (the BBI 25 Bond Index). The following chart illustrates these two indices over the past five years.

**BBI 25-bond (Revenue) and 20-bond (G.O.) Rates for 5 Years Ending 9/21/2017**



Prepared by Springsted Incorporated

**POST ISSUANCE COMPLIANCE:**

The issuance of the Bonds will result in post-issuance compliance responsibilities. The responsibilities are in two primary areas: i) compliance with federal arbitrage requirements and ii) compliance with secondary disclosure requirements.

Federal arbitrage requirements include a wide range of implications that have been taken into account as this issue has been structured. Post-issuance compliance responsibilities for this tax-exempt issue include both rebate and yield restriction provisions of the IRS Code. In general terms the arbitrage requirements control the earnings on unexpended bond proceeds, including investment earnings, moneys held for debt service payments (which are considered to be proceeds under the IRS regulations), and/or reserves. Under certain circumstances any “excess earnings” will need to be paid to the IRS to maintain the tax-exempt status of the Bonds. Any interest earnings on gross bond proceeds or debt service funds should not be spent until it has been determined based on actual facts that they are not “excess earnings” as defined by the IRS Code.

There is an exemption from rebate for a municipality that issues \$5 million or less of tax-exempt obligations in a calendar year. Since the City does not expect to issue more than \$5 million in tax-exempt obligations in 2017, the Bonds will be exempt from rebate.

Regardless of whether the issue qualifies for an exemption from the rebate provisions, yield restriction provisions will apply to the debt service fund and should be monitored on an ongoing basis.

The City contracts with a third party to provide arbitrage compliance services and will continue that practice regarding the Bonds.

Secondary disclosure requirements result from an SEC requirement that underwriters provide ongoing disclosure information to investors. To meet this requirement, any prospective underwriter will require the City to commit to providing the information needed to comply under a continuing disclosure agreement.

Springsted currently provides continuing disclosure services to the City and will work with the City to include the Bonds under the existing Agreement for Municipal Advisor Services.

**SUPPLEMENTAL INFORMATION AND BOND RECORD:**

Supplementary information will be available to staff including detailed terms and conditions of sale, comprehensive structuring schedules and information to assist in meeting post-issuance compliance responsibilities.

Upon completion of the financing, a bond record will be provided that contains pertinent documents and final debt service calculations for the transaction.

**PURPOSE:**

Proceeds of the Bonds will be used as follows:

- To refund the September 1, 2018 through 2022 maturities of the City's General Obligation Bonds, Series 2007A, dated October 15, 2007 (the “2007A Bonds”); outstanding in the aggregate principal amount of \$990,000. This refunding transaction is being conducted as a current refunding in which the proceeds will be used within 90 days of issuance to redeem the 2007A Bonds (the “Current Refunding Portion”).
- To refund the September 1, 2020 through 2029 maturities of the City's General Obligation Bonds, Series 2009A, dated April 1, 2009 (the “2009A Bonds”); outstanding in the aggregate principal amount of the \$830,000. The September

1, 2018 and 2019 maturities in the aggregate principal amount of \$130,000 are not callable. This refunding transaction is being conducted as a partial advance refunding as further detailed below under Security and Source of Payment (the "Partial Advance Refunding Portion").

Together the 2007A Bonds and 2009A Bonds are referred to as the "Prior Bonds".

These refunding transactions are being undertaken to provide interest cost savings to the City.

Proceeds of the 2007A Bonds financed the City's public works building.

Proceeds of the 2009A Bonds financed multiple main trafficway improvements.

**AUTHORITY:**

The Bonds are being issued pursuant to K.S.A. 10-427 *et. seq.* and the Bond Resolution to be adopted by the City on October 2, 2017.

**SECURITY AND  
SOURCE OF  
PAYMENT:**

The Bonds will 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.

*Current Refunding Portion* – on January 1, 2018 (the call date of the 2007A Bonds), the City will use the proceeds of the Current Refunding Portion of the Bonds to redeem the September 1, 2018 through 2022 maturities of the 2007A Bonds.

*Partial Advance Refunding Portion* – at settlement the portion of the proceeds related to the Partial Advance Refunding Portion of the Bonds will be placed into an escrow account with a major bank and invested in United States government securities. The proceeds together with the earnings, will be used to make the interest payments due on the callable maturities of the 2009A Bonds through their call date of September 1, 2019. On the call date, the escrow will prepay and redeem the callable maturities of the 2009A Bonds. The City will continue making the principal and interest payments on the non-refunded maturities (September 1, 2018 and 2019) of the 2009A Bonds.

The City will make their first levy for the Bonds in 2017 for collection in 2018. Each year's collection of taxes will be used to pay the debt service requirements in the collection year.

**STRUCTURING  
SUMMARY:**

In consultation with the City, the Bonds have been structured with the same term as the Prior Bonds with principal repayment structured to provide upfront savings to the extent possible and approximately the same debt service level as the Prior Bonds thereafter.

Based on current market conditions, these refunding transactions are projected to result in the following savings.

*Current Refunding Portion* – projected savings of \$27,145 in 2018, resulting in total future value savings of approximately \$33,502, with a net present value savings of \$33,427.

*Partial Advance Refunding Portion* – total projected savings through 2020 of \$59,225, resulting in total future value savings of approximately \$80,061, with a net present value savings of \$75,941.

These estimates are net of the costs associated with the refunding.

**SCHEDULES  
ATTACHED:**

Schedules attached include:

- Refunding Summary
- Debt Service Comparison by portion (Current Refunding Portion and Partial Advance Refunding Portion)
- Debt Service schedules for the Bonds as a whole and by purpose
- Debt Service to Maturity and to Call by portion
- Escrow Fund Cashflow for the Partial Advance Refunding Portion

**RISKS/SPECIAL  
CONSIDERATIONS:**

The outcome of this financing will rely on the market conditions at the time of the sale. Any projections included herein are estimates based on current market conditions.

**SALE TERMS AND  
MARKETING:**

Variability of Issue Size: A specific provision in the sale terms permits modifications to the issue size and/or maturity structure to customize the issue once the price and interest rates are set on the day of sale.

Prepayment Provisions: Bonds maturing on or after September 1, 2027 may be prepaid at a price of par plus accrued interest on or after September 1, 2026.

Bank Qualification: The City does not expect to issue more than \$10 million in tax-exempt obligations that count against the \$10 million limit for this calendar year; therefore, the Bonds are designated as bank qualified.

**FEDERAL  
CONSIDERATIONS  
AND/OR  
REQUIREMENTS:**

Under federal tax law, an advance refunding transaction such as the Partial Advance Refunding Portion of the Bonds may not be advance refunded using tax-exempt bonds. However, if market conditions permit, a current refunding of the Partial Advance Refunding portion of the Bonds can be done at or after the call date.

Tax-exempt advance refunding transactions have more restrictive federal arbitrage limitations than current refunding transactions as they pertain to the escrow account. Pursuant to the sale of the Bonds, a verification agent will be retained by the City to confirm that the refunding escrow for the Partial Advance Refunding Portion of the Bonds is in compliance with federal yield restrictions and will also verify that the escrow account satisfies its cash flow requirements.

**\$1,950,000**

**City of Tonganoxie, Kansas**

General Obligation Refunding Bonds, Series 2017A

Current Refunding of Series 2007A and Partial Advance Refunding of Series 2009A

**Refunding Summary**

**Dated 11/21/2017 | Delivered 11/21/2017**

	<b>Current Ref Portion - 2007A</b>	<b>Partial Adv Ref Portion - 2009A</b>	<b>Issue Summary</b>
<b>Sources Of Funds</b>			
Par Amount of Bonds.....	\$1,040,000.00	\$910,000.00	\$1,950,000.00
<b>Total Sources.....</b>	<b>\$1,040,000.00</b>	<b>\$910,000.00</b>	<b>\$1,950,000.00</b>
<b>Uses Of Funds</b>			
Deposit to Net Cash Escrow Fund.....	1,002,735.00	884,559.93	1,887,294.93
Costs of Issuance.....	26,133.33	22,866.67	49,000.00
Total Underwriter's Discount (0.600%).....	6,240.00	5,460.00	11,700.00
Rounding Amount.....	4,891.67	(2,886.60)	2,005.07
<b>Total Uses.....</b>	<b>\$1,040,000.00</b>	<b>\$910,000.00</b>	<b>\$1,950,000.00</b>
<b>Flow of Funds Detail</b>			
State and Local Government Series (SLGS) rates for.....		9/07/2017	9/07/2017
Date of OMP Candidates.....			
Primary Purpose Fund Solution Method.....	Gross Funded	Net Funded	Net Funded
Total Cost of Investments.....	\$1,002,735.00	\$884,559.93	\$1,887,294.93
Interest Earnings @ 1.163%.....	-	19,090.07	19,090.07
Total Draw s.....	\$1,002,735.00	\$903,650.00	\$1,906,385.00
<b>Issues Refunded And Call Dates</b>			
2007A GO Bonds.....	1/01/2018		
2009A GO Bonds.....		9/01/2019	
<b>PV Analysis Summary (Net to Net)</b>			
Net PV Cashflow Savings @ 1.775%(Bond Yield).....	28,535.20	78,827.24	107,362.44
Contingency or Rounding Amount.....	4,891.67	(2,886.60)	2,005.07
Net Present Value Benefit.....	\$33,426.87	\$75,940.64	\$109,367.51
Net PV Benefit / \$1,820,000 Refunded Principal.....	3.376%	9.149%	6.009%
Net PV Benefit / \$1,950,000 Refunding Principal.....	3.214%	8.345%	5.609%
<b>Bond Statistics</b>			
Average Life.....	2.951 Years	7.465 Years	5.057 Years
Average Coupon.....	1.4301593%	1.9454118%	1.7850684%
Net Interest Cost (NIC).....	1.6334902%	2.0257913%	1.9037097%
Bond Yield for Arbitrage Purposes.....	1.7749241%	1.7749241%	1.7749241%
True Interest Cost (TIC).....	1.6384012%	2.0254283%	1.9014160%
All Inclusive Cost (AIC).....	2.5371983%	2.3995316%	2.4439679%

**\$1,950,000**

**City of Tonganoxie, Kansas**

General Obligation Refunding Bonds, Series 2017A

Current Refunding of Series 2007A and Partial Advance Refunding of Series 2009A

**Debt Service Comparison**

Date	Total P+I	Existing D/S	Net New D/S	Old Net D/S	Savings
09/01/2018	174,010.00	69,777.50	243,787.50	294,807.50	51,020.00
09/01/2019	239,145.00	67,437.50	306,582.50	326,842.50	20,260.00
09/01/2020	321,520.00	-	321,520.00	337,185.00	15,665.00
09/01/2021	337,537.50	-	337,537.50	341,562.50	4,025.00
09/01/2022	337,970.00	-	337,970.00	340,147.50	2,177.50
09/01/2023	103,010.00	-	103,010.00	103,110.00	100.00
09/01/2024	101,525.00	-	101,525.00	104,885.00	3,360.00
09/01/2025	104,950.00	-	104,950.00	106,365.00	1,415.00
09/01/2026	103,192.50	-	103,192.50	107,540.00	4,347.50
09/01/2027	101,387.50	-	101,387.50	103,400.00	2,012.50
09/01/2028	99,440.00	-	99,440.00	104,215.00	4,775.00
09/01/2029	102,350.00	-	102,350.00	104,750.00	2,400.00
Total	\$2,126,037.50	\$137,215.00	\$2,263,252.50	\$2,374,810.00	\$111,557.50

**PV Analysis Summary (Net to Net)**

Net FV Cashflow Savings.....	111,557.50
Gross PV Debt Service Savings.....	107,362.44
Net PV Cashflow Savings @ 1.775%(Bond Yield).....	107,362.44
Contingency or Rounding Amount.....	2,005.07
Net Future Value Benefit.....	\$113,562.57
Net Present Value Benefit.....	\$109,367.51
Net PV Benefit / \$391,175.77 PV Refunded Interest.....	27.959%
Net PV Benefit / \$2,057,362.44 PV Refunded Debt Service.....	5.316%
Net PV Benefit / \$1,820,000 Refunded Principal.....	6.009%
Net PV Benefit / \$1,950,000 Refunding Principal.....	5.609%

**Refunding Bond Information**

Refunding Dated Date.....	11/21/2017
Refunding Delivery Date.....	11/21/2017

**\$1,040,000**

**City of Tonganoxie, Kansas**  
General Obligation Refunding Bonds, Series 2017A  
Current Refunding Portion - 2007A Bonds

**Debt Service Comparison**

Date	Total P+I	Net New D/S	Old Net D/S	Savings
09/01/2018	161,060.00	161,060.00	188,205.00	27,145.00
09/01/2019	222,495.00	222,495.00	222,580.00	85.00
09/01/2020	229,870.00	229,870.00	230,360.00	490.00
09/01/2021	236,900.00	236,900.00	237,467.50	567.50
09/01/2022	233,565.00	233,565.00	233,887.50	322.50
Total	\$1,083,890.00	\$1,083,890.00	\$1,112,500.00	\$28,610.00

**PV Analysis Summary (Net to Net)**

Net FV Cashflow Savings.....	28,610.00
Gross PV Debt Service Savings.....	28,535.20
Net PV Cashflow Savings @ 1.775%(Bond Yield).....	28,535.20
Contingency or Rounding Amount.....	4,891.67
Net Future Value Benefit.....	\$33,501.67
Net Present Value Benefit.....	\$33,426.87
Net PV Benefit / \$118,431.79 PV Refunded Interest.....	28.225%
Net PV Benefit / \$1,058,265.07 PV Refunded Debt Service.....	3.159%
Net PV Benefit / \$990,000 Refunded Principal.....	3.376%
Net PV Benefit / \$1,040,000 Refunding Principal.....	3.214%

**Refunding Bond Information**

Refunding Dated Date.....	11/21/2017
Refunding Delivery Date.....	11/21/2017

**\$910,000**

**City of Tonganoxie, Kansas**  
General Obligation Refunding Bonds, Series 2017A  
Partial Advance Refunding Portion - 2009A Bonds(Callable Maturities)

**Debt Service Comparison**

Date	Total P+I	Existing D/S	Net New D/S	Old Net D/S	Savings
09/01/2018	12,950.00	69,777.50	82,727.50	106,602.50	23,875.00
09/01/2019	16,650.00	67,437.50	84,087.50	104,262.50	20,175.00
09/01/2020	91,650.00	-	91,650.00	106,825.00	15,175.00
09/01/2021	100,637.50	-	100,637.50	104,095.00	3,457.50
09/01/2022	104,405.00	-	104,405.00	106,260.00	1,855.00
09/01/2023	103,010.00	-	103,010.00	103,110.00	100.00
09/01/2024	101,525.00	-	101,525.00	104,885.00	3,360.00
09/01/2025	104,950.00	-	104,950.00	106,365.00	1,415.00
09/01/2026	103,192.50	-	103,192.50	107,540.00	4,347.50
09/01/2027	101,387.50	-	101,387.50	103,400.00	2,012.50
09/01/2028	99,440.00	-	99,440.00	104,215.00	4,775.00
09/01/2029	102,350.00	-	102,350.00	104,750.00	2,400.00
Total	\$1,042,147.50	\$137,215.00	\$1,179,362.50	\$1,262,310.00	\$82,947.50

**PV Analysis Summary (Net to Net)**

Net FV Cashflow Savings.....	82,947.50
Gross PV Debt Service Savings.....	78,827.24
Net PV Cashflow Savings @ 1.775%(Bond Yield).....	78,827.24
Contingency or Rounding Amount.....	(2,886.60)
Net Future Value Benefit.....	\$80,060.90
Net Present Value Benefit.....	\$75,940.64
Net PV Benefit / \$272,743.98 PV Refunded Interest.....	27.843%
Net PV Benefit / \$999,097.37 PV Refunded Debt Service.....	7.601%
Net PV Benefit / \$830,000 Refunded Principal.....	9.149%
Net PV Benefit / \$910,000 Refunding Principal.....	8.345%

**Refunding Bond Information**

Refunding Dated Date.....	11/21/2017
Refunding Delivery Date.....	11/21/2017

**\$1,950,000**

**City of Tonganoxie, Kansas**

General Obligation Refunding Bonds, Series 2017A

Current Refunding of 2007A Bonds & Partial Advance Refunding of 2009A Bonds

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
09/01/2018	150,000.00	1.150%	24,010.00	174,010.00
09/01/2019	210,000.00	1.250%	29,145.00	239,145.00
09/01/2020	295,000.00	1.350%	26,520.00	321,520.00
09/01/2021	315,000.00	1.450%	22,537.50	337,537.50
09/01/2022	320,000.00	1.550%	17,970.00	337,970.00
09/01/2023	90,000.00	1.650%	13,010.00	103,010.00
09/01/2024	90,000.00	1.750%	11,525.00	101,525.00
09/01/2025	95,000.00	1.850%	9,950.00	104,950.00
09/01/2026	95,000.00	1.900%	8,192.50	103,192.50
09/01/2027	95,000.00	2.050%	6,387.50	101,387.50
09/01/2028	95,000.00	2.200%	4,440.00	99,440.00
09/01/2029	100,000.00	2.350%	2,350.00	102,350.00
Total	\$1,950,000.00	-	\$176,037.50	\$2,126,037.50

**Yield Statistics**

Bond Year Dollars.....	\$9,861.67
Average Life.....	5.057 Years
Average Coupon.....	1.7850684%
Net Interest Cost (NIC).....	1.9037097%
True Interest Cost (TIC).....	1.9014160%
Bond Yield for Arbitrage Purposes.....	1.7749241%
All Inclusive Cost (AIC).....	2.4439679%

**IRS Form 8038**

Net Interest Cost.....	1.7850684%
Weighted Average Maturity.....	5.057 Years

**\$1,040,000**

**City of Tonganoxie, Kansas**  
General Obligation Refunding Bonds, Series 2017A  
Current Refunding Portion - 2007A Bonds

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
09/01/2018	150,000.00	1.150%	11,060.00	161,060.00
09/01/2019	210,000.00	1.250%	12,495.00	222,495.00
09/01/2020	220,000.00	1.350%	9,870.00	229,870.00
09/01/2021	230,000.00	1.450%	6,900.00	236,900.00
09/01/2022	230,000.00	1.550%	3,565.00	233,565.00
Total	\$1,040,000.00	-	\$43,890.00	\$1,083,890.00

**Yield Statistics**

Bond Year Dollars.....	\$3,068.89
Average Life.....	2.951 Years
Average Coupon.....	1.4301593%
Net Interest Cost (NIC).....	1.6334902%
True Interest Cost (TIC).....	1.6384012%
Bond Yield for Arbitrage Purposes.....	1.7749241%
All Inclusive Cost (AIC).....	2.5371983%

**IRS Form 8038**

Net Interest Cost.....	1.4301593%
Weighted Average Maturity.....	2.951 Years

**\$910,000**

**City of Tonganoxie, Kansas**  
General Obligation Refunding Bonds, Series 2017A  
Partial Advance Refunding Portion - 2009A Bonds (Callable Maturities)

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
09/01/2018	-	-	12,950.00	12,950.00
09/01/2019	-	-	16,650.00	16,650.00
09/01/2020	75,000.00	1.350%	16,650.00	91,650.00
09/01/2021	85,000.00	1.450%	15,637.50	100,637.50
09/01/2022	90,000.00	1.550%	14,405.00	104,405.00
09/01/2023	90,000.00	1.650%	13,010.00	103,010.00
09/01/2024	90,000.00	1.750%	11,525.00	101,525.00
09/01/2025	95,000.00	1.850%	9,950.00	104,950.00
09/01/2026	95,000.00	1.900%	8,192.50	103,192.50
09/01/2027	95,000.00	2.050%	6,387.50	101,387.50
09/01/2028	95,000.00	2.200%	4,440.00	99,440.00
09/01/2029	100,000.00	2.350%	2,350.00	102,350.00
Total	\$910,000.00	-	\$132,147.50	\$1,042,147.50

**Yield Statistics**

Bond Year Dollars.....	\$6,792.78
Average Life.....	7.465 Years
Average Coupon.....	1.9454118%
Net Interest Cost (NIC).....	2.0257913%
True Interest Cost (TIC).....	2.0254283%
Bond Yield for Arbitrage Purposes.....	1.7749241%
All Inclusive Cost (AIC).....	2.3995316%
<b>IRS Form 8038</b>	
Net Interest Cost.....	1.9454118%
Weighted Average Maturity.....	7.465 Years

**\$965,000**

City of Tonganoxie, Kansas  
General Obligation Bonds, Series 2007A  
Public Works Building

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
11/21/2017	-	-	-	-	-	-	-
01/01/2018	585,000.00	7,530.83	592,530.83	-	-	-	-
03/01/2018	-	-	-	-	-	11,296.25	11,296.25
09/01/2018	-	-	-	75,000.00	3.750%	11,296.25	86,296.25
03/01/2019	-	-	-	-	-	9,890.00	9,890.00
09/01/2019	-	-	-	115,000.00	3.800%	9,890.00	124,890.00
03/01/2020	-	-	-	-	-	7,705.00	7,705.00
09/01/2020	-	-	-	125,000.00	3.850%	7,705.00	132,705.00
03/01/2021	-	-	-	-	-	5,298.75	5,298.75
09/01/2021	-	-	-	135,000.00	3.900%	5,298.75	140,298.75
03/01/2022	-	-	-	-	-	2,666.25	2,666.25
09/01/2022	-	-	-	135,000.00	3.950%	2,666.25	137,666.25
Total	\$585,000.00	\$7,530.83	\$592,530.83	\$585,000.00	-	\$73,712.50	\$658,712.50

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	11/21/2017
Average Life.....	3.017 Years
Average Coupon.....	3.8918949%
Weighted Average Maturity (Par Basis).....	3.017 Years
Weighted Average Maturity (Original Price Basis).....	3.017 Years

**Refunding Bond Information**

Refunding Dated Date.....	11/21/2017
Refunding Delivery Date.....	11/21/2017

**\$755,000**

**City of Tonganoxie, Kansas**  
General Obligation Bonds, Series 2007A  
Redeem Series 2007A Temp Note

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
11/21/2017	-	-	-	-	-	-	-
01/01/2018	405,000.00	5,204.17	410,204.17	-	-	-	-
03/01/2018	-	-	-	-	-	7,806.25	7,806.25
09/01/2018	-	-	-	75,000.00	3.750%	7,806.25	82,806.25
03/01/2019	-	-	-	-	-	6,400.00	6,400.00
09/01/2019	-	-	-	75,000.00	3.800%	6,400.00	81,400.00
03/01/2020	-	-	-	-	-	4,975.00	4,975.00
09/01/2020	-	-	-	80,000.00	3.850%	4,975.00	84,975.00
03/01/2021	-	-	-	-	-	3,435.00	3,435.00
09/01/2021	-	-	-	85,000.00	3.900%	3,435.00	88,435.00
03/01/2022	-	-	-	-	-	1,777.50	1,777.50
09/01/2022	-	-	-	90,000.00	3.950%	1,777.50	91,777.50
Total	\$405,000.00	\$5,204.17	\$410,204.17	\$405,000.00	-	\$48,787.50	\$453,787.50

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	11/21/2017
Average Life.....	2.877 Years
Average Coupon.....	3.8899619%
Weighted Average Maturity (Par Basis).....	2.877 Years
Weighted Average Maturity (Original Price Basis).....	2.877 Years

**Refunding Bond Information**

Refunding Dated Date.....	11/21/2017
Refunding Delivery Date.....	11/21/2017

**\$1,350,000**

**City of Tonganoxie, Kansas**  
General Obligation Bonds, Series 2009A

**Debt Service To Maturity And To Call**

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
03/01/2018	-	18,412.50	18,412.50	-	-	18,412.50	18,412.50
09/01/2018	-	18,412.50	18,412.50	-	3.600%	18,412.50	18,412.50
03/01/2019	-	18,412.50	18,412.50	-	-	18,412.50	18,412.50
09/01/2019	830,000.00	18,412.50	848,412.50	-	3.750%	18,412.50	18,412.50
03/01/2020	-	-	-	-	-	18,412.50	18,412.50
09/01/2020	-	-	-	70,000.00	3.900%	18,412.50	88,412.50
03/01/2021	-	-	-	-	-	17,047.50	17,047.50
09/01/2021	-	-	-	70,000.00	4.050%	17,047.50	87,047.50
03/01/2022	-	-	-	-	-	15,630.00	15,630.00
09/01/2022	-	-	-	75,000.00	4.200%	15,630.00	90,630.00
03/01/2023	-	-	-	-	-	14,055.00	14,055.00
09/01/2023	-	-	-	75,000.00	4.300%	14,055.00	89,055.00
03/01/2024	-	-	-	-	-	12,442.50	12,442.50
09/01/2024	-	-	-	80,000.00	4.400%	12,442.50	92,442.50
03/01/2025	-	-	-	-	-	10,682.50	10,682.50
09/01/2025	-	-	-	85,000.00	4.500%	10,682.50	95,682.50
03/01/2026	-	-	-	-	-	8,770.00	8,770.00
09/01/2026	-	-	-	90,000.00	4.600%	8,770.00	98,770.00
03/01/2027	-	-	-	-	-	6,700.00	6,700.00
09/01/2027	-	-	-	90,000.00	4.650%	6,700.00	96,700.00
03/01/2028	-	-	-	-	-	4,607.50	4,607.50
09/01/2028	-	-	-	95,000.00	4.700%	4,607.50	99,607.50
03/01/2029	-	-	-	-	-	2,375.00	2,375.00
09/01/2029	-	-	-	100,000.00	4.750%	2,375.00	102,375.00
Total	\$830,000.00	\$73,650.00	\$903,650.00	\$830,000.00	-	\$295,095.00	\$1,125,095.00

**Yield Statistics**

Base date for Avg. Life & Avg. Coupon Calculation.....	11/21/2017
Average Life.....	7.621 Years
Average Coupon.....	4.5357544%
Weighted Average Maturity (Par Basis).....	7.621 Years
Weighted Average Maturity (Original Price Basis).....	7.621 Years

**Refunding Bond Information**

Refunding Dated Date.....	11/21/2017
Refunding Delivery Date.....	11/21/2017

**\$910,000**

**City of Tonganoxie, Kansas**  
General Obligation Refunding Bonds, Series 2017A  
Partial Advance Refunding Portion - 2009A Bonds (Callable Maturities)

**Escrow Fund Cashflow**

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
11/21/2017	-	-	-	0.93	-	0.93
03/01/2018	15,412.00	1.040%	2,999.69	18,411.69	18,412.50	0.12
09/01/2018	12,942.00	1.200%	5,470.79	18,412.79	18,412.50	0.41
03/01/2019	13,063.00	1.230%	5,349.96	18,412.96	18,412.50	0.87
09/01/2019	843,142.00	1.250%	5,269.63	848,411.63	848,412.50	-
Total	\$884,559.00	-	\$19,090.07	\$903,650.00	\$903,650.00	-

**Investment Parameters**

Investment Model [PV, GIC, or Securities].....	Securities
Default investment yield target.....	Bond Yield
Cash Deposit.....	0.93
Cost of Investments Purchased with Bond Proceeds.....	884,559.00
Total Cost of Investments.....	\$884,559.93
Target Cost of Investments at bond yield.....	\$876,658.83
Actual positive or (negative) arbitrage.....	(7,901.10)
Yield to Receipt.....	1.2479932%
Yield for Arbitrage Purposes.....	1.7749241%
State and Local Government Series (SLGS) rates for.....	9/07/2017

## CREDIT OPINION

1 November 2017

New Issue

Rate this Research >>

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### CLIENT SERVICES

Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454

## City of Tonganoxie, KS

New Issue - Moody's assigns A2 to Tonganoxie, KS' \$1.9M GO Bonds

### Summary Rating Rationale

Moody's Investors Service has assigned an A2 rating to the City of Tonganoxie, KS' \$1.9 million General Obligation Refunding Bonds, Series 2017A. Moody's maintains an A2 rating on the city's \$9.3 million of outstanding general obligation (GO) bonds.

The A2 rating reflects the city's small tax base, average resident income indices, stable financial position, adequate reserves and elevated debt burden.

### Credit Strengths

- » Favorable access to employment centers in Leavenworth, Lawrence and the Kansas City metropolitan area
- » Stable financial position

### Credit Challenges

- » Low full valuation for the rating level
- » Nominal reserves and liquidity
- » Elevated debt burden

### Rating Outlook

Moody's does not generally assign outlooks to local government issuers with this amount of debt outstanding.

### Factors that Could Lead to an Upgrade

- » Significant increase in reserves and liquidity
- » Substantial tax base growth
- » Material moderation of the debt burden

### Factors that Could Lead to a Downgrade

- » Decline in reserves or liquidity
- » Increase in the debt or pension burden
- » Tax base decline

## Key Indicators

Exhibit 1

<b>Tonganoxie (City of) KS</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Economy/Tax Base</b>					
Total Full Value (\$000)	\$ 263,398	\$ 266,618	\$ 266,573	\$ 266,953	\$ 271,863
Full Value Per Capita	\$ 58,132	\$ 55,685	\$ 55,513	\$ 57,029	\$ 51,045
Median Family Income (% of US Median)	106.6%	107.9%	109.4%	114.8%	114.8%
<b>Finances</b>					
Operating Revenue (\$000)	\$ 2,059	\$ 2,635	\$ 3,205	\$ 3,440	\$ 3,454
Fund Balance as a % of Revenues	12.8%	14.8%	13.6%	19.6%	19.8%
Cash Balance as a % of Revenues	16.8%	23.3%	14.2%	19.3%	19.1%
<b>Debt/Pensions</b>					
Net Direct Debt (\$000)	\$ 15,353	\$ 14,245	\$ 13,089	\$ 11,865	\$ 11,521
Net Direct Debt / Operating Revenues (x)	7.5x	5.4x	4.1x	3.4x	3.3x
Net Direct Debt / Full Value (%)	5.8%	5.3%	4.9%	4.4%	4.2%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	1.3x	1.2x	1.0x	0.9x	1.0x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	1.0%	1.1%	1.2%	1.2%	1.3%

Source: Moody's Investors Service; Tonganoxie, KS' audited financial statements (FYs 2012-2016)

## Detailed Rating Considerations

### Economy and Tax Base: Limited, but growing tax base located in the Kansas City metro area

The city's tax base is expected to remain stable in the near term from ongoing commercial and residential development. Located in Leavenworth County and a short 10 miles west of Kansas City, KS ([Unified Govt. of Wyandotte Co./Kansas City, KS](#); A1 stable), Tonganoxie's limited tax base increased at a modest average annual rate of 1.3% over the last five years to a full value of \$281.6 million in 2017 primarily supported by new development. Officials report 43 new single-family building permits have been issued through September 2017 compared to 40 permits for all of 2016. Additionally, Mid Star Lab renovated a 10,800 square-foot building in one of the city's business parks, a local grocery store underwent a multimillion renovation and several light retail businesses have opened after renovating vacant buildings in the downtown area. The city's proximity to the Kansas City metropolitan area provides diversity to its tax base and residents benefit from the favorable access to employment centers throughout the metro area. Taxpayer concentration is modest, as the top 10 property taxpayers account for a modest 10.1% of full valuation in 2017. New commercial development will be a primary driver of full value growth in the near term. The US Army Reserve broke ground on a 30,000 square foot facility in December 2016 and is anticipated to open in January 2018 and expected to bring 250 military personnel to the city for two weekends per month for training. Although the facility is tax-exempt and will not appear on the tax roll, related activity should positively impact local sales tax receipts. Officials also indicate various improvements are underway at each of the city's business parks and the city is finalizing an agreement with Unilock (landscape paver company) to build an \$18.5 million manufacturing facility. Also, Lawrence Memorial Hospital is doubling its Tonganoxie facility to 7,800 square feet.

Resident income indices are slightly stronger than national levels as resident median family income is 114.8% of the nation. Wealth levels are moderate with full value per capita of \$51,045 in 2017. At 4.5% as of August 2017, unemployment in Leavenworth County is slightly above the state (4.3%) and on par with the nation (4.5%) for the same period.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on [www.moody's.com](http://www.moody's.com) for the most updated credit rating action information and rating history.

### Financial Operations and Reserves: Stable financial position with nominally limited reserves

The city's financial position will remain stable in the near term supported by increasing tax revenues and favorable expenditure variances from conservative budgeting practices. In fiscal 2016, the city's General Fund decreased a modest \$12,000 to \$434,000 and an adequate 16.1% of General Fund revenues. The small operating deficit is attributed to an increase in personnel costs from additional staffing (the city hired one full-time employee) and rising health insurance premiums, as well as paygo capital (the city purchased a couple of buildings and a new accounting software system). The available Operating Fund (General Fund and Debt Service Fund) balance remained steady at \$684,000 and an adequate 19.8% of Operating Fund revenues. Although the city's General Fund balance is small on an absolute basis, in each of the last four fiscal years management has met or exceeded the city's policy requiring a fund balance of no less than 15% of revenues. Management anticipates a \$58,000 operating surplus in the General Fund at fiscal year-end 2017. If realized, the available General Fund balance would improve to \$492,000 or 17% of projected General Fund revenues. Future reviews will assess the city's ability to maintain reserve levels.

Like many Kansas municipalities, property and sales taxes are the city's largest sources of operating income and represented 32% and 19%, respectively, of fiscal 2016 General Fund revenues. The city has a 1.75% sales tax, of which 1% flows to the General Fund and 0.75% is dedicated to fund capital improvements. Year-to-date sales tax receipts (through September) are 8% above the prior year and 6% above budget. In fiscal 2016, the city's General Fund received \$508,000 in sales tax revenues.

### LIQUIDITY

Liquidity in the Operating Funds is expected to remain stable in the near term. At fiscal year-end 2016, the city's net cash position totaled \$660,000 or an adequate 19.1% of revenues. Although adequate for the rating level, the city's liquidity position is nominal.

### Debt and Pensions: Elevated, but manageable debt burden

The city's elevated net direct debt burden is expected to remain manageable in the near term due to support of annual debt service from the city's utility enterprises and limited plans for additional near term borrowing. Post sale, the city will have \$10.4 million of outstanding net direct debt, representing 3.7% of fiscal 2017 full valuation, above the median for the rating level. However, after accounting for utility fund support of GO debt the city's net direct debt burden decreases to a manageable 2.1% of 2017 full valuation. The city's overall debt burden of 8.4% reflects overlapping debt issued by [Leavenworth County Unified School District No. 464 \(Tonganoxie\)](#) (A1).

The city's Operating Fund reported \$737,000 of total debt service expenditures in fiscal 2016, representing 21% of revenues. In addition, the city's water and sewer utilities supported \$618,000 of GO debt service payments and the water park sales tax fund supported \$423,000 of GO debt service. The city does not have any remaining GO bond authorization, but management plans to fund capital needs in part by a 0.75% sales tax approved by voters in February 2017 which began October 1, 2017 and will remain in place until September 30, 2037 to fund construction of a new library, new capital improvements, maintain new and existing infrastructure and to fund debt issued for capital improvements. Management indicates the city may issue certificates of participation (COPs) or lease revenue bonds through a public building commission in the next year or two to fund the new library.

### DEBT STRUCTURE

All of the city's debt is fixed rate and matures over the long-term (final maturity in 2035). The city's debt profile consists of GO bonds (\$9.3 million), a lease purchase agreement (\$1 million) and capital leases (\$44,000). Principal amortization is average with 84.7% of principal repaid within 10 years.

### DEBT-RELATED DERIVATIVES

The city is not party to any interest rate swaps or other derivative agreements.

### PENSIONS AND OPEB

The city participates in two statewide cost-sharing public pension plans, the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Firemen's Retirement System (KP&F). In fiscal 2016, the city contributed \$150,000 to the pension plans, representing 4.3% of Operating Fund revenue. Including debt service, fixed costs represented a manageable 21.3% of revenue. KPERs recently reduced the assumed rate of return from 8% to 7.75%, which will translate to increased contributions starting in fiscal 2019. The increased pension costs are expected to be manageable, and potentially fall under an exemption of the property tax lid legislation.

Moody's three-year average adjusted net pension liability (ANPL) for the city is \$3.6 million, or 1.04 times operating revenues and 1.3% of full value. Management indicates about 38% of the city's annual pension contributions are attributed to the utility funds. After adjustments for utility support, the three-year average ANPL decreases to \$2.2 million, or 0.6 times operating revenues. Moody's ANPL reflects certain adjustments we make to improve comparability of reported pension liabilities. The adjustments are not intended to replace Tonganoxie's reported pension information, but to improve comparability with other rated entities. We determined the city's share of liability for the cost-sharing plans administered under KPERS in proportion to its contributions to the plan. We expect that the city will adequately incorporate rising pension costs into its budget while maintaining operational balance.

### Management and Governance

Kansas Cities have an Institutional Framework score of Aaa, which is high compared to the nation. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. The sector has one or more major revenue sources that are not subject to any caps. Specifically, large revenue sources for cities include property taxes and sales taxes. Sales taxes can be increased via voter referendum. Property taxes are now subject to an annual lid which limits the additional amount of taxes generated to the previous year plus the five year rolling average of the Consumer Price Index; however, numerous exemptions are stipulated in the legislation including expenses for debt service, public safety, and state and federal mandates among others. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs are generally greater than 25% of expenditures. Kansas is a Right to Work state, providing significant expenditure-cutting ability. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

The city's management team exhibits prudent fiscal management evidenced by the city's stable operating results. The city has a formal policy to maintain a General Fund balance of no less than 15% of revenues. The policy also requires the enterprise funds (Water, Sewer and Sanitation) to maintain a fund balance of no less than 30% of revenues.

### Legal Security

The bonds are 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 taxable tangible property, real and personal, within the territorial limits of the city. The full faith, credit and resources of the city are irrevocably pledged for repayment of the bonds.

### Use of Proceeds

The current offering will refund certain maturities of the city's outstanding Series 2007A and Series 2009A GO bonds for interest cost savings.

### Obligor Profile

The City of Tonganoxie is located in Leavenworth County, approximately 10 miles west of Kansas City, KS. The city's population includes 4,681 residents.

### Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

### Ratings

Exhibit 2

#### Tonganoxie (City of) KS

Issue	Rating
General Obligation Refunding Bonds, Series 2017A	A2
Rating Type	Underlying LT
Sale Amount	\$1,950,000
Expected Sale Date	11/02/2017
Rating Description	General Obligation

Source: Moody's Investors Service

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## CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

**ORDINANCE NO. 1428**

**OF**

**THE CITY OF TONGANOXIE, KANSAS**

**PASSED**

**NOVEMBER 6, 2017**

---

**GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2017A**

---

**ORDINANCE NO. 1428**

**AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017A, OF THE CITY OF TONGANOXIE, KANSAS, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE CITY'S OUTSTANDING GENERAL OBLIGATION BONDS; 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.**

---

**WHEREAS**, the City of Tonganoxie, Kansas (the "City") is a city of the second class, duly created, organized and existing under the Constitution and laws of the State; and

**WHEREAS**, the City heretofore issued and has outstanding the Refunded Bonds and is authorized by K.S.A. 10-427 *et seq.* to issue general obligation refunding bonds of the City for the purpose of refunding the Refunded Bonds; and

**WHEREAS**, in order to reduce debt service requirements of the City for certain years, and provide an orderly plan of finance for the City, it has become desirable and in the best interest of the City and its inhabitants to refund the Refunded Bonds; and

**WHEREAS**, the Governing Body has advertised the sale of the Bonds in accordance with the law and at a meeting held in the City on this date awarded the sale of such Bonds to the best bidder.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF TONGANOXIE, 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.*, and K.S.A. 10-427 *et seq.*, all as amended and supplemented from time to time.

**"Advance Refunded Bonds"** means the Series 2009A Bonds maturing in the years 2020 to 2029, inclusive, in the aggregate principal amount of \$830,000.

**"Advance Refunded Bonds Payment Date"** means any date on which any principal of, or interest on, any of the Advance Refunded Bonds is due and payable.

**“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 prescribing the terms and details of the Bonds and making covenants with respect thereto.

**“Bonds”** means the City's General Obligation Refunding Bonds, Series 2017A, dated November 21, 2017, authorized by this Ordinance.

**“City”** means the City of Tonganoxie, 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.

**“Current Refunded Bonds”** means the Series 2007A Bonds maturing in the years 2018 to 2022, inclusive, in the aggregate principal amount of \$910,000.

**“Governing Body”** means the City Council of the City.

**“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.

**“Refunded Bonds”** means, jointly, the Current Refunded Bonds and the Advance Refunded Bonds.

**“Series 2007A Bonds”** means the City's General Obligation Bonds, Series 2007A, dated October 15, 2007.

**“Series 2009A Bonds”** means the City's General Obligation Bonds, Series 2009A, dated April 1, 2009.

**“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 Refunding Bonds, Series 2017A, of the City in the principal amount of \$1,950,000\*, for the purpose of providing funds to: (a) refund the Refunded Bonds; and (b) 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.

**Section 5. Levy and Collection of Annual Tax.** The Governing Body 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 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, 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 City Council on November 6, 2017 and **APPROVED AND SIGNED** by the Mayor.

(SEAL)

---

Mayor

ATTEST:

---

Clerk

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**CERTIFICATE**

I hereby certify that the foregoing is a true and correct copy of the original ordinance; that said Ordinance was passed on November 6, 2017; that the record of the final vote on its passage is found on page \_\_\_\_ of journal \_\_\_\_; and that the Ordinance or a summary thereof was published in the *Tonganoxie Mirror* on November 15, 2017.

DATED: November 15, 2017.

---

Clerk

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**RESOLUTION NO. 11-17-01**

**OF**

**THE CITY OF TONGANOXIE, KANSAS**

**ADOPTED**

**NOVEMBER 6, 2017**

---

**GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2017A**

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**RESOLUTION NO. 11-17-01**

**A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017A, OF THE CITY OF TONGANOXIE, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 1428 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 heretofore passed the Ordinance authorizing the issuance of the Bonds; and

**WHEREAS**, the Ordinance authorized the City Council of the Issuer (the “Governing Body”) to adopt a resolution prescribing certain details and conditions and to make certain covenants with respect to the issuance of the Bonds; and

**WHEREAS**, in order to provide for the payment of the Refunded Bonds it is desirable to enter into the Escrow Agreement, by and between the Issuer and the Escrow Agent; and

**WHEREAS**, the Governing Body 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 \$1,950,000\* to refund the Refunded Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TONGANOXIE, 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.*, and K.S.A. 10-427 *et seq.*, all as amended and supplemented from time to time.

**“Advance Refunded Bonds”** means the Series 2009A Bonds maturing in the years 2020 to 2029, inclusive, in the aggregate principal amount of \$830,000.

**“Advance Refunded Bonds Payment Date”** means any date on which any principal of, or interest on, any of the Advance Refunded Bonds is due and payable.

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

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

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

**“Bonds”** means the General Obligation Refunding Bonds, Series 2017A, 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 Tonganoxie, 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.

**“Costs of Issuance Account”** means the Costs of Issuance Account for General Obligation Refunding Bonds, Series 2017A created pursuant to *Section 501* hereof.

**“Current Refunded Bonds”** means the Series 2007A Bonds maturing in the years 2018 to 2022, inclusive, in the aggregate principal amount of \$1,040,000.

**“Dated Date”** means November 21, 2017.

**“Debt Service Account”** means the Debt Service Account for General Obligation Refunding Bonds, Series 2017A 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 Issuer’s Omnibus Continuing Disclosure Undertaking, as may be amended and supplemented, relating to certain obligations contained in the SEC Rule.

**“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.

**“Escrow Agent”** means Security Bank of Kansas City, Kansas City, Kansas, and its successors and assigns.

**“Escrow Agreement”** means the Escrow Trust Agreement, dated as of the Dated Date, between the Issuer and the Escrow Agent.

**“Escrow Fund”** means the Escrow Fund for Refunded Bonds referred to in *Section 501* hereof.

**“Escrowed Securities”** means the direct, noncallable United States Government Obligations, as described in the Escrow Agreement.

**“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.

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

**“Fitch”** means Fitch Ratings, 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, “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

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

**“Governing Body”** means the City Council of the Issuer.

**“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 March 1 and September 1 of each year, commencing September 1, 2018.

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

**“Issuer”** means the City 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:

526 E. 4<sup>th</sup> Street  
P.O. Box 326  
Tonganoxie, Kansas 66086  
Fax: (913) 845-9760

(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:

[Purchaser Name]  
[Purchaser Address]  
[Purchaser City State] [Zip]  
Fax: [Purchaser Fax]

(d) To the Rating Agency(ies):

Moody's Municipal Rating Desk  
7 World Trade Center  
250 Greenwich Street  
23rd Floor  
New York, New York 10007

S&P Global Ratings, a division of S&P Global Inc.  
55 Water Street, 38th Floor  
New York, New York 10004

Fitch Ratings  
One State Street Plaza  
New York, New York 10004

(e) To the Escrow Agent at:

Security Bank of Kansas City  
701 Minnesota Avenue, Suite 206  
Kansas City, Kansas 66101  
Fax: (913) 279-7960

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.
- (e) With respect to the Escrow Agent, the Manager of the Corporate Trust Department.

**“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, Topeka, Kansas 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 amendments to 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 principal amount of the Bonds plus accrued interest to the date of delivery[, plus a premium of \$[\_\_\_\_\_][, less an underwriting discount of \$[\_\_\_\_\_][, less an original issue discount of \$[\_\_\_\_\_].

**“Purchaser”** means [Purchaser Name], [Purchaser City State], 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 Fund”** means the Redemption Fund for Refunded Bonds created pursuant to *Section 501* hereof.

**“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.

**“Refunded Bonds”** means, jointly, the Current Refunded Bonds and the Advance Refunded Bonds.

**“Refunded Bonds Paying Agent”** means the respective paying agent for each series of the Refunded Bonds as designated in the respective Refunded Bonds Resolution, and any successor or successors at the time acting as paying agent for any of the Refunded Bonds.

**“Refunded Bonds Redemption Date”** means January 1, 2018, with respect to the Current Refunded Bonds, and September 1, 2019, with respect to the Advance Refunded Bonds.

**“Refunded Bonds Resolution”** means each ordinance and resolution which authorized the Refunded Bonds.

**“Replacement Bonds”** means Bonds issued to the Beneficial Owners of the Bonds in accordance with *Section 213* 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.

**“Series 2007A Bonds”** means the Issuer's General Obligation Bonds, Series 2007A, dated October 15, 2007.

**“Series 2009A Bonds”** means the Issuer's General Obligation Bonds, Series 2009A, dated April 1, 2009.

**“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.

“**Term Bonds**” means the Bonds scheduled to mature in the year 2029.

“**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.

“**Verification Report**” means the verification report referenced in *Article V* hereof relating to the sufficiency of money and obligations deposited in the Escrow Fund to be applied in accordance with the Escrow Agreement.

## 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 \$1,950,000\*, for the purpose of providing funds to: (a) refund the Refunded Bonds; and (b) pay Costs of Issuance.

**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:

<u>Stated Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Annual Rate</u> <u>of Interest</u>	<u>Stated Maturity</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Annual Rate</u> <u>of Interest</u>
2018	\$150,000	_____%	2024	\$90,000	_____%
2019	210,000	_____%	2025	95,000	_____%
2020	295,000	_____%	2026	95,000	_____%
2021	315,000	_____%	2027	95,000	_____%
2022	320,000	_____%	2028	95,000	_____%
2023	90,000	_____%	2029	100,000	_____%

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, Topeka, Kansas, 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. or any Owner of \$500,000 or more in aggregate principal amount of Bonds, 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. Preliminary and Final Official Statement.** The Preliminary Official Statement dated October 17, 2017, is hereby ratified and approved.

The Official Statement is hereby authorized to be prepared by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor and Clerk are hereby authorized to execute the Official Statement as so supplemented, amended and completed, 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.

The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of Bonds sufficient copies of the Official Statement to enable the Purchaser to comply with the requirements of the SEC Rule and Rule G-32 of the Municipal Securities Rulemaking Board.

**Section 213. Sale of the Bonds.** The sale of the Bonds to the Purchaser is hereby ratified and confirmed. The Mayor and Clerk are hereby authorized to execute the official bid form submitted by the Purchaser. Delivery of the Bonds shall be made to the Purchaser on the Issue Date (which shall be as soon as practicable after the adoption of this Bond Resolution), upon payment of the Purchase Price.

**Section 214. Authorization of Escrow Agreement.** The Issuer is hereby authorized to enter into the Escrow Agreement and the Mayor and Clerk are hereby authorized and directed to execute the Escrow Agreement with such changes therein as such officials may deem appropriate, for and on behalf of and as the act and deed of the Issuer. The Escrow Agent is hereby authorized to carry out, on behalf of the Issuer, the duties, terms and provisions of the Escrow Agreement, and the Escrow Agent, the Purchaser and Bond Counsel are authorized to take all necessary actions for the subscription and purchase of the Escrowed Securities described therein, including the subscription for United States Treasury Securities – State and Local Government Series.

### ARTICLE III

#### REDEMPTION OF BONDS

**Section 301. Redemption by Issuer.**

**Optional Redemption.** At the option of the Issuer, Bonds maturing on September 1 in the years 2027, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on September 1, 2026, 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.** (a) [\_\_\_\_] Term Bonds.] 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 September 1 in each year, the following principal amounts of such [\_\_\_\_] Term Bonds:

**Principal  
Amount**  
\$

**Year**

\*

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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, the State Treasurer and the Purchaser. 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 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

**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) Redemption Fund for Refunded Bonds.
- (b) Debt Service Account for General Obligation Refunding Bonds, Series 2017A (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.

In addition to the Funds and Accounts described above, the Escrow Agreement establishes the following Funds and Accounts to be held and administered by the Escrow Agent in accordance with the provisions of the Escrow Agreement:

- (a) Escrow Fund for Refunded Bonds.
- (b) Costs of Issuance Account for General Obligation Refunding Bonds, Series 2017A.

**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 and excess proceeds, if any, received from the sale of the Bonds shall be deposited in the Debt Service Account.
- (b) The sum of \$\_\_\_\_\_ shall be transferred to the Escrow Agent for deposit in the Costs of Issuance Account and applied in accordance with the Escrow Agreement.
- (c) The sum of \$\_\_\_\_\_ shall be deposited into the Redemption Fund.
- (d) The sum of \$\_\_\_\_\_ shall be transferred to the Escrow Agent for deposit in the Escrow Fund and applied in accordance with the Escrow Agreement.

**Section 503. Application of Moneys in the Redemption Fund.** Moneys in the Redemption Fund shall be paid and transferred to the Refunded Bonds Paying Agent, with irrevocable instructions to apply such amount to the payment of the Current Refunded Bonds on the Refunded Bonds Redemption

Date. The Clerk is authorized and instructed to provide appropriate notice of redemption in accordance with the Refunded Bonds Resolution authorizing the issuance of such Current Refunded Bonds. Any moneys remaining in the Redemption Fund not needed to retire the Current Refunded Bonds shall be transferred to the Debt Service Account.

**Section 504. 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 505. 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 other than the Escrow Fund or Redemption Fund 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.

**Section 506. Application of Moneys in the Costs of Issuance Account.** Moneys in the Costs of Issuance Account shall be used by the Escrow Agent to pay the Costs of Issuance. Any funds remaining in the Costs of Issuance Account, after payment of all Costs of Issuance, but not later than 30 days prior to the first Interest Payment Date of the Bonds, shall be transferred to the Issuer for deposit into the Debt Service Account.

**Section 507. Application of Moneys in the Escrow Fund.** Under the Escrow Agreement, the Escrow Agent will apply moneys in the Escrow Fund to purchase the Escrowed Securities and to establish an initial cash balance in accordance with the Escrow Agreement, all in connection with the refunding and

defeasance of the Advance Refunded Bonds. The cash and Escrowed Securities held in the Escrow Fund will be applied by the Escrow Agent solely in the manner authorized by the Escrow Agreement. All money deposited with the Escrow Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Refunded Bond Resolution and the Escrow Agreement.

**Section 508. Verification of Certified Public Accountant.** Prior to or concurrently with the issuance and delivery of the Bonds and the creation of the Escrow Fund, the Issuer shall obtain a Verification Report from an independent certified public accountant that such accountant has verified the accuracy of the calculations that demonstrate that the money and obligations required to be deposited with the Escrow Agent pursuant to this *Article V* and the Escrow Agreement, together with the earnings to accrue thereon, will be sufficient for the timely payment of the principal of, redemption premium, if any, and interest on the Advance Refunded Bonds in accordance with the Escrow Agreement.

## 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 the 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.** In order to comply with the provisions of the SEC Rule and directives of the Securities and Exchange Commission, the governing body of the Issuer hereby approves the form of the Disclosure Undertaking, substantially in the form presented herewith. The Mayor is hereby directed to execute the Disclosure Undertaking, with such changes as legal counsel to the Issuer and the Mayor shall approve (whose signature thereon shall constitute conclusive evidence of such approval). A copy of the Disclosure Undertaking shall be placed in the permanent records of the Issuer and shall be available for public inspection during regular business hours of the Issuer.

The Issuer hereby covenants with the Purchaser and the Beneficial Owners to provide and disseminate such information as is required by the SEC Rule and as further set forth in the Disclosure Undertaking, the provisions of 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. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser. 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 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 ordinance or 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 ordinance or resolution duly adopted by the Governing Body 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 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 or ordinance adopted by the Governing Body 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 ordinance or 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 ordinance or 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 ordinance or 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.

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**ADOPTED** by the City Council on November 6, 2017.

(SEAL)

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Mayor

ATTEST:

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Clerk

**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of the Bond Resolution of the Issuer adopted by the Governing Body on November 6, 2017, as the same appears of record in my office.

DATED: November 6, 2017.

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Clerk

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**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  
COUNTY OF LEAVENWORTH  
CITY OF TONGANOXIE  
GENERAL OBLIGATION REFUNDING BOND  
SERIES 2017A**

**Interest  
Rate:**

**Maturity  
Date:**

**Dated  
Date: November 21, 2017**

**CUSIP:**

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

**KNOW ALL PERSONS BY THESE PRESENTS:** That the City of Tonganoxie, in the County of Leavenworth, 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 March 1 and September 1 of each year, commencing September 1, 2018 (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



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

By \_\_\_\_\_

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

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**(FORM OF REVERSE SIDE OF BOND)**

**ADDITIONAL PROVISIONS**

**Authorization of Bonds.** This Bond is one of an authorized series of Bonds of the Issuer designated “General Obligation Refunding Bonds, Series 2017A,” aggregating the principal amount of \$1,950,000\* (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. 10-427 *et seq.*, as amended, 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.

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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  
100 N. Main Suite 800  
Wichita, Kansas 67202

(PRINTED LEGAL OPINION)

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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 \_\_\_\_\_

**CERTIFICATE OF CLERK**

STATE OF KANSAS                    )  
  ) SS.  
COUNTY OF LEAVENWORTH        )

The undersigned, Clerk of the City of Tonganoxie, Kansas, does hereby certify that the within Bond has been duly registered in my office according to law as of November 21, 2017.

WITNESS my hand and official seal.

(Facsimile Seal)

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

**CERTIFICATE OF STATE TREASURER**

OFFICE OF THE TREASURER, STATE OF KANSAS

JAKE LATURNER, 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.

(Facsimile Seal)

By: \_\_\_\_\_ (facsimile)  
Treasurer of the State of Kansas

**TRANSCRIPT OF PROCEEDINGS**

**AUTHORIZING THE ISSUANCE**

**OF**

**\$1,950,000\***

**CITY OF TONGANOXIE, KANSAS**

**GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2017A**

**DATED NOVEMBER 21, 2017**

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**Legal Opinion**

**Gilmore & Bell, P.C.  
Wichita, Kansas**

**CITY OF TONGANOXIE, KANSAS**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2017A**

**DATED NOVEMBER 21, 2017**

\_\_\_\_\_  
**CLOSING LIST**  
\_\_\_\_\_

Copies of the transcript of proceedings, which will be in CD-ROM format unless otherwise noted, for the above referenced issue (the “Bonds”), will be prepared and distributed as follows:

1. City of Tonganoxie, Kansas (the “Issuer”) [Original + CD]
2. Shannon Marcano, Esq., Lee’s Summit, Missouri (“Issuer’s Counsel”)]
3. Attorney General of the State of Kansas [Original]
4. [Purchaser Name], [Purchaser City State] (the “Original Purchaser”)
5. Springsted Incorporated, Kansas City, Missouri (the “Financial Advisor”)
6. Security Bank of Kansas City, Kansas City, Kansas (the “Escrow Agent”)
7. Gilmore & Bell, P.C., Wichita, Kansas (“Bond Counsel”)

Document  
Number

**PROCEEDINGS AUTHORIZING THE SALE**  
**AND ISSUANCE OF THE BONDS**

1. Excerpt of Minutes of the governing body meeting evidencing adoption of Resolution No. 10-17-02
2. Resolution No. 10-17-02 authorizing the offering for sale of the Bonds
3. Notice of Bond Sale, Preliminary Official Statement and Certificate Deeming Preliminary Official Statement Final
4. Official Statement
5. Omnibus Continuing Disclosure Undertaking
6. Excerpt of Minutes evidencing passage of Ordinance No. \_\_\_\_ and adoption of Resolution No. \_\_\_\_\_

7. Ordinance No. \_\_\_\_ authorizing the issuance of the Bonds and prescribing the form and details of the Bonds
8. Summary of Ordinance No. \_\_\_\_ and Affidavit of publication of Summary of Ordinance No. \_\_\_\_
9. Resolution No. 11-17-\_\_ prescribing the form and details of the Bonds
10. Ordinances/Resolutions authorizing Refunded Bonds
11. Escrow Trust Agreement  
**Schedule I** – Verification Report
12. Current Refunded Bonds Redemption Documents
  - Call for Redemption
  - Notice of Call for Redemption
  - Paying Agent’s Certification
  - Event Notice Pursuant to SEC Rule 15c2-12(b)(5)(C)
13. Subscriptions/Confirmations for the purchase of United States Government Obligations for Escrow Redemption Fund

**CLOSING DOCUMENTS**

14. Transcript Certificate  
**Exhibit A** – Statement of Costs  
**Exhibit B** – Schedule of Outstanding General Obligation Indebtedness
15. Uniform Facsimile of Signature Certificate
16. Authorization of State Treasurer to use facsimile signature and seal
17. Specimen Bond and Bond Printer's Certificate
18. Agreement Between Issuer and Agent
19. DTC Documents  
Blanket Letter of Representations  
Underwriting Safekeeping Agreement
20. Closing Certificate
21. Federal Tax Certificate with attachments as follows:  
**Exhibit A** – Internal Revenue Service Form 8038-G and evidence of filing  
**Exhibit B** – Receipt for Purchase Price  
**Exhibit C** – Receipt and Representation  
**Exhibit D** – Description of Property Comprising the Financed Improvements  
**Exhibit E** – Sample Annual Compliance Checklist  
**Exhibit F** – Allocation of Sources and Uses  
**Schedule I** – Debt Service Schedule & Proof of Yield

22. Escrow Agent's Closing Certificate

**LEGAL OPINIONS**

23. Approving legal opinion of Gilmore & Bell, P.C.
24. Approval letter of Attorney General

**MISCELLANEOUS DOCUMENTS**

25. Closing Letter

\* \* \* \* \*

**TRANSCRIPT CERTIFICATE**

**\$1,950,000\***  
**CITY OF TONGANOXIE, KANSAS**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2017A**  
**DATED NOVEMBER 21, 2017**

The undersigned Mayor and Clerk of the City of Tonganoxie, Kansas (the "Issuer"), do hereby make this certificate for inclusion in the transcript of and as a part of the proceedings authorizing and providing for the issuance of the above described bonds (the "Bonds"); and do hereby certify as of November 6, 2017, as follows:

**1. Meaning of Words and Terms.** Capitalized words and terms used herein, unless otherwise defined herein or the context requires otherwise, shall have the same meanings ascribed to such words and terms in the hereinafter defined Bond Resolution authorizing the Bonds.

**2. Organization.** The Issuer is a legally constituted city of the second class organized and existing under the laws of the State of Kansas.

**3. Transcript of Proceedings.** The transcript of proceedings (the "Transcript") relating to the authorization and issuance of the Bonds is to the best of our knowledge, information and belief full and complete; none of such proceedings have been modified, amended or repealed, except as might be shown in the Transcript, and the facts stated in the Transcript still exist. In each and every instance where copies appear in the Transcript, such copies are true and correct duplicates of the original instruments now on file with the Clerk.

**4. Newspaper.** The *Tonganoxie Mirror* was the official newspaper of the Issuer at all times during these proceedings.

**5. Meetings.** All of the meetings of the governing body of the Issuer at which action was taken as shown in the Transcript were either regular meetings or duly adjourned regular meetings or special meetings duly called and held in accordance with law and the ordinances and rules of the Issuer.

**6. Incumbency of Officers.** The following named persons were and are the duly qualified and acting officers of the Issuer at and during all the times when action was taken as indicated in the Transcript as follows:

<u>Name</u>	<u>Title</u>	<u>Term of Office</u>
Jason Ward	Mayor	2011 to 1/2020
Chris Donnelly	Councilmember	2009 to 1/2018
Andy Gilner	Councilmember	2011 to 1/2018
Curtis Oroke	Councilmember	2015 to 1/2020
Kara Reed	Councilmember	2013 to 1/2020
Jim Truesdell	Councilmember	2009 to 1/2018
Patty Hagg	Clerk	N/A
JoAnn Ferguson	Treasurer	N/A

**7. Execution of Bonds.** The Bonds have been executed with facsimile signatures; and the facsimile signatures appearing on the face of the Bonds are facsimiles of the true and genuine signatures of the Mayor and Clerk of the Issuer; which facsimiles are ratified as a proper execution of said Bonds. Each signature has been duly filed in the office of the Secretary of State of Kansas pursuant to K.S.A. 75-4001 *et seq.* A facsimile of the seal of the Issuer is affixed to or imprinted on each of the Bonds and on the reverse side of each of the Bonds at the place where the Clerk has executed by facsimile signature the Certificate of Registration; and each Bond bears a Certificate of Registration evidencing the fact that it has been registered in the office of the Clerk. A true impression of the seal is set forth adjacent to the signature of the Clerk below. The specimen bond included in the Transcript is in the form adopted by the governing body of the Issuer for the Bonds.

**8. Authorization and Purpose of the Bonds.** The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State, including particularly K.S.A. 10-427 *et seq.*, as amended, Ordinance No. \_\_\_\_ and Resolution No. 11-17-\_\_ of the Issuer duly adopted by the Governing Body of the Issuer on November 6, 2017 (collectively the “Bond Resolution”) for the purpose of refunding the following General Obligation Bonds, Series 2007A (the “Current Refunded Bonds”) and General Obligation Bonds, Series 2009A (the “Advance Refunded Bonds”) of the Issuer (collectively, the “Refunded Bonds”)::

<i>Description</i>	<i>Series</i>	<i>Dated Date</i>	<i>Years</i>	<i>Amount</i>
General Obligation Bonds	2007A	October 15, 2007	2018 to 2022	\$990,000
General Obligation Bonds	2009A	April 1, 2009	2020 to 2029	830,000

The total principal amount of the Bonds does not exceed the cost of the Improvements for which the Bonds are issued. The total principal amount of the Bonds issued to refund the Refunded Bonds does not exceed the aggregate amounts prescribed in K.S.A. 10-427, as amended. A Statement of Cost is attached hereto as **Exhibit A** and made a part hereof by reference as though fully set out herein.

The interest rates on the Bonds on the date of the sale of the Bonds were within the maximum legal limit for interest rates under K.S.A. 10-1009, as amended.

**9. Bonded Indebtedness.** The currently outstanding applicable indebtedness of the Issuer, including the Bonds, does not exceed any applicable constitutional or statutory limitations. A Schedule of Bonded Indebtedness, which sets forth all currently outstanding general obligation indebtedness of the Issuer, is attached hereto as **Exhibit B** and made a part hereof by reference as though fully set out herein.

**10. Valuation.** The total assessed valuation of the taxable tangible property within the Issuer for the year 2017 is as follows:

Equalized Assessed Valuation of	
Taxable Tangible Property .....	\$36,612,087
Tangible Valuation of Motor Vehicles (2016).....	<u>5,961,956</u>
Equalized Assessed Tangible Valuation	
for Computation of Bonded Debt Limitations .....	<u>\$42,574,043</u>

**11. Non-litigation.** There is no controversy, suit or other proceedings of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way: (a) the legal organization of the Issuer or its boundaries; (b) the right or title of any of its

officers to their respective offices; (c) the legality of any official act shown to have been done in the Transcript; (d) the constitutionality or validity of the indebtedness represented by the Bonds shown to be authorized in the Transcript; (e) the validity of the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof; or (f) the levy and collection of a tax to pay the principal of and interest on the Bonds.

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**WITNESS** our true and genuine manual signatures and the seal of the Issuer.

---

Mayor

(SEAL)

---

Clerk

**EXHIBIT A**

**STATEMENT OF COST**

Re: General Obligation Refunding Bonds, Series 2017A, Dated November 21, 2017,  
of the City of Tonganoxie, Kansas

**Sources of Funds:**

Principal Amount of the Bonds	\$1,950,000*.00
Underwriter's Discount	-
Original Issue Premium	
Original Issue Discount	-
<b>Total</b>	<b>\$</b>

**Uses of Funds:**

Deposit to Redemption Fund	\$_____ .00
Deposit to Escrow Fund	_____ .00
Costs of Issuance	
<b>Total</b>	<b>\$</b>

**EXHIBIT B**

**CITY OF TONGANOXIE, KANSAS**

**SCHEDULE OF OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS  
(as of November 21, 2017)**

**GENERAL OBLIGATION BONDS**

<b>Description of Indebtedness</b>	<b>Dated Date</b>	<b>Final Maturity</b>	<b>Original Principal Amount</b>	<b>Amount Outstanding</b>	<b>Exempt From Debt Limit</b>
General Obligation Bonds, Series 2000	12/1/2000	9/1/2021	\$630,000	\$45,000	\$0 (0%)
General Obligation Bonds, Series 2007A*	10/15/2007	9/10/2022	1,720,000	0	0 (0%)
General Obligation Bonds, Series 2009A*	4/1/2009	9/1/2019	1,350,000	130,000	0 (0%)
General Obligation Bonds, Series 2010A	6/1/2010	9/1/2020	1,075,000	740,000	0 (0%)
Taxable General Obligation Bonds, Series 2013A	1/29/2013	7/1/2033	1,760,000	1,535,000	0 (0%)
General Obligation Refunding Bonds, Series 2013B	1/29/2013	8/1/2031	6,355,000	4,935,000	4,476,045 (90.70%)
General Obligation Refunding Bonds, Series 2017**	11/21/2017	9/1/2029	1,950,000*	<u>1,950,000</u>	<u>0</u> (0%)
	<b>Total</b>			<b><u>\$9,335,000</u></b>	<b><u>\$4,476,045</u></b>

**TEMPORARY NOTES**

<b>Description of Indebtedness</b>	<b>Dated Date</b>	<b>Final Maturity</b>	<b>Original Principal Amount</b>	<b>Amount Outstanding</b>	<b>Exempt From Debt Limit</b>
None			\$	\$	\$

\*Outstanding amount is any portion not retired from the proceeds of the Bonds.

\*\*This issue.





**AGREEMENT BETWEEN ISSUER AND AGENT**

**\$1,950,000\***  
**CITY OF TONGANOXIE, KANSAS**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2017A**  
**DATED NOVEMBER 21, 2017**

**THIS AGREEMENT**, dated as of November 21, 2017, between the City of Tonganoxie, Kansas, a municipality (the “Issuer”), and the State Treasurer of Kansas, as Agent (the “Agent”).

**WHEREAS**, for its lawful purposes, the Issuer has duly authorized the issue of the above-captioned bonds (the “Securities”), and the Issuer wishes the Agent to act as its Paying Agent, Bond Registrar, and Transfer Agent for the Securities:

Now, therefore, it is hereby agreed as follows:

**I. APPOINTMENT**

Issuer hereby appoints or has heretofore appointed the State Treasurer of Kansas to act as Paying Agent, Bond Registrar and Transfer Agent for the Securities. The State Treasurer of Kansas hereby accepts its appointment as the Paying Agent, Bond Registrar and Transfer Agent.

**II. BASIC DUTIES**

- A. Issuer or its duly authorized representative agrees to furnish Agent the name(s) and address(es) of the initial registered owner(s) of the Securities together with such registered owners' tax identification (social security) number(s), the maturity date(s), denomination(s) and interest rate(s) for each Security.
- B. Agent shall manually authenticate the originally issued Securities upon the written order of one or more authorized officers of Issuer. Thereafter, Agent shall manually authenticate all Securities resulting from transfer or exchange of Securities.
- C. Agent shall maintain an office in the City of Topeka, Kansas, where Securities may be presented for registration, transfer and exchange; and shall also maintain an office in the City of Topeka, Kansas, where Securities may be presented for payment. Agent shall keep a register of the Securities and their transfer and exchange.
- D. Agent may rely upon any document believed by it to be genuine and to have been signed or presented by the proper person. Agent need not investigate any fact or matter stated in the document. Agent undertakes to perform such duties and only such duties set forth in K.S.A. 10-620 *et seq.*, except as specifically provided in this Agreement.
- E. Agent shall notify the owners of the Securities upon default in payment of principal or interest on the Securities and the Agent shall have no duties or responsibilities thereafter.

### **III. COMPENSATION**

Issuer covenants and agrees to pay to Agent, as reasonable compensation for the services provided as Agent, an initial setup fee of \$300, a registration fee of \$30, plus a fee of \$2,437.50. based on a percentage of the aggregate principal amount of the Securities as follows:

1/8 of 1% (.125%) of the first \$10,000,000  
1/16 of 1% (.0625%) of the next \$15,000,000  
1/32 of 1% (.03125%) of the next \$25,000,000  
1/64 of 1% (.015625%) of the next \$50,000,000  
1/128 of 1% (.0078125%) over \$100,000,000.

This amount will be due at the time of registration unless such fee is to be paid from the proceeds of the bond issue in which case Issuer agrees to pay such fee within two (2) business days of the closing of the bond issue. In addition to the aforementioned fee, Issuer covenants and agrees to pay to Agent the fee as stated and required by K.S.A. 10-505 for performing the duties of paying the principal of the Securities.

### **IV. STANDARD OF PERFORMANCE**

Issuer shall provide, or shall cause to be provided to Agent, a designation of whether its Securities are to be issued in certificated or uncertificated form, or both.

#### **A. STATEMENTS OF OWNERSHIP**

Agent agrees to provide Statements of Ownership to the owner of uncertificated Securities. Such Statements shall be in accordance with the standards set forth by the Attorney General. All Statements shall be issued in the denominations of \$1,000 or \$5,000 or integral multiples thereof except for one additional Security in another denomination, which additional Security shall mature in the initial maturity year of the series of the Securities. Interest is computed on the basis of \$1,000 or \$5,000 units and in all transactions involving the payment of interest, fractions of a cent equaling or exceeding five mills shall be regarded as one cent; fractions of a cent less than five mills shall be disregarded. Agent shall at all times maintain an adequate supply of Statements of Ownership for any anticipated transfers or exchanges of the Statements.

#### **B. CERTIFICATED SECURITIES**

All certificated Securities issued by Issuer under this Agreement shall be in accordance with the standards set forth by the Attorney General and unless otherwise authorized by Agent, the principal thereof shall be payable only upon surrender of the Security to Agent. All certificates shall be issued in the denomination of \$1,000 or \$5,000 or integral multiples thereof except one authorized Security in another denomination which additional Security shall mature in the initial maturity year of the series of Securities. Interest is computed on the basis of \$1,000 or \$5,000 units and in all transactions involving the payment of interest, fractions of a cent equaling or exceeding five mills shall be regarded as one cent; fractions of a cent less than five mills shall be disregarded. Issuer shall at Issuer's cost provide Agent with an adequate supply of certificates for any anticipated transfers or exchanges of the certificates. Issuer shall be responsible for the payment of the printing or other expenses for such certificates. Issuer shall be

responsible for obtaining appropriate “CUSIP” number(s) and shall notify Agent of each number(s) prior to the issuance of the applicable Securities.

**C. *INTEREST CALCULATIONS***

Agent shall calculate interest on the basis of \$1,000 and \$5,000 units, or in the case of one odd denomination, calculate the unit separately. Each intermediate unit calculation is first determined, then rounded to the sixth decimal position; i.e. whenever the seventh decimal place is equal to or greater than five the sixth decimal place is increased by one. The final per unit calculation is subsequently rounded to two decimal positions. (See Attachment “A” for sample calculation.)

**D. *SURRENDER***

Securities surrendered for payment, cancellation or partial redemption shall be cancelled by Agent and returned to Issuer in accordance with K.S.A. 10-111.

**E. *TRANSFERS AND EXCHANGES***

1. When Securities are presented to Agent for transfer or exchange, Agent shall so transfer or exchange such Securities if the requirements of Section 8-401(1) of the Uniform Commercial Code are met.
2. In accordance with the authorizing Resolution or Ordinance of the Issuer (the “Bond Resolution”), payments of interest shall be made to the owner of record of each Security as of the close of business on the fifteenth day of the month preceding each interest payment date. The Agent shall make such payments to the record owner of each Security as set forth on the registration books maintained by Agent as of such date.
3. Agent shall not be required to transfer or exchange any Security during a period beginning on the day following the fifteenth day of the month preceding any interest payment date for such Securities and ending at the close of business on the interest payment date, or to transfer or exchange any Security selected or called for redemption in whole or in part subsequent to the date notice of such redemption is given in accordance with the Bond Resolution authorizing the Securities.

**F. *REGISTRATION DATES AND FUNDS FOR PAYMENTS***

Date of Registration shall be affixed on the initial Securities. Subsequent transfers or exchanges shall bear a Date of Registration as of the date that all the required documentation is received at the Agent's official place of business. Issuer will provide funds to make any interest or principal payments in accordance with K.S.A. 10-130 and amendments thereto. Agent is hereby authorized to effect any semiannual payment of interest or any principal by charging the Issuer's Fiscal Agency account with Agent.

**G. *REPLACEMENT OF SECURITIES***

If the owner of a Security claims that a Security has been lost, destroyed or wrongfully taken, Issuer shall issue and Agent shall authenticate a replacement Security if the

requirements of Section 8-405 of the Uniform Commercial Code are met. Only Agent shall perform this function. An indemnity bond and affidavit of loss shall be provided to Agent and Issuer at the expense of the owner of the Security. Such indemnity bond and affidavit of loss must be sufficient in the judgment of Issuer and Agent to protect Issuer and Agent from any loss which any of them may suffer if the Security is replaced. Issuer may charge the Security owner for its expenses in the replacement of a Security.

H. **REDEMPTIONS**

**Optional Redemption.** If any Securities are to be redeemed pursuant to an optional redemption in accordance with their terms, Issuer agrees to give Agent at least fifteen (15) days written notice thereof prior to the notice to be given the Security owners. If there is no provision for notice to the Security owners, Issuer agrees to give at least thirty (30) days written notice to Agent.

[**Mandatory Redemption.** If any Securities are subject to mandatory redemption in accordance with their terms of the Bond Resolution, no additional notice is required to be given to the Agent to exercise the mandatory redemption. The Agent will provide notice of such redemption utilizing substantially the form of Notice of Mandatory Redemption attached hereto as **Appendix I.**]

**Notice of Redemption.** Agent shall then notify, by ordinary mail, the owner of such Securities to be so redeemed. Agent shall select the Securities to be so redeemed. Agent shall not be required to exchange or register a transfer of any Security for a period of fifteen (15) days preceding the date notice is to be provided to the Security owners for the purpose of selecting Securities on a partial redemption. Further, in the event notice is given to Agent for a complete redemption of the Issue according to the terms of the Bond Resolution, Agent shall not be required to transfer or exchange any Security beginning on the day following the 15th day preceding the date set for redemption.

I. **MISCELLANEOUS**

Agent hereby acknowledges receipt of numbered Securities of Issuer (in a number equal to one Security for each maturity) for registration and exchange, and shall safeguard any "blank" Securities held for purpose of exchange or transfer.

J. **REPORTS**

Agent shall provide Issuer an annual report of the activity with respect to the issuance of Securities upon written request of Issuer.

K. **CONSTRUCTION**

This Agreement shall be construed in accordance with the laws of the State of Kansas and also the Bond Resolution authorizing the issuance of the Securities.

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**CITY OF TONGANOXIE, KANSAS**

(SEAL)

By \_\_\_\_\_  
Mayor

ATTEST:

By \_\_\_\_\_  
Clerk

**OFFICE OF THE TREASURER  
OF THE STATE OF KANSAS**

(SEAL)

By \_\_\_\_\_  
Director of Bond Services

*ATTACHMENT "A"*

SAMPLE

$$\begin{array}{r} \$5,000.00000 \dots\dots\dots \text{Bond Unit} \\ \times \quad \underline{.06875} \dots\dots\dots \text{Interest Rate} \\ = \quad 343.750000 \quad \text{Rounded to six decimal places} \\ \\ / \quad \underline{360} \dots\dots\dots \text{Days per year} \\ = \quad .954861 \quad \text{Rounded to six decimal places} \\ \\ \times \quad \underline{180} \dots\dots\dots \text{Day in interest period} \\ = \quad 171.874980 \quad (\text{Rounded to second decimal} = \$171.87) \end{array}$$

Unit interest is then multiplied by the number of units in the maturity.

[APPENDIX I

**NOTICE OF CALL FOR MANDATORY REDEMPTION  
TO THE OWNERS OF  
CITY OF TONGANOXIE, KANSAS  
GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2017A, DATED NOVEMBER 21, 2017**

Notice is hereby given that pursuant to the provisions of *Article III* of Resolution No. 11-17-\_\_ (the "Bond Resolution") of the City of Tonganoxie, Kansas (the "Issuer") that a portion of the above-mentioned bonds (the "Bonds") scheduled to mature on September 1, [2029][\_\_\_\_][\_\_\_\_] (the "Called Bonds"), have been called for mandatory redemption and payment on September 1, [20\_\_] (the "Redemption Date"), at the principal office of the Treasurer of the State of Kansas (the "Bond Registrar and Paying Agent").

<u>[Nos.]</u>	<u>Maturity Date</u> <u>(September 1)</u> [____] 2029	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>Number</u>
---------------	--	-----------------------------------	--------------------------------	-------------------------------

On the Redemption Date there shall become due and payable, upon the presentation and surrender of each such Called Bond, the redemption price thereof equal to 100% of the principal amount thereof together with interest accrued to the Redemption Date. Bonds issued in denominations of greater than \$5,000 may be subject to partial redemption. In such event, a new certificate or certificates will be issued to the Owner in the principal amount to remain Outstanding. Interest shall cease to accrue on the Called Bonds so called for redemption from and after the Redemption Date provided such funds for redemption are on deposit with the Paying Agent.

**CITY OF TONGANOXIE, KANSAS**

By \_\_\_\_\_  
Treasurer of the State of Kansas,  
Topeka, Kansas]

**UNDERWRITING SAFEKEEPING AGREEMENT  
BY AND BETWEEN  
DEPOSITORY TRUST COMPANY  
AND  
THE CITY OF TONGANOXIE, KANSAS  
AND  
THE OFFICE OF THE KANSAS STATE TREASURER**

**\$1,950,000\*  
CITY OF TONGANOXIE, KANSAS  
GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2017A  
DATED NOVEMBER 21, 2017**

In order to induce the Depository Trust Company (the "DTC") to accept delivery of the above captioned bonds (the "Bonds") for safekeeping prior to the delivery of the Bonds on November 21, 2017 (the "Closing Date"), the City of Tonganoxie, Kansas (the "Issuer"), and the Treasurer of the State of Kansas (the "Agent") hereby agree to place the entire principal amount of the Bonds, in the custody, control and possession of DTC at least one day prior to the Closing Date. The Issuer further agrees that by copy of this letter appropriately executed, it will notify DTC to follow the instructions of [Purchaser Name], [Purchaser City State], as the Underwriter (the "Underwriter") in distributing the Bonds.

By executing this agreement in the appropriate place DTC acknowledges upon receipt from the Agent of possession, custody and control of the Bonds, and agrees to safekeep and hold in escrow the Bonds until it shall have received notification from one of the following authorized representatives of the Issuer to release or return the Bonds: Patty Hagg, Clerk, or Gilmore & Bell, P.C., Bond Counsel. Notification may be made by telephone or by receipt of an executed notice, delivered or telecopied to DTC; provided, however, that if the notification is made by telephone, written notice must be sent within 24 hours of the original notification. In the event the Issuer executes the release of the Bonds, DTC will distribute the Bonds pursuant to written instructions provided by the Underwriter; however, in the event a demand for the return of the Bonds is received, DTC shall return the Bonds as soon as practicable, but in any event, no later than the following business day.

DTC agrees to hold the Issuer and the Agent, as their interests may appear, and any of their officers or employees, harmless from any liability, loss, damage or reasonable expense in connection with the loss, theft, destruction or other disappearance of the Bonds while they are in the possession, custody or control of DTC, prior to concluding the Closing with respect to the Bonds and prior to distributing the Bonds in accordance with the instructions furnished by the Underwriter.

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**CITY OF TONGANOXIE, KANSAS**

Dated: November 6, 2017

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

**OFFICE OF THE TREASURER OF  
THE STATE OF KANSAS, As Agent**

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Title: Director of Bond Services

**DEPOSITORY TRUST COMPANY**

Dated: \_\_\_\_\_

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

DTC hereby acknowledges receipt from  
the Agent of custody, control  
and possession of the Bonds.

Dated: \_\_\_\_\_.

**DEPOSITORY TRUST COMPANY**

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

Re: General Obligation Refunding Bonds, Series 2017A, dated November 21, 2017, of the City of Tonganoxie, Kansas

Dated: November 21, 2017.

The formal Closing of the above-referenced Bonds has occurred, and DTC is hereby authorized to distribute the Bonds as previously agreed:

By: \_\_\_\_\_  
GILMORE & BELL, P.C.,  
as Bond Counsel for the Issuer

The Closing of the above-referenced Bonds did not occur and DTC is requested to return the Bonds to the custody, control and possession of the Agent:

By: \_\_\_\_\_  
GILMORE & BELL, P.C.,  
as Bond Counsel for the Issuer

**ESCROW AGENT'S CLOSING CERTIFICATE**

**\$1,950,000\***  
**CITY OF TONGANOXIE, KANSAS**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2017A**  
**DATED NOVEMBER 21, 2017**

Security Bank of Kansas City, Kansas City, Kansas, as escrow agent (the "Escrow Agent") under the Escrow Trust Agreement dated as of November 21, 2017 (the "Escrow Agreement"), between the Escrow Agent and the City of Tonganoxie, Kansas, in connection with the issuance of the above described bonds (the "Bonds"), does hereby certify as follows:

**1. Power and Authority of Escrow Agent.** The Escrow Agent is a state banking corporation duly organized and existing under the laws of the State of Kansas, is authorized and empowered to execute and deliver the Escrow Agreement and has full power and authority to act as Escrow Agent as provided in the Escrow Agreement.

**2. Execution of Escrow Agreement.** The Escrow Agreement has been duly executed on behalf of the Escrow Agent, by a duly authorized officer, who was at the time of the execution of the Escrow Agreement, and is now, the duly elected or appointed, qualified and acting incumbent of his or her respective office, and duly authorized to perform the acts referred to in this paragraph.

**3. Deposit of Cash and Escrowed Securities.** The Escrow Agent, in accordance with the requirements of the Escrow Agreement, has received the cash and Escrowed Securities as described in the Escrow Agreement, and deposited said cash and Escrowed Securities in the Escrow Fund created by the Escrow Agreement.

**4. Costs of Issuance.** In addition to the amounts described in *Section 3*, the Escrow Agent has received the sum of \$[\_\_\_\_\_] for deposit into the Costs of Issuance Account created with the Escrow Agent pursuant to the Escrow Agreement. The Escrow Agent has agreed to pay Costs of Issuance in an aggregate sum not to exceed said amount, in accordance with and the manner described in *Section 12(b)* of the Escrow Agreement. An estimated schedule of such expenses is attached hereto as *Schedule 1*.

DATED: November 21, 2017.

**SECURITY BANK OF KANSAS CITY**  
**KANSAS CITY, KANSAS**  
as Escrow Agent

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

**SCHEDULE 1**

**ESTIMATED COSTS OF ISSUANCE**

<i>Recipient</i>	<i>Purpose</i>	<i>Amount</i>
Kansas State Treasurer	Paying Agent Fees - Bonds - Refunded Bonds	
Security Bank of Kansas City	Escrow Agent	
Ritz & Associates, PA	CPA Verification Fees	
Gilmore & Bell, P.C.	Legal Fees	
Bushyhead LLC	Issuer Counsel Fees	
CUSIP Service Bureau	CUSIP Bureau Fee	
Kansas Attorney General	Attorney General Fee	
Midwest Single Source	Bond Printing Official Statement Printing	
[Purchaser Name]	Miscellaneous	
	<b><i>TOTAL</i></b>	

The Issuer hereby provides to the Escrow Agent this schedule of estimated expenses to be paid by the Escrow Agent from money on deposit in the Costs of Issuance Account, all in the manner set forth in **Section 12(b)** of the Escrow Agreement.

**CITY OF TONGANOXIE, KANSAS**

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

**CLOSING CERTIFICATE**  
  
**\$1,950,000\***  
**CITY OF TONGANOXIE, KANSAS**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**SERIES 2017A**  
**DATED NOVEMBER 21, 2017**

The undersigned Mayor and Clerk of the City of Tonganoxie, Kansas (the "Issuer"), make this Certificate for inclusion in the transcript of and as a part of the proceedings authorizing and providing for the issuance of the above described bonds (the "Bonds"); and certify as of November 21, 2017 (the "Issue Date"), as follows:

**1. Meaning of Words and Terms.** Capitalized words and terms used in this Certificate, unless otherwise defined in this Certificate or the context requires otherwise, have the same meanings ascribed to such words and terms in the Bond Resolution (defined below) authorizing the Bonds.

**2. Transcript of Proceedings.** The transcript of proceedings relating to the authorization and issuance of the Bonds (the "Transcript"), furnished to the Purchaser of the Bonds, is to the best of our knowledge, information and belief full and complete; none of such proceedings have been modified, amended or repealed, except as might be shown in the Transcript; and the facts stated in the Transcript still exist. In each instance where copies appear in the Transcript, such copies are true and correct duplicates of the original instruments now on file with the Clerk. All certifications made by the Issuer in the Transcript Certificate dated November 6, 2017 are true and correct as of this date and are incorporated in this Certificate by reference.

**3. Authorization and Purpose of the Bonds.** The Issuer is issuing and delivering the Bonds simultaneously with the delivery of this Certificate, pursuant to and in full compliance with the Constitution and statutes of the State, including particularly K.S.A. 10-427 *et seq.*, as amended, Ordinance No. \_\_\_ and Resolution No. 11-17-\_\_ of the Issuer duly adopted by the Governing Body of the Issuer on November 6, 2017 (collectively the "Bond Resolution") for the purpose of refunding the following General Obligation Bonds, Series 2007A (the "Current Refunded Bonds") and General Obligation Bonds, Series 2009A (the "Advance Refunded Bonds") of the Issuer (collectively, the "Refunded Bonds"):

<i>Description</i>	<i>Series</i>	<i>Dated Date</i>	<i>Years</i>	<i>Amount</i>
General Obligation Bonds	2007A	October 15, 2007	2018 to 2022	\$990,000
General Obligation Bonds	2009A	April 1, 2009	2020 to 2029	830,000

The purpose of the refunding is to achieve interest cost savings through early redemption of the Refunded Bonds and to provide an orderly plan of finance for the Issuer.

**4. Security for the Bonds.** The Bonds are general obligations of the Issuer payable 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 pledged under the Bond Resolution to the payment of the principal of and interest on the Bonds. In the Bond Resolution, the governing body of the Issuer has covenanted to 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, by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law.

**5. Sale of Bonds.** The Bonds have been sold at rates not in excess of the limitations set forth in K.S.A. 10-1009. The Notice of Bond Sale dated October 2, 2017 and included in the Transcript constitutes a full true and correct copy thereof. A copy of such Notice of Bond Sale and Preliminary Official Statement was sent to prospective purchasers of the Bonds, and to all other persons and firms requesting copies of such Notice of Bond Sale and Preliminary Official Statement.

**6. Official Statement.** The Official Statement contained in the Transcript constitutes a full, true and correct copy of the Official Statement relating to the Bonds. To the best of our knowledge, the Official Statement, other than the sections entitled “The Bonds—Book-Entry System,” “Rating,” “Approval of Legality,” “Tax Matters,” “Municipal Advisor” and *Appendices I, II and IV*, about which the Issuer expresses no opinion, is true in all material respects, and does not contain any untrue statement of a material fact or does not omit to state a material fact, necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. As of this date there has been no material adverse change in the financial condition or the financial affairs of the Issuer since the date of the Official Statement. No other event has occurred which is necessary to be disclosed in the Official Statement in order to make the statements therein not misleading in any material respect as of the date of this Certificate. The Issuer has previously caused to be delivered to the Purchaser copies of the Official Statement

**7. Continuing Disclosure Undertaking.** The Issuer has adopted its Omnibus Continuing Disclosure Undertaking (the “Disclosure Undertaking”), wherein the Issuer has covenanted to disseminate such information as is required in accordance with the provisions of the SEC Rule and the Disclosure Undertaking. In the Bond Resolution, the Issuer has covenanted to apply the provisions of the Disclosure Undertaking to the Bonds. A copy of the Disclosure Undertaking is contained in the Transcript.

**8. Non-Litigation.** There is no controversy, action, suit, proceeding, or to the best of our knowledge, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to the best of our knowledge, threatened against or affecting the Issuer, its officers or its property, or, to the best of our knowledge, any basis therefor questioning, disputing or affecting in any way: (a) the legal organization of the Issuer or its boundaries; (b) the right or title of any of its officers to their respective offices; (c) the legality of any official act shown to have been done in the Transcript; (d) the constitutionality or validity of the indebtedness represented by the Bonds shown to be authorized in the Transcript; (e) the validity of the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof; (f) the levy and collection of an ad valorem property tax to pay the principal of and interest on the Bonds; or (g) the federal or state tax-exempt status of the interest on the Bonds; wherein any unfavorable decision, ruling or finding would adversely affect the Issuer, the transactions contemplated by the Bond Resolution or the Official Statement, or the validity or enforceability of the Bonds, which are not disclosed in the final Official Statement.

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**WITNESS** our hands and the seal of the Issuer.

Signature

Official Title

\_\_\_\_\_

Mayor

(SEAL)

\_\_\_\_\_

Clerk

[FORM OF BOND COUNSEL OPINION]

**GILMORE & BELL, P.C.**  
**Attorneys at Law**  
**100 N. Main Suite 800**  
**Wichita, Kansas 67202**

[November 21, 2017]

Governing Body  
City of Tonganoxie, Kansas

\_\_\_\_\_

Re: \$1,950,000\* General Obligation Refunding Bonds, Series 2017A (the “Bonds”),  
of the City of Tonganoxie, Kansas, Dated November 21, 2017

We have acted as Bond Counsel in connection with the issuance by the City of Tonganoxie, Kansas (the “Issuer”), of the above-captioned bonds (the “Bonds”). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the resolution adopted by the governing body of the Issuer prescribing the details of the Bonds.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

**1.** The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and legally binding general obligations of the Issuer.

**2.** The Bonds are 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 Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources.

**3.** The interest on the Bonds [(including any original issue discount properly allocable to an owner of a Bond)] is: (a) excludable from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”) that must be satisfied subsequent to the issuance of the

Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Bonds are “qualified tax-exempt obligations” within the meaning of Code § 265(b)(3). We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

**4.** The interest on the Bonds is exempt from income taxation by the State of Kansas.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

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

**THE CITY OF TONGANOXIE, KANSAS**

**OMNIBUS CONTINUING DISCLOSURE UNDERTAKING**

**DATED AS OF NOVEMBER 6, 2017**

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## OMNIBUS CONTINUING DISCLOSURE UNDERTAKING

**THIS OMNIBUS CONTINUING DISCLOSURE UNDERTAKING** (the “Disclosure Undertaking”), dated as of November 6, 2017, is executed and delivered by the City of Tonganoxie, Kansas (the “Issuer”).

### RECITALS

1. This Disclosure Undertaking is executed and delivered by the Issuer, pursuant to a resolution adopted by the governing body of the Issuer to consolidate the continuing disclosure obligations of the Issuer with respect to the Bonds and the Prior Undertakings, both as defined below, to enhance efficiency of the administration of Prior Undertakings and promote timely disclosure by the Issuer.

2. The Issuer is executing this Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist each Participating Underwriter in complying with the SEC Rule, as defined below. The Issuer is the only “obligated person,” as defined in the SEC Rule, with responsibility for continuing disclosure hereunder.

3. This Disclosure Undertaking shall apply with respect to any series of Bonds issued prior to the effective date hereof and subject to the SEC Rule.

In consideration of the foregoing, the Issuer covenants and agrees as follows:

**Section 1. Definitions.** In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Undertaking, unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report filed by the Issuer pursuant to, and as described in, *Section 2* of this Disclosure Undertaking, which may include the Issuer's CAFR, so long as the CAFR contains the Financial Information and Operating Data.

“**Beneficial Owner**” means, with respect to a series of Bonds, any registered owner of any Bonds of such series and any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds of such series (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds of such series for federal income tax purposes.

“**Bond Insurer**” means the provider of the bond insurance policy, if any, for any series of Bonds.

“**Bond Resolution**” means collectively the ordinance(s) and/or resolution(s) of the governing body of the Issuer authorizing the issuance of each series of the Bonds.

“**Bonds**” means all bonds, notes, installment sale agreements, leases or certificates intended to be a debt obligation of the Issuer identified on *Schedule 1* as such schedule may be supplemented and amended and, as context may require, the Bonds of any particular series identified on *Schedule 1*. The Issuer may make future series of Bonds subject to this Disclosure Undertaking by incorporating by reference in a Bond Resolution or executing a certificate to such effect in conjunction with the issuance of such series of Bonds.

**“Business Day”** means a day other than: (a) a Saturday, Sunday or legal holiday; (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the trustee, any paying agent or a Dissemination Agent, as applicable, is located are required or authorized by law to remain closed; or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

**“CAFR”** means the Issuer's Comprehensive Annual Financial Report, if any.

**“Designated Agent”** means Gilmore & Bell, P.C. or one or more other entities designated in writing by the Issuer to serve as a designated agent of the Issuer for purposes of this Disclosure Undertaking.

**“Dissemination Agent”** means any entity designated in writing by the Issuer to serve as dissemination agent pursuant to this Disclosure Undertaking and which has filed with the Issuer a written acceptance of such designation substantially in the form attached hereto as *Exhibit C*.

**“EMMA”** means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).

**“Financial Information”** means the financial information of the Issuer described in *Section 2(a)(1)* hereof.

**“Fiscal Year”** means the one-year period ending December 31, or such other date or dates as may be adopted by the Issuer for its general accounting purposes.

**“GAAP”** means generally accepted accounting principles, as applied to governmental units, as in effect at the time of the preparation of the Financial Information.

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

**“Material Events”** means any of the events listed in *Section 3(a)* hereof.

**“MSRB”** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the SEC Rule.

**“Official Statement”** means collectively the Issuer's Official Statement(s) for each series of the Bonds, including all appendices and exhibits thereto.

**“Operating Data”** means the operating data of the Issuer described in *Section 2(a)(2)* hereof.

**“Participating Underwriter”** means each of the original underwriters of a series of Bonds required to comply with the SEC Rule in connection with the offering of such Bonds.

**“Prior Undertakings”** means the prior continuing disclosure undertakings of the Issuer under the SEC Rule.

**“Repository”** means the MSRB via EMMA.

**“SEC”** means the Securities and Exchange Commission of the United States.

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

## **Section 2. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, file the Issuer's Annual Report with the Repository not later than 360 days after the end of the Issuer's Fiscal Year, commencing with the Fiscal Year ended in 2017. The Annual Report shall consist of the Financial Information and Operating Data described as follows:

(1) **Financial Information.** The financial statements of the Issuer for such prior Fiscal Year, accompanied by an audit report resulting from an audit conducted by an Independent Accountant in conformity with generally accepted auditing standards. Such financial statements will be prepared on a regulatory basis of accounting other than GAAP. [The Issuer has received a waiver from GAAP accounting from the State. A more detailed explanation of the accounting basis is contained in the Official Statement. If such audit report is not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain summary unaudited financial information and the audit report and accompanying financial statements shall be filed in the same manner as the Annual Report promptly after they become available. The method of preparation and basis of accounting of the Financial Information may not be changed to a basis less comprehensive than contained in the Official Statement, unless the Issuer provides notice of such change in the same manner as for a Material Event under **Section 3(b)** hereof.

(2) **Operating Data.** Updates as of the end of the Fiscal Year of certain financial information and operating data described in **Exhibit A**, with such modifications to the formatting and general presentation thereof as deemed appropriate by the Issuer; provided, any substantive change to information provided shall be effected only in accordance with **Section 6** hereof.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the SEC Rule), which have been filed with the Repository, the MSRB or the SEC. If the document included by reference is a final official statement, it must be available from the Repository. The Issuer shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audit report and accompanying financial statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3(b)**.

(b) From and after such time that Section (b)(5) of the SEC Rule applies to any series of Bonds, if the Annual Report is not filed within the time period specified in **subsection (a)** hereof, the Issuer shall send a notice to the Repository in a timely manner, in substantially the form attached as **Exhibit B**.

(c) Pursuant to Section (d)(3) of the SEC Rule, the provisions of **Section 2(a)(1)** hereof shall not apply to any Bonds with a stated maturity of 18 months or less.

## **Section 3. Reporting of Material Events.**

(a) No later than 10 Business Days after the occurrence of any of the following Material Events, the Issuer shall give, or cause to be given, to the Repository notice of the occurrence of any of the following Material Events with respect to the Bonds, with copies to the Bond Insurer:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer (which shall be deemed to occur as provided in the SEC Rule);
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional paying agent or trustee or the change of name of the paying agent or trustee, if material.

(b) Notwithstanding the foregoing, notice of Material Events described in *subsections (a)(8) and (9)* need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Owners of affected Bonds pursuant to the Bond Resolution.

#### **Section 4. Dissemination Agent.**

(a) **General.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as Dissemination Agent hereunder at any time upon 30 days prior written notice to the

Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Disclosure Undertaking.

(b) **Annual Reports.** Except as provided in **Section 2(c)** hereof, if a Dissemination Agent is appointed, not later than 15 Business Days prior to the date specified in **Section 2(a)** for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent or the Repository. The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been filed pursuant to this Disclosure Undertaking, stating the date it was filed, or that the Issuer has certified to the Dissemination Agent that the Issuer has filed the Annual Report with the Repository. Except as provided in **Section 2(b)** hereof, if the Dissemination Agent has not received an Annual Report or has not received a written notice from the Issuer that it has filed an Annual Report with the Repository, by the date required in **Section 2(a)**, the Dissemination Agent shall send a notice to the Repository in substantially the form attached as **Exhibit A**.

(c) **Material Event Notices.**

(1) The Dissemination Agent shall, promptly after obtaining actual knowledge of the occurrence of any event that it believes may constitute a Material Event, contact the chief financial officer of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Dissemination Agent from time to time, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to **Section 4(c)(3)**.

(2) Whenever the Issuer obtains knowledge of the occurrence of an event, because of a notice from the Dissemination Agent pursuant to **Section 4(c)(1)** or otherwise, the Issuer shall promptly determine if such event constitutes a Material Event and shall promptly notify the Dissemination Agent of such determination. If appropriate, such writing shall instruct the Dissemination Agent to report the occurrence pursuant to **Section 4(c)(3)**.

(3) If the Dissemination Agent has been given written instructions by the Issuer to report the occurrence of a Material Event pursuant to **Section 4(c)(2)**, the Dissemination Agent shall promptly file a notice of such Material Event with the Repository and provide a copy thereof to the Issuer and the Bond Insurer. Notwithstanding the foregoing, notice of Material Events described in **Sections 3(a)(8)** and **(9)** need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Owners of affected Bonds pursuant to the Bond Resolution.

(d) **Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking. The Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Undertaking.

(e) **Other Designated Agents.** The Issuer may, from time to time, appoint or designate a Designated Agent to submit Annual Reports, Material Event notices, and other notices or reports pursuant

to this Disclosure Undertaking. The Issuer hereby appoints the Dissemination Agent and the Designated Agent(s) solely for the purpose of submitting Issuer-approved Annual Reports, Material Event notices, and other notices or reports pursuant to this Disclosure Undertaking. The Issuer may revoke this designation at any time upon written notice to the Designated Agent.

**Section 5. Termination of Reporting Obligation.** The Issuer's obligations under this Disclosure Undertaking for a particular series of Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of that series of Bonds. If the Issuer's obligations hereunder are assumed in full by some other entity as permitted in the Bond Resolution, such person shall be responsible for compliance with under this Disclosure Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or assumption occurs prior to the final maturity of such Bonds, the Issuer shall give notice of such termination or assumption in the same manner as for a Material Event under *Section 3(b)*.

**Section 6. Bonds Subject to this Disclosure Undertaking; Amendment; Waiver.**

(a) All outstanding Bonds as of the date of this Disclosure Undertaking shown on *Schedule I* are hereby made subject to this Disclosure Undertaking. The Issuer may make any future series of Bonds subject to this Disclosure Undertaking by incorporating by reference in a Bond Resolution or executing a certificate to such effect in conjunction with the issuance of such series of Bonds.

(b) All references to the “Bonds” in this Disclosure Undertaking shall apply separately to each series of Bonds that are or become subject to this Disclosure Undertaking, without further amendment hereto.

(c) Notwithstanding the provisions of *subsection (d)* or anything else contained in this Disclosure Undertaking to the contrary, in conjunction with the public offering of any series of Bonds, the Issuer and the Dissemination Agent may amend the categories of Operating Data to be updated as set forth in *Section 2(a)(2)* and *Exhibit A* to conform to the operating data included in the final Official Statement for such series of Bonds, in conformance with the requirements and interpretations of the SEC Rule as of the date of such final Official Statement, without further amendment to this Disclosure Undertaking. Thereafter, the Operating Data to be filed by the Issuer with the Repository with respect to the Bonds (and all other series of Bonds then subject to this Disclosure Undertaking) shall be deemed to be amended to reflect the requirements of the revised *Exhibit A* for the new series of Bonds.

(d) Except as otherwise provided in *subsection (c)*, the Issuer may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the SEC Rule and all current amendments thereto and interpretations thereof that are applicable to this Disclosure Undertaking; provided, however, that this Disclosure Undertaking, including *Schedule I* hereto, may be amended for the purpose of (1) extending the coverage of this Disclosure Undertaking to any additional series of Bonds or (2) removing reference to any series of Bonds for which the Issuer's reporting obligations have terminated in accordance with *Section 5* hereof, each without the provision of a written opinion as otherwise required by this paragraph.

(e) If a provision of this Disclosure Undertaking is amended or waived with respect to a series of Bonds pursuant to *subsection (d)*, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the

amendment relates to the accounting principles to be followed in preparing financial statements: (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3(b)**; and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 7. Additional Information.** Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Section 8. Noncompliance.** In the event of a failure of the Issuer or the Dissemination Agent, if any, to comply with any provision of this Disclosure Undertaking with respect to a series of Bonds, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, if any, as the case may be, to comply with its obligations under this Disclosure Undertaking. Noncompliance with the provisions of this Disclosure Undertaking shall not be deemed an Event of Default under the Bond Resolution or the Bonds, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer or the Dissemination Agent, if any, to comply with this Disclosure Undertaking shall be an action to compel performance.

**Section 9. Notices.** Any notices or communications to or among the parties referenced in this Disclosure Undertaking shall be given the Notice Representatives at the Notice Addresses set forth in the Bond Resolution for each series of Bonds; provided notice to the Dissemination Agent shall be given at the Notice Address set forth on **Exhibit C** hereto.

**Section 10. Electronic Transactions.** Actions taken hereunder and the arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 11. Beneficiaries.** This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, each Participating Underwriter and Beneficial Owners from time to time with respect to a series of Bonds, and shall create no rights in any other person or entity.

**Section 12. Severability.** If any provision in this Disclosure Undertaking, the Bond Resolution or the Bonds relating hereto, shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Disclosure Undertaking shall not in any way be affected or impaired thereby.

**Section 13. Governing Law.** This Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Kansas.

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**IN WITNESS WHEREOF**, the Issuer has caused this Disclosure Undertaking to be executed as of November 6, 2017.

**CITY OF TONGANOXIE, KANSAS**

(SEAL)

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Mayor

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Clerk

*SCHEDULE 1*

**DESCRIPTION OF BONDS SUBJECT TO DISCLOSURE UNDERTAKING**

**General Obligation Bonds (Base CUSIP No.: 890236)**

<b><u>Description of Indebtedness</u></b>	<b><u>Dated Date</u></b>	<b><u>Final Maturity</u></b>
Taxable General Obligation Bonds, Series 2013A	1/29/2013	7/1/2033
General Obligation Refunding Bonds, Series 2013B	1/29/2013	8/1/2031
General Obligation Refunding Bonds, Series 2017	11/21/2017	9/1/2029

**Temporary Notes (Base CUSIP No.: 890236)**

<b><u>Description of Indebtedness</u></b>	<b><u>Dated Date</u></b>	<b><u>Final Maturity</u></b>
None		

**Revenue Bonds (Base CUSIP No.: 890242; 890239)**

<b><u>Description of Indebtedness</u></b>	<b><u>Dated Date</u></b>	<b><u>Final Maturity</u></b>
None		

**Lease Obligations (Base CUSIP No.: [        ])**

<b><u>Description of Indebtedness</u></b>	<b><u>Dated Date</u></b>	<b><u>Final Maturity</u></b>
None		

**EXHIBIT A**

**OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT**

The (1) annual budget for the Issuer, and (2) Operating Data in the sections and tables contained in the most recent Official Statement (with such modifications to the formatting and general presentation thereof as deemed appropriate by the Issuer) generally described as follows:

**Operating Data for General Obligation Bonds, Temporary Notes, Lease Obligations**

City Property Values

City Indebtedness—General Obligation Bonds\*

City Indebtedness—Lease Purchase Agreements\*

City Indebtedness—Other Debt Obligations\*

City Indebtedness—Overlapping Debt

City Tax Rates, Levies and Collections—Tax Rates--City Mill Levy Rates by Fund (Per \$1,000 of Assessed Value)

City Tax Rates, Levies and Collections—Tax Rates--Tax Rates for Jurisdictions Overlapping with the City

City Tax Rates, Levies and Collections— Tax Levies and Collections

\* This Operating Data is also available in the Issuer's Financial Information portion of its Annual Report.

Additionally, the Issuer shall provide updates as of the end of the Fiscal Year for any material adverse changes in the portions of the final Official Statement concerning Property Valuations and Pension and Employee Retirement Plans.

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**EXHIBIT B**

**NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT**

**Name of Issuer:** City of Tonganoxie, Kansas  
**Name of Bond Issue:** [Description of Bonds], Series [\_\_\_\_], dated as of [Bonds Dated Date]  
**Name of Obligated Person:** City of Tonganoxie, Kansas  
**Date of Issuance:** [Bonds Closing Date]

**NOTICE IS GIVEN** that [the] City of Tonganoxie, Kansas (the “Issuer”) has not provided an Annual Report with respect to the above-named Bonds as required by the Issuer’s Omnibus Continuing Disclosure Undertaking. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

**Dated:** \_\_\_\_\_

**CITY OF TONGANOXIE, KANSAS**

By \_\_\_\_\_

By \_\_\_\_\_, as  
Dissemination Agent

cc: City of Tonganoxie, Kansas

***EXHIBIT C***

**ACCEPTANCE OF DISSEMINATION AGENT**

**Name of Issuer:** City of Tonganoxie, Kansas

**Name of Bond Issue:** [Description of Bonds], Series [\_\_\_\_], dated as of [Bonds Dated Date]

**Dissemination Agent:**

**Notice Address of Dissemination Agent:**

\_\_\_\_\_, having been duly appointed by [the] City of Tonganoxie, Kansas to act in the capacity of Dissemination Agent pursuant to the Disclosure Undertaking, to which this acceptance is attached, accepts such duties and responsibilities set forth therein.

**Dated:** \_\_\_\_\_

**ESCROW TRUST AGREEMENT**

**BETWEEN**

**CITY OF TONGANOXIE, KANSAS**

**AND**

**SECURITY BANK OF KANSAS CITY  
KANSAS CITY, KANSAS  
as Escrow Agent**

**DATED AS OF NOVEMBER 21, 2017**

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**Entered in Connection with the Issuance of**

**GENERAL OBLIGATION REFUNDING BONDS**

**SERIES 2017A**

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## ESCROW TRUST AGREEMENT

**THIS ESCROW TRUST AGREEMENT**, dated as of November 21, 2017, by and between the City of Tonganoxie, Kansas, a municipal corporation organized and existing under the laws of the State of Kansas (the “Issuer”), and Security Bank of Kansas City, a state banking corporation with an office located in Kansas City, Kansas, and having full trust powers, as Escrow Agent (the “Escrow Agent”).

### WITNESSETH:

**WHEREAS**, the Issuer has heretofore duly authorized and issued the Advance Refunded Bonds; and

**WHEREAS**, the Advance Refunded Bonds will mature (or will be subject to redemption prior to maturity) and will have interest payable in the amounts and at the times shown in the Verification Report; and

**WHEREAS**, pursuant to the Bond Resolution, the Issuer authorized the issuance and delivery of the Bonds for the purpose of providing funds and investment earnings thereon, to pay the principal of, redemption premium, if any, and interest on the Advance Refunded Bonds, including the purchase of non-callable direct obligations of the United States of America described in the Verification Report.

**NOW, THEREFORE**, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

**1. Definitions.** In addition to the definitions contained in the Bond Resolution, the following words and terms used in this Escrow Agreement shall have the following meanings, unless the context or use indicates another or different meaning:

“**Advance Refunded Bond Resolution**” means the Issuer's Ordinance No. 1274 and Resolution No. 03-09-06, which authorized the Series 2009A Bonds.

“**Advance Refunded Bonds**” means the Series 2009A Bonds maturing in the years 2020 to 2029, inclusive, in the aggregate principal amount of \$830,000.

“**Agreement**” means this Escrow Trust Agreement.

“**Bond Counsel**” means the firm of Gilmore & Bell, P.C., or any other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the Issuer.

“**Bond Payment Date**” means any date on which any principal of, or interest on, any of the Advance Refunded Bonds is due and payable.

“**Bond Resolution**” means collectively Ordinance No. \_\_\_\_ and Resolution No. 11-17-\_\_ of the Issuer authorizing issuance of the Bonds.

“**Bonds**” means the General Obligation Refunding Bonds, Series 2017A, of the Issuer authorized by the Bond Resolution.

“**Code**” means the Internal Revenue Code of 1986, as amended.

**“Costs of Issuance Account”** means the Costs of Issuance Account for General Obligation Refunding Bonds, Series 2017A created pursuant to the Bond Resolution and administered by the Escrow Agent in accordance with *Section 12(b)* hereof.

**“Escrow Agent”** means Security Bank of Kansas City, Kansas City, Kansas and its successor or successors at the time acting as the Escrow Agent under this Agreement.

**“Escrow Fund”** means the fund by that name created in *Section 3* of this Agreement.

**“Escrowed Securities”** means the securities that satisfy the requirement of Defeasance Obligations as set forth in the Advance Refunded Bond Resolution, which are listed in the Verification Report, and any Substitute Escrowed Securities.

**“Financial Advisor”** means Springsted Incorporated, Kansas City, Missouri.

**“Issuer”** means the City of Tonganoxie, Kansas.

**“Paying Agent”** means the State Treasurer, Topeka, Kansas, the paying agent for the Advance Refunded Bonds as designated in the Advance Refunded Bond Resolution, and any successor or successors at the time acting as paying agent for any of the Advance Refunded Bonds.

**“Purchaser”** means [Purchaser Name], [Purchaser City State], the original purchaser of the Bonds, and any successor and assigns.

**“Redemption Date”** means September 1, 2019 for the Advance Refunded Bonds.

**“Series 2009A Bonds”** means the Issuer's General Obligation Bonds, Series 2009A, dated April 1, 2009.

**“Substitute Escrowed Securities”** means securities that satisfy the requirement of Defeasance Obligations as set forth in the Advance Refunded Bond Resolution, which have been acquired by the Escrow Agent and substituted for Escrowed Securities in accordance with *Section 8* of this Agreement.

**“SLGS”** means United States Treasury Obligations – State and Local Government Series.

**“Verification Report”** means the verification report referenced in *Section 4* hereof, a copy of which is attached hereto as *Schedule 1*.

**2. Receipt of Bond Resolutions.** Receipt of an executed counterpart of the Bond Resolution and copy of the Advance Refunded Bond Resolution, certified as true and correct by the Clerk of the Issuer, is hereby acknowledged by the Escrow Agent, and reference herein to, or citation herein of, any provision of said documents shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if they were fully set forth herein.

**3. Creation of the Escrow Fund.** There is hereby created and established with the Escrow Agent the following special and irrevocable separate trust fund to be held in the custody of the Escrow Agent and designated as the “Escrow Fund for General Obligation Bonds, Series 2009A.”

**4. Verification Report.** Ritz & Associates PA, Certified Public Accountants, Bloomington, Minnesota, have verified the mathematical computations performed by the Financial Advisor, which

demonstrate that the cash held in the Escrow Fund, together with the maturing Escrowed Securities and interest to accrue thereon, will be sufficient to pay all principal of, redemption premium, if any, and interest on the Advance Refunded Bonds on the respective Bond Payment Dates. A copy of such report is attached hereto as *Schedule 1*.

**5. Deposits to the Escrow Fund.** Concurrently with the execution and delivery of this Agreement, and pursuant to the provisions of the Bond Resolution, the Issuer herewith deposits with the Escrow Agent, and the Escrow Agent acknowledges receipt and deposit into the Escrow Fund of, proceeds of the Bonds in the amount of \$\_\_\_\_\_. The Escrow Agent shall apply such amount as follows:

(a) \$\_\_\_\_\_ shall be used to purchase the Escrowed Securities described in the Verification Report, which shall be delivered to and deposited in the Escrow Fund.

(b) \$\_\_\_\_\_ shall be held uninvested in the Escrow Fund as a beginning balance.

**6. Creation of Lien.** The Escrow Fund shall be irrevocable. The owners of the Advance Refunded Bonds are hereby granted an express lien on, and security interest in, the Escrowed Securities and the cash in the Escrow Fund and all earnings thereon until used and applied in accordance with this Agreement. The matured principal of, and earnings on, the Escrowed Securities and any cash in the Escrow Fund are hereby pledged and assigned, and shall be applied solely for the payment of the principal of, redemption premium, if any, and interest on the Advance Refunded Bonds.

**7. Application of Cash and Escrowed Securities in the Escrow Fund.**

(a) Except as otherwise expressly provided in this Section or in *Section 8* hereof, the Escrow Agent shall have no power or duty to invest any money held hereunder or to sell transfer or otherwise dispose of any Escrowed Securities.

(b) On or prior to the Business Day preceding each Bond Payment Date, the Escrow Agent shall withdraw from the Escrow Fund an amount equal to the principal of, redemption premium, if any, and interest on the Advance Refunded Bonds becoming due and payable on such Bond Payment Date or the Redemption Date, as set forth in the Verification Report and *Schedule 2* attached hereto, and shall forward such amount to the offices of the respective Paying Agent, so that immediately available funds will reach the offices of the Paying Agent on or before 12:00 Noon, Central time on the Business Day preceding such Bond Payment Date and the Redemption Date. In order to make the payments required by this *subsection (b)*, the Escrow Agent is hereby authorized to redeem or otherwise dispose of Escrowed Securities in accordance with the maturity schedules in the Verification Report. The liability of the Escrow Agent to make the payments required by this *subsection (b)* shall be limited to the money and Escrowed Securities in the Escrow Fund.

(c) In the event that the principal of or interest on any of the Escrowed Securities is not timely paid, the Escrow Agent shall immediately make written demand on the provider thereof or any guarantor thereof.

(d) Notwithstanding any other provisions of this Agreement, the Issuer and the Escrow Agent hereby covenant that no part of the proceeds of the Bonds or of the money or funds in the Escrow Fund shall be used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Bonds would have caused any of the Bonds to be an "arbitrage bond" under Section 148 of the Code.

(e) Upon the payment in full of the principal of, redemption premium, if any, and interest on the Advance Refunded Bonds, all remaining money and Escrowed Securities in the Escrow Fund, together with any interest thereon, shall be transferred to the Issuer to be applied by the Issuer in accordance with law.

(f) After the transfers described in *subsection (b)* above, cash balances in excess of \$1,000 remaining in the Escrow Fund from redemption of SLGS shall, to the extent required or permitted by applicable Treasury Regulations and to the extent that such securities are then available for purchase, be invested by the Escrow Agent in SLGS, maturing on or prior to the next interest Bond Payment Date on the Advance Refunded Bonds, at the rate of 0.00%, in accordance with the provisions of the Verification Report.

## **8. Substitute Escrowed Securities.**

(a) In the event that any of the Escrowed Securities are not available for delivery on the date of the issuance of the Bonds, the Escrow Agent is directed to accept substitute securities in lieu thereof, provided: (1) the substitute securities are non-callable direct obligations of the United States of America, (2) the maturing principal of and interest on such substitute securities (excluding any interest after any optional call date) is equal to or greater than the maturity value of such unavailable Escrowed Securities, (3) principal of and interest on the substitute securities is payable on or before the maturity date of the unavailable Escrowed Securities, and (4) the Issuer and Bond Counsel in writing approve such substitution. If the original Escrowed Securities become available and are tendered to the Escrow Agent by or on behalf of the Purchaser, the Escrow Agent shall accept such Escrowed Securities, shall return the substitute securities as directed by such Purchaser and shall notify Bond Counsel and the Issuer of the transaction.

(b) At the written request of the Issuer and upon compliance with the conditions hereinafter stated, the Escrow Agent shall have the power to sell, transfer, request the redemption of or otherwise dispose of the Escrowed Securities and to substitute for the Escrowed Securities solely cash or Substitute Escrowed Securities. The Escrow Agent shall purchase such Substitute Escrowed Securities with the proceeds derived from the sale, transfer, disposition or redemption of the Escrowed Securities together with any other funds available for such purpose. The substitution may be effected only if: (1) the substitution of the Substitute Escrowed Securities for the original Escrowed Securities occurs simultaneously; (2) the Escrow Agent shall receive from an independent certified public accountant acceptable to the Escrow Agent in its reasonable judgment a certification, satisfactory in form and substance to the Escrow Agent, to the effect that after such substitution, (A) the principal of and interest on the Escrowed Securities to be held in the Escrow Fund after the substitution (including Substitute Escrowed Securities to be acquired), together with any other money to be held in the Escrow Fund after such transaction, will be sufficient to pay all remaining principal of, redemption premium, if any, and interest on the Advance Refunded Bonds pursuant to the Verification Report and *Schedule 2* hereto, and (B) the amounts and dates of the anticipated transfers from the Escrow Fund to the Paying Agent for the Advance Refunded Bonds will not be diminished or postponed thereby; and (3) the Escrow Agent shall receive a written opinion of Bond Counsel to the effect that such substitution is permitted under this Agreement and would not cause the interest on either the Bonds or the Advance Refunded Bonds to become included in gross income for purposes of federal income taxation under then existing law. In the event that any such substitution results in cash held in the Escrow Fund in excess of the cash required for the certification of an independent certified public accountant referred to in this *subsection (b)* (as evidenced by such certification), the Escrow Agent shall, at the request of the Issuer, withdraw such excess from the Escrow Fund and pay such excess to the Issuer, and the Issuer shall apply such excess as provided by law; provided that, in the written opinion of Bond Counsel delivered to the Escrow Agent, such withdrawal and application will not be contrary to State law and will not cause the interest on the

Bonds or the Advance Refunded Bonds to become included in gross income for purposes of federal income taxation.

**9. Redemption of Advance Refunded Bonds.** The Escrow Agent acknowledges that (a) the Issuer has notified the Escrow Agent that the Issuer has elected to call the Advance Refunded Bonds described in *Schedule 2* hereto for redemption and payment prior to maturity, on the Redemption Date, in accordance with the Advance Refunded Bond Resolution and (b) the Issuer has directed the Escrow Agent to notify the Paying Agent not less than 45 days and not more than 90 days prior to each Redemption Date of such call for redemption so that the Paying Agent may cause notice of the call for redemption and payment of the Advance Refunded Bonds to be given on behalf of the Issuer in the manner provided in the Advance Refunded Bond Resolution. The Escrow Agent agrees to give notice of said redemption, in substantially the form of *Exhibit A* attached hereto, on behalf of the Issuer. The Escrow Agent is further directed by the Issuer to give additional notice of defeasance in substantially the form of *Exhibit B* attached hereto, to the Paying Agent and to Central States Capital Markets LLC, the original purchaser of the Series 2009A Bonds, not more than 10 days after November 21, 2017. Notice shall also be given to certain repositories in order to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission in substantially the form of *Exhibit C* attached hereto. Additional notice is for convenience in facilitating said redemption and defeasance; failure to give such notice as aforesaid, or any defect therein, shall not affect the validity of any proceedings for the redemption and defeasance of the Advance Refunded Bonds.

**10. Reports of the Escrow Agent.** As long as any of the Advance Refunded Bonds, together with the interest thereon, have not been paid in full, the Escrow Agent shall, at least sixty (60) days prior to each Bond Payment Date, determine the amount of money which will be available in the Escrow Fund to pay the principal of, redemption premium, if any, and interest on the Advance Refunded Bonds on the next Bond Payment Date or Redemption Date. In the event that funds are not sufficient to make the required payments on such Bond Payment Date or Redemption Date, the Escrow Agent shall certify in writing to the Issuer (a) the amount so determined and (b) a list of the moneys and Escrowed Securities held by the Escrow Agent in the Escrow Fund on the date of such certification, including all moneys held by it which were received as interest or profit from Escrowed Securities. On or prior to the Redemption Date, the Escrow Agent shall provide to the Issuer a certificate verifying dissemination of notice to the Paying Agent as required in *Section 9* hereof.

**11. Liability of Escrow Agent.**

(a) The Escrow Agent shall not be liable for any loss resulting from any investment, sale, transfer or other disposition made pursuant to this Agreement in compliance with the provisions hereof. The Escrow Agent shall have no lien whatsoever on, or right of set-off with respect to, any of the moneys or Escrowed Securities on deposit in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement or otherwise.

(b) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Escrowed Securities and moneys to pay the Advance Refunded Bonds. So long as the Escrow Agent applies the Escrowed Securities and moneys held in the Escrow Fund as provided herein, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Advance Refunded Bonds.

(c) In the event of the Escrow Agent's failure to account for any of the Escrowed Securities or moneys received by it, said Escrowed Securities or moneys shall be and remain the property of the Issuer pledged to the Owners of the Advance Refunded Bonds and if, for any reason, such Escrowed

Securities or moneys are not applied as herein provided, the assets of the Escrow Agent shall be impressed with a trust for the amount thereof until the required application shall be made.

(d) The Escrow Agent shall not be responsible for any action or failure to take action on the part of the Paying Agent. In event of the Escrow Agent's failure to give notice to the Paying Agent to give notice of redemption as required in **Section 9** hereof, the Escrow Agent shall be liable for any loss, expense or cost to the Issuer, including the payment of additional interest on the Advance Refunded Bonds. Notwithstanding the foregoing subsections, the Escrow Agent shall not be relieved of liability arising from, and proximate to, its failure to comply fully with the terms of this Agreement.

## **12. Fees and Costs.**

(a) **Escrow Agent Fees.** The aggregate amount of the costs, fees and expenses of the Escrow Agent in connection with the creation of the escrow described in and created by this Agreement and in carrying out any of the duties, terms or provisions of this Agreement is: a one-time fee in the amount of \$[\_\_\_\_\_], which amount shall be paid from money on deposit in the Costs of Issuance Account established by the Bond Resolution concurrently with the issuance and delivery of the Bonds. Notwithstanding the preceding, the Escrow Agent shall be entitled to reimbursement from the Issuer of reasonable out-of-pocket, legal or extraordinary expenses incurred in carrying out the duties, terms or provisions of this Agreement. Claims for such reimbursement may be made to the Issuer and in no event shall such reimbursement be made from funds held by the Escrow Agent pursuant to this Agreement.

(b) **Costs of Issuance Account.** In addition to the amount set forth in **Section 5** hereof, the Escrow Agent shall receive the sum of \$[\_\_\_\_\_] for deposit into the Costs of Issuance Account hereby created with the Escrow Agent. The Escrow Agent shall pay Costs of Issuance in an aggregate sum not to exceed said amount. At closing, the Issuer may provide a written estimate of such expenses to the Escrow Agent. The Escrow Agent is authorized to pay such costs based on receipt of invoices or statements in amounts not in excess of those estimated on said schedule. In the event invoices are received in excess of the estimated amounts set forth on said schedule, such amounts shall not be paid without written approval of the Issuer. Any Costs of Issuance funds on deposit which the Issuer shall certify to the Escrow Agent are not needed to pay such expenses shall be returned to the Issuer following receipt of such certification, but in any case not later than 30 days prior to September 1, 2018.

**13. Resignation or Removal of Escrow Agent; Successor Escrow Agent.** The Escrow Agent at the time acting hereunder may at any time resign and be discharged from its duties and responsibilities hereby created by giving written notice by registered or certified mail to the Issuer and the Paying Agent (who shall cause notice to be given to the Owners of the Advance Refunded Bonds by first-class mail) not less than 60 days prior to the date when the resignation is to take effect. Such resignation shall take effect immediately upon the acceptance of the Issuer of the resignation, the appointment of a successor Escrow Agent (which may be a temporary Escrow Agent) by the Issuer, the acceptance of such successor Escrow Agent of the terms, covenants and conditions of this Agreement, the transfer of the Escrow Fund, including the money and Escrowed Securities held therein, to such successor Escrow Agent and the completion of any other actions required for the principal of and interest on the Escrowed Securities to be made payable to such successor Escrow Agent rather than the resigning Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and the Issuer and signed by the owners of a majority in principal amount of the Advance Refunded Bonds then outstanding; provided that written notice thereof is mailed on or before the date of such removal by first-class mail, postage prepaid, to all Owners of such Advance Refunded Bonds, who are not parties to such instruments. The Escrow Agent may also be removed by the Issuer if the Escrow Agent fails to make timely payment of available moneys on any Bond Payment Date

to the Paying Agent of the amounts required to be paid by it on such Bond Payment Date by *Section 7(b)* of this Agreement; provided that written notice thereof is mailed on or before the date of such removal by first-class mail, postage prepaid, to the Paying Agent and to all Owners of such Advance Refunded Bonds, who are not parties to such instruments. Any removal pursuant to this paragraph shall become effective upon the appointment of a successor Escrow Agent (which may be a temporary successor Escrow Agent) by the Issuer, the acceptance of such successor Escrow Agent of the terms, covenants and conditions of this Agreement, the transfer of the Escrow Fund, including the money and Escrowed Securities held therein, to such successor Escrow Agent and the completion of any other actions required for the principal of and interest on the Escrowed Securities to be made payable to such successor Escrow Agent rather than the Escrow Agent being removed.

If the Escrow Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, the Issuer shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the Issuer in the manner above provided, and any such temporary Escrow Agent so appointed by the Issuer shall immediately and without further act be superseded by the successor Escrow Agent so appointed.

If no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by the Issuer pursuant to the foregoing provisions of this Section within 60 days after written notice of resignation of the Escrow Agent has been given to the Issuer or instrument of removal has been delivered to the Escrow Agent, the Owner of any of the Advance Refunded Bonds or any retiring or removed Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers authorized to do business in the State of Kansas (as required by K.S.A. 10-427 *et seq.*, as amended), and organized under the banking laws of the United States or the State of Kansas and shall have at the time of appointment capital and surplus of not less than \$10,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor Escrow Agent without any further act, deed or conveyance shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the Issuer, execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Escrow Agent shall deliver all securities and money held by it to its successor. Should any transfer, assignment or instrument in writing from the Issuer be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer.

Any corporation into which the Escrow Agent, or any successor to it of the duties and responsibilities created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or reorganization to which the Escrow Agent or any successor to it may be a party, shall, if satisfactory to the

Issuer, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

In the event of resignation or removal of the Escrow Agent, a portion of the amount paid to the Escrow Agent pursuant to the preceding section shall be returned to the Issuer, such portion to be computed by multiplying the fee specified in the preceding section by the ratio of the number of months which the trust created by this Agreement will continue from the effective date of such resignation or removal to the entire term of such trust. Of the amount paid to the Escrow Agent, one-fourth of the one-time fee shall be treated as the initial set up fee and is not refundable.

**14. Amendments to this Agreement.** This Agreement is made for the benefit of the Issuer and the Owners from time to time of the Advance Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such Owners, the Escrow Agent and the Issuer; provided, however, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such Owners, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such Owners and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Escrow Agent for the benefit of the Owners of the Advance Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such Owners or the Escrow Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified written opinion of Bond Counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the Owners of the Advance Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

**15. Indemnification.** The Issuer hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees, expenses and disbursements, without limitation) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by the Issuer or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Fund or the Costs of Issuance Account established hereunder, the acceptance of the moneys and securities deposited therein, the purchase of the Escrowed Securities, the retention of the Escrowed Securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided however, that the Issuer shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct. In no event shall the Issuer be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this *Section 15*. The indemnities contained in this *Section 15* shall survive the termination of this Agreement.

The Escrow Agent and its respective successors, assigns, agents, directors, officers, employees and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund or the Costs of Issuance Account, the acceptance of the moneys deposited therein, the purchase of the Escrowed Securities, the retention of the Escrowed Securities or the proceeds thereof or any payment, transfer or other application of the moneys or securities held by the Escrow Agent in accordance with the provisions of this Agreement or by reason of any non-negligent act, omission or error of the Escrow Agent made in good faith in the conduct of its duties. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel who may or may not be counsel to the Issuer, and in reliance upon the opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Issuer.

**16. Notices.** Except as otherwise provided herein, it shall be sufficient service of any notice, request, complaint, demand or other paper required by the Bond Resolution or this Agreement to be given to or filed with the parties hereto or any entity referenced herein if the same shall be duly mailed by certified mail, postage prepaid, return receipt requested, addressed to the Notice Representative at the Notice Address (as said terms are defined in the Bond Resolution).

**17. Termination.** This Agreement shall terminate when all transfers required to be made by the Escrow Agent under the provisions hereof shall have been made.

**18. Severability.** If any one or more of the covenants or agreements provided in this Agreement on the part of the Issuer or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained, and shall in no way affect the validity of the remaining provisions of this Agreement.

**19. Successors and Assigns.** All of the covenants, promises and agreements in this Agreement contained by or on behalf of the Issuer or by or on behalf of the Escrow Agent shall be binding upon, and inure to the benefit of, their respective successors and assigns, whether or not so expressed.

**20. Governing Law.** This Agreement shall be governed by, and be construed in accordance with, the laws of the State of Kansas.

**21. Headings.** Any headings preceding the text of the several Sections hereof or marginal notes appended to copies hereof, shall be solely for convenience of reference, and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

**22. Counterparts.** This Agreement may be executed in several counterparts, all or any of which shall be regarded, for all purposes, as one original, and shall constitute and be but one and the same instrument.

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**IN WITNESS WHEREOF**, the parties hereto have each caused this Agreement to be executed in counterpart by their duly authorized officers or elected officials, and their corporate seals to be hereunder affixed and attested as of the date first above written.

**CITY OF TONGANOXIE, KANSAS**

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

**ATTEST:**

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

**IN WITNESS WHEREOF**, the parties hereto have each caused this Agreement to be executed in counterpart by their duly authorized officers as of the date first above written.

**SECURITY BANK OF KANSAS CITY  
KANSAS CITY, KANSAS  
as Escrow Agent**

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

***SCHEDULE 1***  
**TO ESCROW TRUST AGREEMENT**

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**VERIFICATION REPORT**

**SCHEDULE 2  
TO ESCROW TRUST AGREEMENT**

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**REDEMPTION OF ADVANCE REFUNDED BONDS**

The following maturities of the Advance Refunded Bonds will be called for redemption and payment, prior to maturity, on the respective redemption dates and at the respective redemption prices shown below:

<b><u>Series to be Redeemed</u></b>	<b><u>Redemption Date</u></b>	<b><u>Maturities to be Redeemed</u></b>	<b><u>Principal to be Redeemed</u></b>	<b><u>Redemption Price</u></b>
2009A	September 1, 2019	2020 to 2029	\$830,000	100%

**EXHIBIT A**

Treasurer of the State of Kansas  
Landon State Office Bldg.  
900 Southwest Jackson, Suite 201  
Topeka, Kansas 66612-1235

[CERTIFIED MAIL]

DeWaay Financial Network, L.L.C.  
4435 Main, Suite 800  
Kansas City, Missouri 64111

RE:

**CALL FOR REDEMPTION**

**CITY OF TONGANOXIE, KANSAS  
GENERAL OBLIGATION BONDS  
SERIES 2009A, DATED APRIL 1, 2009**

Notice is hereby given pursuant to K.S.A. 10-129, as amended, and pursuant to the provisions of Article III of Resolution No. 03-09-06 (the "Bond Resolution") of the City of Tonganoxie, Kansas (the "Issuer"), that the above-mentioned bonds described in the attached Notice of Call for Redemption (the "Called Bonds"), have been called for redemption and payment on September 1, 2019, subject to the availability of funds therefor from the proceeds of refunding bonds to be issued by the Issuer.

The Paying Agent is hereby requested to disseminate the attached Notice of Call for Redemption in accordance with K.S.A. 10-129 and the Bond Resolution. After redemption of the Called Bonds the Paying Agent is requested to complete the attached Paying Agent's Certification and forward a copy of same to the undersigned.

**CITY OF TONGANOXIE, KANSAS**

By: \_\_\_\_\_  
Security Bank of Kansas City,  
Kansas City, Kansas, as Escrow Agent

**NOTICE OF CALL FOR REDEMPTION**

**CITY OF TONGANOXIE, KANSAS  
GENERAL OBLIGATION BONDS  
SERIES 2009A, DATED APRIL 1, 2009**

Notice is hereby given to the registered owners of the above-captioned bonds (the “Bonds”) that pursuant to the provisions of Article III of Resolution No. 03-09-06 (the “Bond Resolution”) of the City of Tonganoxie, Kansas (the “Issuer”) that the above mentioned bonds described below (the “Called Bonds”), have been called for redemption and payment on September 1, 2019 (the “Redemption Date”), at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the “Bond Registrar and Paying Agent”).

<b><u>Maturity Date</u></b> <b><u>(September 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>CUSIP No.</u></b>
2020	\$70,000	3.900%	890236HU0
2021	70,000	4.050%	890236HV8
2022	75,000	4.200%	890236HW6
2023	75,000	4.300%	890236HX4
2024	80,000	4.400%	890236HY2
2025	85,000	4.500%	890236HZ9
2026	90,000	4.600%	890236HA3
2027	90,000	4.650%	890236HB1
2028	95,000	4.700%	890236HC9
2029	100,000	4.750%	890236HD7

On the Redemption Date there shall become due and payable, upon the presentation and surrender of each such Called Bond, the redemption price thereof equal to 100% of the principal amount thereof together with interest accrued to the Redemption Date. Interest shall cease to accrue on the Called Bonds so called for redemption from and after the Redemption Date provided such funds for redemption are on deposit with the Paying Agent, subject to the availability of funds therefor from the proceeds of refunding bonds to be issued by the Issuer.

Neither the Issuer nor the Paying Agent shall be responsible for the selection or use of the CUSIP identification numbers shown above or printed on any of the Called Bonds. Said CUSIP identification numbers are included solely for the convenience of the owners of the Bonds.

Under the provisions of Section 3406(a)(1) of the Internal Revenue Code of 1986, as amended, paying agents making payments of principal on municipal securities may be obligated to withhold a 28% tax on the payment of principal to registered owners who have failed to provide the paying agent with a valid taxpayer identification number. Registered Owners of the Bonds who wish to avoid the imposition of the tax should provide a certified taxpayer identification number to the Paying Agent when presenting the Bonds for payment.

**CITY OF TONGANOXIE, KANSAS**

By: \_\_\_\_\_  
Treasurer of the State of Kansas,  
Topeka, Kansas, as Paying Agent

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This Notice of Redemption shall be mailed by certified mail to the Treasurer of the State of Kansas, Topeka, Kansas, not less than 45 days prior to the Redemption Date and to Central States Capital Markets LLC, the original purchaser, of the Called Bonds, not less than 30 days prior to the Redemption Date. Notice shall also be given to certain repositories in order to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission. Notice may also be given in accordance with guidelines set forth in Securities and Exchange Commission Release No. 34-23856, but such notice is not required by law. The Paying Agent shall notify the registered owners of the Called Bonds as provided in K.S.A. 10-129 as amended, and the Bond Resolution.

**PAYING AGENT'S CERTIFICATION**

**CITY OF TONGANOXIE, KANSAS  
GENERAL OBLIGATION BONDS  
SERIES 2009A, DATED APRIL 1, 2009**

The State Treasurer, Topeka, Kansas, in its capacity as Paying Agent for the above-captioned Bonds, does hereby certify as follows:

1. Capitalized terms not defined herein, shall have the meanings ascribed thereto in the attached Notice of Call for Redemption or the Bond Resolution defined therein.

2. The Called Bonds have been called for redemption and payment on September 1, 2019 (the "Redemption Date").

3. The full redemption price of the Called Bonds as determined pursuant to the Bond Resolution is calculated as follows:

Principal Amount of Called Bonds	\$830,000.00
Accrued Interest to Redemption Date	<u>18,412.50</u>
Total	<u>\$848,412.50</u>

4. There was deposited with the Paying Agent the sum set forth above, which has been irrevocably pledged for the payment of the principal of, redemption premium, if any, and interest on the Called Bonds to the Redemption Date. In addition, sufficient funds have been deposited to provide for additional costs associated with such redemption.

5. The Notice of Call for Redemption, a copy of which is attached hereto, was disseminated in accordance with K.S.A. 10-129, as amended, and the Bond Resolution.

DATED as of September 1, 2019.

**TREASURER OF THE STATE OF KANSAS,  
TOPEKA, KANSAS**

By: \_\_\_\_\_  
Director of Bond Services

**EXHIBIT B**

**NOTICE OF DEFEASANCE OF BONDS**

**CITY OF TONGANOXIE, KANSAS  
GENERAL OBLIGATION BONDS  
SERIES 2009A, DATED APRIL 1, 2009**

Notice is hereby given that the City of Tonganoxie, Kansas (the “Issuer”) and Security Bank of Kansas City, Kansas City, Kansas (the “Escrow Agent”) have entered into a certain Escrow Trust Agreement, dated as of November 21, 2017 (the “Escrow Agreement”) which provides that the bonds further described below (the “Advance Refunded Bonds”) have been defeased pursuant to the provisions of Resolution No. 03-09-06 (the “Bond Resolution”) of the Issuer which prescribed the form and details of the Advance Refunded Bonds. The Advance Refunded Bonds maturing September 1, 2020, and thereafter, will be called for redemption and payment on September 1, 2019 (the “Redemption Date”), at the principal office of the Treasurer of the State of Kansas, Topeka, Kansas (the “Bond Registrar and Paying Agent”).

<b><u>Maturity Date</u></b> <b><u>(September 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>CUSIP No.</u></b>	<b><u>Redemption Date</u></b>
2020	\$70,000	3.900%	890236HU0	September 1, 2019
2021	70,000	4.050%	890236HV8	September 1, 2019
2022	75,000	4.200%	890236HW6	September 1, 2019
2023	75,000	4.300%	890236HX4	September 1, 2019
2024	80,000	4.400%	890236HY2	September 1, 2019
2025	85,000	4.500%	890236HZ9	September 1, 2019
2026	90,000	4.600%	890236HA3	September 1, 2019
2027	90,000	4.650%	890236HB1	September 1, 2019
2028	95,000	4.700%	890236HC9	September 1, 2019
2029	100,000	4.750%	890236HD7	September 1, 2019

The Issuer has advance refunded the principal of and interest on the Advance Refunded Bonds by depositing money with the Escrow Agent to be held in an escrow trust fund (the “Escrow Fund”) established under the Escrow Agreement. The money deposited in the Escrow Fund will be used to purchase Defeasance Obligations (as defined in the Bond Resolution) which, together with the interest to be earned thereon, will be sufficient for the payment of the principal of, redemption premium, if any, and interest on the Advance Refunded Bonds to the stated maturity date or redemption date thereof.

The principal of and interest on the Advance Refunded Bonds is now payable solely from the maturing principal of the Defeasance Obligations, together with the interest earnings thereon and other money held for such purpose by the Escrow Agent. Under the Escrow Agreement, the matured principal of, and earnings on, the Defeasance Obligations and any cash in the Escrow Fund are pledged and assigned, and shall be applied solely for the payment of the principal of, redemption premium, if any, and interest on the Advance Refunded Bonds.

A Notice of Call for Redemption will be disseminated prior to the Redemption Date.

**CITY OF TONGANOXIE, KANSAS**

By: Security Bank of Kansas City

Kansas City, Kansas, as Escrow Agent

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This Notice of Defeasance will be mailed by first class mail to the Treasurer of the State of Kansas, Topeka, Kansas and Central States Capital Markets LLC, the original purchaser of the Advance Refunded Bonds not more than 10 days after November 21, 2017. Notice shall also be given to certain repositories in order to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission. Notice may also be given in accordance with guidelines set forth in Securities and Exchange Commission Release No. 34-23856, but such notice is not required by law.

**EXHIBIT C**

**EVENT NOTICE PURSUANT TO SEC RULE 15c2-12(b)(5)(C)**

TO: The Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system for municipal securities disclosures ([www.emma.msrb.org](http://www.emma.msrb.org))

**Issuer/Obligated Person:** City of Tonganoxie, Kansas (the “Obligated Person”)

**Issue(s) to which this Report Relates and CUSIP Base Numbers for said Issues:**

Description	Series	Dated Date	Maturities	Base CUSIP No.
General Obligation Bonds	2009A	April 1, 2009	2020 to 2029	890236

**Event Reported:** Redemption of above-referenced Bonds on September 1, 2019; see attached *Exhibit A*.

Defeasance of above-referenced Bonds as of November 21, 2017; see attached *Exhibit B*.

**The information contained in this Notice has been submitted by the Obligated Person pursuant to contractual undertakings the Obligated Person made in accordance with SEC Rule 15c2-12. Nothing contained in the undertaking or this Notice is, or should be construed as, a representation by the Obligated Person that the information included in this Notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of any of the securities listed above, or any other securities of the Obligated Person.**

**For additional information, contact:**

City of Tonganoxie, Kansas  
321 S. Delaware, P.O. Box 326, Tonganoxie, Kansas 66086  
Attention: Clerk  
Phone No. (913) 845-2620; Fax No. (913) 845-9760

**CITY OF TONGANOXIE, KANSAS**

By: Security Bank of Kansas City,  
Kansas City, Kansas, as Escrow Agent

Enclosure

cc: Patty Hagg, Clerk  
Country Club Bank, Kansas City, Missouri  
Central States Capital Markets LLC, Prairie Village, Kansas



Office of the City Manager  
**AGENDA STATEMENT**

**DATE:** November 6, 2017  
**To:** Honorable Mayor Jason K. Ward and Members of the City Council  
**FROM:** Jamie Shockley, Assistant City Manager  
**SUBJECT:** Budget Amendments to Water, Sewer, and Sanitation Funds

**DISCUSSION:**

In the financial reports for the past few months, staff has explained the need for a budget amendment in utility funds. The amendment is needed partially due to a large increase in revenue we've seen in these funds this year, which in turn has resulted in more expenditures than anticipated. We've also experienced some functionality issues with our collector well this year, which has required the City to purchase more water from BPU than we typically do. The following amendments are needed:

**Water Operations Fund**

- Current Budget = \$1,149,290
- Proposed Amended budget = \$1,204,308
- Projected Year-End Revenues = \$1,199,996
- Projected Year-End Expenditures = \$1,204,308
- Projected Year-End Fund Balance = \$383,491
- Projected Fund Balance as a percentage of revenues collected = 32% (council target is to be at or above 30%)

**Sewer Operations Fund**

- Current budget = \$775,000
- Proposed Amended budget = \$800,000
- Projected Year-End Revenues = \$838,804
- Projected Year-End Expenditures = \$800,000
- Projected Year-End Fund Balance = \$253,720
- Projected Fund Balance as a percentage of revenues collected = 30% (council target is to be at or above 30%)

**Sanitation Fund**

- Current budget = \$341,000
- Proposed amended budget = \$345,000
- Projected Year-End Revenues = \$345,062
- Projected Year-End Expenditures = \$345,000
- Projected Year-End Fund Balance = \$120,267
- Projected Fund Balance as a percentage of revenues collected = 35% (council target is to be at or above 30%)

**RECOMMENDATION**

Make a motion to amend the 2017 water, sewer, and sanitation budgets as presented and published.



**Notice of Budget Hearing for An  
2017 Budget**

The governing body of  
**City of Tonganoxie**

will meet on the day of November 6, 2017 at 7:00 p.m. at Tonganoxie C  
purpose of hearing and answering objections of taxpayers relatir

Detailed budget information is available at City  
and will be available at this h

**Summary of Amendm**

<b>Fund</b>	2017 Adopted Budget	
	Actual Tax Rate	Amount of Tax that was Levied
Water Operations		
Sewer Operations		
Sanitation		

Jamie Shockley

Official Title: Assistant City Manager

Page No.



2017

ending the

Council Chambers, 321 S. Delaware Street for the  
ing to the proposed amended use of funds.

y Hall - 526 E. 4th Street  
earing.

ents

et	2017
Expenditures	Proposed Amended Expenditures
1,149,290	1,204,308
775,000	800,000
341,000	345,655

