



*Note – This meeting may be transmitted via Facebook Live on the City of Tonganoxie page

Honorable Jason K. Ward, Mayor
Council Members

Rocky Himpel

Curtis Oroke

Kara Reed

Loralee Stevens

Open Regular Meeting – 7:00 p.m.

I. Pledge of Allegiance

II. Approval of Minutes – Regular meeting dated March 5, 2018

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 1435: Authorizing the sale/issuance of General Obligation Sales Tax Library Bonds and related actions
- b) Resolution 03-18-02: Authorizing the sale/issuance of General Obligation Sales Tax Library Bonds and related actions
- c) Resolution 03-18-03: First Amendment to Real Estate Contract of Sale with Unilock Chicago, Inc.
- d) Kane Family Farms, LLC Presentation
- e) 2018 Street Maintenance Plan Presentation
- f) Request for approval of curb roller purchase
- g) Downtown Revolving Loan Program Update
- h) City Manager Agenda
 - 1. February Financial Report
- i) City Attorney Agenda
- j) Mayor Agenda
 - 1. Executive session for the discussion of non-elected personnel matters
- k) Mayor Pro Tem Agenda

I) City Council Agenda

VII. Information & Communications (No Action Required)

VIII. Adjourn

CITY COUNCIL MEETING DRAFT MINUTES

March 5, 2018

7:00 p.m. Regular Meeting



I. PLEDGE OF ALLEGIANCE

- Mayor Pro Tem Reed opened the meeting at 7:00 p.m.
- Mayor Pro Tem Reed led the Pledge of Allegiance.
- Roll Call: Council members present were Ms. Reed, Mr. Himpel, Ms. Stevens, and Mr. Oroke. Mayor Ward was absent. City Manager George Brajkovic, Assistant City Manager Dan Porter, Public Works Director Kent Heskett, and City Attorney Shannon Marcano were also in attendance.

II. APPROVAL OF MINUTES – REGULAR MEETING DATED FEBRUARY 20, 2018

- Mr. Himpel made a motion to approve the minutes from the February 20, 2018 City Council meeting.
- Ms. Stevens Seconded.
- Vote of all ayes, motion carried.

III. APPROVAL OF CONSENT AGENDA

a) REVIEW BILL PAYMENTS

- Mr. Himpel made a motion to approve the consent agenda.
- Ms. Stevens Seconded.
- Vote of all ayes, motion carried.

IV. OPEN AGENDA

- No members of the public signed up to address the City Council in open agenda.
- Cecilia Pruitt, 21200 Parallel Road, addressed the Council and requested more information about the LCDC item on the agenda.
- Mayor Pro Tem Reed closed the open agenda portion of the agenda.

V. OLD BUSINESS

- No items

VI. NEW BUSINESS

a) REQUEST FOR WAIVER OF FEE FOR ONE WATER PARK FAMILY SEASON PASS FOR GENESIS CHRISTIAN ACADEMY

- Denise Bixby, the Secretary at Genesis Christian Academy, addressed the Council, thanked them for the continued support, and offered to answer any questions.

- **Mr. Himpel made a motion to approve the request to waive the fee for one water park family season pass for Genesis Christian Academy.**
- **Mr. Oroke Seconded.**
- **Vote of all ayes, motion carried.**

b) REQUEST FOR APPROVAL OF ANNUAL PUBLIC SECTOR FUNDING FOR THE LEAVENWORTH COUNTY DEVELOPMENT CORPORATION (LCDC)

- Mr. Brajkovic introduced the item and Steve Jack from the Leavenworth County Development Corporation (LCDC).
- Steve Jack, LCDC Executive Director, addressed the Council and provided an overview of the organization, description of its funding sources, and a listing of recent projects the organization was involved with in the County.
- Mr. Himpel asked for more information about the difference in the Port Authority and LCDC.
- Mr. Jack described the origins of each organization and summarized the difference being that the Port Authority focuses on development activities and the LCDC focuses on marketing and recruitment efforts.
- Ms. Stevens asked for more information regarding any other funding sources for LCDC.
- Mr. Jack noted that the County sets aside a part of a mill to fund LCDC and the Port Authority for economic development. LCDC receives its funding from the County, the Port Authority, the cities in Leavenworth County, 80 private sector members, and in specific cases from administrative fees associated with grants.
- Ms. Stevens asked how much funding the LCDC has received from the County over the last five years.
- Mr. Jack replied that it equates to approximately \$80,000.
- Mr. Himpel asked whether all Leavenworth County communities participate in funding the organization.
- Mr. Jack stated that the cities of Leavenworth, Lansing, and Tonganoxie are expected to continue to fund LCDC in 2018. Basehor has chosen not to participate.
- Ms. Stevens asked if LCDC was a government agency.
- Mr. Jack replied that the entity was a 501c6.
- Mr. Brajkovic added from the perspective of City staff that the organization provides a valuable connection to the Department of Commerce and KCADC and that the request amount is fair.
- Monica Gee also commented that the organization has participated in an active manner with the Tonganoxie Business Association which is appreciated.
- **Mr. Oroke made a motion to approve the 2018 annual public sector funding for LCDC in an amount not to exceed \$7,723.**
- **Mr. Himpel Seconded.**
 - Mr. Oroke noted the importance of continuing to focus on Tonganoxie.
 - Mr. Jack commented that it is exciting to him and the organization to have a marketable product within the City of Tonganoxie to work with in the future.
 - Ms. Stevens mentioned the events of the prior year involving Tyson which didn't include proposed placement of the project within the confines of the City or the business park specifically.
 - Mayor Pro Tem Reed commented that in the 2019 year the City might consider some performance criteria which could potentially be built into a funding agreement.
- **Vote of 3 ayes, 1 nay (Ms. Stevens), motion carried.**

c) REQUEST FOR APPROVAL TO PURCHASE DUMP TRUCK WITH A PLOW BRACKET AND A SERVICE VEHICLE

- Kent Heskett, Public Works Director, introduced the item and described the proposed purchases of a dump truck, equipment associated with the dump truck, and the pickup truck in detail, including information regarding the competitive bidding process, specific information on the components of each purchase, and more detail on the age and condition of the vehicles which would be replaced with this purchase. Mr. Heskett also described the pattern of use and associated wear and tear on vehicles utilized in the Public Works department.
- **Mr. Himpel made a motion to approve the purchase of a 2019 Freightliner dump truck from Kansas City Freightliner for an amount not to exceed \$71,962.**
- **Mr. Oroke Seconded.**
- **Vote of all ayes, motion carried.**
- **Mr. Himpel made a motion to approve the purchase of a snowplow bracket and dump body from American Equipment Company for an amount not to exceed \$34,160.**
- **Mr. Oroke Seconded.**
- **Vote of all ayes, motion carried.**
- **Mr. Himpel made a motion to approve the purchase of a 2018 Ford F-150 service truck from Laird Noller Automotive for an amount not to exceed \$26,344.**
- **Ms. Stevens Seconded.**
- **Vote of all ayes, motion carried.**

d) RESOLUTION NO. 03-18-01; AUTHORIZING THE PURCHASE OF REAL PROPERTY

- Mr. Brajkovic introduced the item and described the property as Kansas Department of Transportation right of way located at State Highway 24-40 and Smiley Road. He provided a history of the property and described the associated potential for economic development.
- **Ms. Stevens made a motion to approve Resolution No. 03-18-01.**
- **Mr. Oroke Seconded.**
- **Vote of all ayes, motion carried.**

e) ORDINANCE NO. 1434; AMENDING CITY CODE TO REFLECT THE UPDATED PROCEDURE FOR THE GOVERNING BODY VACANCY PROCESS

- Mr. Brajkovic described the ordinance as updates to a specific portion of the City Code applying to the procedure to filling governing body vacancies. The updates are necessary in order to bring the City Code into compliance with State statutes, which differ in this area between cities of the 3rd class and cities of the 2nd class.
- Ms. Marcano described the difference in state law associated with 2nd and 3rd class cities and provided an overview of the changes in the ordinance to the Council.
- **Ms. Stevens made a motion to approve Ordinance No. 1434 as amended and submitted to City staff.**
- **Mr. Oroke Seconded.**
- **Vote of all ayes, motion carried.**

- Mr. Brajkovic and Ms. Marcano clarified that the Mayor and staff will prepare for the inclusion of this item on an upcoming Council agenda, and that the 60 day requirement is considered from the date of resignation.

f) CITY MANAGER AGENDA

- No items

g) CITY ATTORNEY AGENDA

- No items.

h) MAYOR AGENDA

- No items.

Item J was moved forward in the agenda.

j) CITY COUNCIL AGENDA

- Mr. Oroke gave an update on Tonganoxie Days which included the date selection of June 9, 2018. He also noted that bands have been secured at a discounted cost from the prior year. He reported that a search for volunteers is currently underway.

i) MAYOR PRO TEM AGENDA

1. EXECUTIVE SESSION FOR THE PRELIMINARY DISCUSSION OF NON-ELECTED PERSONNEL MATTERS

- Ms. Marcano described the necessary motion as “I would like to make a motion to recess into executive session to discuss an individual employee’s performance evaluation pursuant to the non-elected personnel matter exception, K.S.A. 75-4319 (b) (1). The open meeting will resume in the City Council chamber in 10 minutes and shall include the City Manager and the City Attorney.
- **Ms. Reed made a motion to move to the executive session as described by the City Attorney at 7:48 p.m.**
- **Mr. Oroke seconded the motion.**
- **Vote of all ayes, motion carried.**
- ...
- **Mr. Himpel made a motion to return from executive session at 7:58 p.m.**
- **Mr. Oroke seconded the motion.**
- **Vote of all ayes, motion carried.**
- **Ms. Reed made a motion at 8:00 p.m. to move to recess into executive session to discuss an individual employee’s performance evaluation pursuant to the non-elected personnel matter exception, K.S.A. 75-4319 (b) (1). The open meeting will resume in the City Council chamber in 5 minutes and shall include the City Manager and the City Attorney.**
- **Mr. Himpel seconded the motion.**
- **Vote of all ayes, motion carried.**
- ...
- **Mr. Himpel made a motion to return from executive session at 8:05 p.m.**
- **Ms. Stevens seconded the motion.**

- **Vote of all ayes, motion carried.**
- **Ms. Stevens moved to increase the City Manager's base salary in conjunction with his annual performance evaluation in which he exceeded requirements established by the Governing Body and in conformance with the City's Pay for Performance Policy.**
- **Mr. Oroke seconded the motion.**
- **Vote of all ayes, motion carried.**

2. EXECUTIVE SESSION FOR THE PRELIMINARY DISCUSSION OF NON-ELECTED PERSONNEL MATTERS

- **Ms. Reed made a motion at 8:08 p.m. to move to recess into executive session to discuss an the acquisition of real property pursuant to the acquisition of real property exception, K.S.A. 75-4319 (b) (6). The open meeting will resume in the City Council chamber in 10 minutes and shall include the City Manager, Assistant City Manager, and the City Attorney.**
- **Mr. Oroke seconded the motion.**
- **Vote of all ayes, motion carried.**
- ...
- **Mr. Himpel made a motion to return from executive session at 8:18 p.m.**
- **Ms. Stevens seconded the motion.**

VII. INFORMATION AND COMMUNICATIONS (NO ACTION REQUIRED)

VIII. ADJOURN

- **Mr. Himpel made a motion to adjourn the meeting.**
- **Ms. Stevens seconded the motion.**
- **Vote of all ayes, motion carried.**
- **Meeting adjourned at 8:19 p.m.**

Respectfully submitted,



Dan Porter, Assistant City Manager



City of Tonganoxie, KS

Check Report

By Check Number

Date Range: 03/01/2018 - 03/16/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP Bank-AP Bank						
0020	AMERICAN EQUIPMENT CO.	03/02/2018	Regular	0.00	78.00	44568
0826	ANNA WOLF	03/02/2018	Regular	0.00	700.00	44569
0051	BG CONSULTANTS INC	03/02/2018	Regular	0.00	10,741.00	44570
0077	CARAWAY PRINTING CO., INC.	03/02/2018	Regular	0.00	698.05	44571
0115	CONRAD FIRE EQUIPMENT, INC.	03/02/2018	Regular	0.00	293.27	44572
0166	EMERGENCY REPORTING	03/02/2018	Regular	0.00	181.33	44573
0185	FERRELLGAS	03/02/2018	Regular	0.00	2,510.03	44574
0189	FIRST STATE BANK & TRUST	03/02/2018	Regular	0.00	632.44	44575
0198	FRANK ROBISON	03/02/2018	Regular	0.00	1,400.00	44576
0205	GALL'S LLC	03/02/2018	Regular	0.00	891.66	44577
0243	HIMPEL LUMBER & BUILDING SUPPL	03/02/2018	Regular	0.00	157.96	44578
0250	HONEYCREEK DISPOSAL SERVICE	03/02/2018	Regular	0.00	25,740.25	44579
0330	KANSAS GAS SERVICE	03/02/2018	Regular	0.00	211.65	44580
0345	KATHLEEN MCBRATNEY	03/02/2018	Regular	0.00	375.00	44581
0393	LAWRENCE MEMORIAL HOSPITAL	03/02/2018	Regular	0.00	30.00	44582
0857	MIDCONTINENT COMMUNICATIONS	03/02/2018	Regular	0.00	114.91	44583
0480	NITV FEDERAL SERVICES LLC	03/02/2018	Regular	0.00	1,295.00	44584
0555	RICOH USA, INC.	03/02/2018	Regular	0.00	1,512.65	44585
0605	STANION WHOLESALE ELECTRIC CO.	03/02/2018	Regular	0.00	225.34	44586
0916	STEVEN STREET	03/02/2018	Regular	0.00	330.00	44587
0642	U S POSTAL SERVICE	03/02/2018	Regular	0.00	1,093.39	44588
0661	VISION SERVICE PLAN	03/02/2018	Regular	0.00	391.73	44589
0677	WILLIAM PRAY	03/02/2018	Regular	0.00	600.00	44590
0001	911 CUSTOM	03/09/2018	Regular	0.00	1,918.00	44591
0034	AT&T ACCESS TRANSPORT SERVICES	03/09/2018	Regular	0.00	74.49	44592
0749	BROADVOICE	03/09/2018	Regular	0.00	279.10	44593
0700	BUSHYHEAD LLC	03/09/2018	Regular	0.00	2,750.00	44594
0099	CITY OF LEAVENWORTH	03/09/2018	Regular	0.00	3,509.73	44595
0136	DELTA DENTAL PLAN OF KANSAS,IN	03/09/2018	Regular	0.00	2,050.76	44596
0189	FIRST STATE BANK & TRUST	03/09/2018	Regular	0.00	12,253.17	44597
0824	IBT INC	03/09/2018	Regular	0.00	213.20	44598
0917	Kansas Dept of Transportation	03/09/2018	Regular	0.00	2,770.83	44599
0330	KANSAS GAS SERVICE	03/09/2018	Regular	0.00	366.33	44600
0911	KRANZ OF KANSAS CITY	03/09/2018	Regular	0.00	854.07	44601
0395	LCDC	03/09/2018	Regular	0.00	7,733.00	44602
0901	LESLIE CLARK	03/09/2018	Regular	0.00	36.00	44603
0857	MIDCONTINENT COMMUNICATIONS	03/09/2018	Regular	0.00	152.69	44604
0496	ONE CALL CONCEPTS	03/09/2018	Regular	0.00	74.40	44605
0503	PACE ANALYTICAL SERVICES INC	03/09/2018	Regular	0.00	454.00	44606
0568	SAMS CLUB	03/09/2018	Regular	0.00	216.02	44607
0579	SECURITY BENEFIT - 457	03/09/2018	Regular	0.00	2,169.23	44608
0614	T-MOBILE	03/09/2018	Regular	0.00	535.25	44609
0628	TODD'S TIRE LLC	03/09/2018	Regular	0.00	32.00	44610
0876	TONGANOXIE BUSINESS ASSOCIATION	03/09/2018	Regular	0.00	5,000.00	44611
0641	TYLER TECHNOLOGIES	03/09/2018	Regular	0.00	138.00	44612
0046	BAY BRIDGE ADMINISTRATORS, LLC	03/15/2018	Regular	0.00	284.80	44613
0056	BLUE CROSS AND BLUE SHIELD	03/15/2018	Regular	0.00	27,270.21	44614
0700	BUSHYHEAD LLC	03/15/2018	Regular	0.00	4,100.00	44615
0099	CITY OF LEAVENWORTH	03/15/2018	Regular	0.00	260.00	44616
0113	COMMERCIAL AQUATIC SERVICES	03/15/2018	Regular	0.00	608.35	44617
0809	FREESTATE ELECTRIC COOPERATIVE INC	03/15/2018	Regular	0.00	9.67	44618
0205	GALL'S LLC	03/15/2018	Regular	0.00	319.94	44619
0596	GEOFF SONNTAG	03/15/2018	Regular	0.00	600.00	44620
0824	IBT INC	03/15/2018	Regular	0.00	55.89	44621

Check Report

Date Range: 03/01/2018 - 03/16/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
0330	KANSAS GAS SERVICE	03/15/2018	Regular	0.00	201.09	44622
0757	KC CLEAN	03/15/2018	Regular	0.00	240.00	44623
0920	KENT HESKETT	03/15/2018	Regular	0.00	65.51	44624
0391	LAWRENCE JOURNAL WORLD	03/15/2018	Regular	0.00	1,080.14	44625
0802	LED DIRECT	03/15/2018	Regular	0.00	596.00	44626
0429	MARC	03/15/2018	Regular	0.00	1,197.00	44627
0857	MIDCONTINENT COMMUNICATIONS	03/15/2018	Regular	0.00	328.65	44628
0491	OLATHE WINWATER WORKS	03/15/2018	Regular	0.00	1,182.00	44629
0762	OPTIV SECURITY INC.	03/15/2018	Regular	0.00	559.24	44630
0500	OREILLY AUTO PARTS	03/15/2018	Regular	0.00	565.88	44631
0514	PITNEY BOWES, INC.	03/15/2018	Regular	0.00	135.24	44632
0542	QUILL	03/15/2018	Regular	0.00	16.67	44633
0566	SALTUS TECHNOLOGIES	03/15/2018	Regular	0.00	292.54	44634
0603	SPRINGSTED INCORPORATED	03/15/2018	Regular	0.00	600.00	44635
0874	TERESA BASTRON	03/15/2018	Regular	0.00	12.00	44636
0628	TODD'S TIRE LLC	03/15/2018	Regular	0.00	159.98	44637
0671	WESTAR ENERGY	03/15/2018	Regular	0.00	12,201.95	44638

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	94	71	0.00	146,726.68
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	94	71	0.00	146,726.68

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	94	71	0.00	146,726.68
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	0	0	0.00	0.00
	94	71	0.00	146,726.68

Fund Summary

Fund	Name	Period	Amount
998	Gen Fund-Pooled Cash	3/2018	146,726.68
			146,726.68



Office of the City Manager
AGENDA STATEMENT

DATE: March 19, 2018
To: Honorable Mayor Jason K. Ward and Members of the City Council
FROM: Dan Porter, Assistant City Manager
SUBJECT: -Authorization to issue GO Bonds – Series 2018A
-Ordinance 1435: Authorizing the sale/issuance of General Obligation Sales Tax Library Bonds and related actions
-Resolution 03-18-02: Authorizing the sale/issuance of General Obligation Sales Tax Library Bonds and related actions

DISCUSSION:

As a continuation of the follow-up to the motion made and unanimously approved at the December 4, 2017 City Council meeting, which set a \$3.75M cap amount for the land acquisition and construction of a new Public Library, and to the Reimbursement Resolution No. 12-17-04 adopted at the December 18, 2017 Council meeting, the City Council passed Resolution No. 02-18-02 on February 20, 2018. This resolution authorized the offering for sale of General Obligation Bonds, Series 2018A, for the purposes of financing the costs of constructing a new public library.

The bids for the sale of the bonds are due at or prior to 10:00 a.m. applicable Central Time, on March 19, 2018, so the City will not have the bid results available to share until the City Council meeting on the evening of March 19, 2018.

Part of the bond issuance process requires the City to apply for a rating on the new issue of bonds and outstanding debt with Moody's Investor's Service. City staff held a bond rating call with the City's financial advisors and Moody's on March 7, 2018, and the result of the rating is attached for the City Council's review. The City was rated "A2" which is the same rating received during the last two bond ratings in 2013 and late 2017. The following positive feedback was provided by Moody's:

- The City's financial condition is stable
- The City is favorably located in the metropolitan area
- The City has adequate cash reserves
- The City's management team exhibits prudent fiscal management, evidenced by adherence to established fund balance policies

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 No. 1435 and Resolution No. 03-18-02, authorizing the sale/issuance of General Obligation Sales Tax Library Bonds and related actions

ATTACHMENTS:

Recommendation to Issue Series 2018A

Moody's Credit Opinion

Excerpt of Minutes – 03-19-2018

Ordinance No. 1435

Resolution No. 03-18-02

cc: George Brajkovic, City Manager

City of Tonganoxie, Kansas

Recommendations for Issuance of Bonds

\$3,850,000 General Obligation Library Bonds, Series 2018A

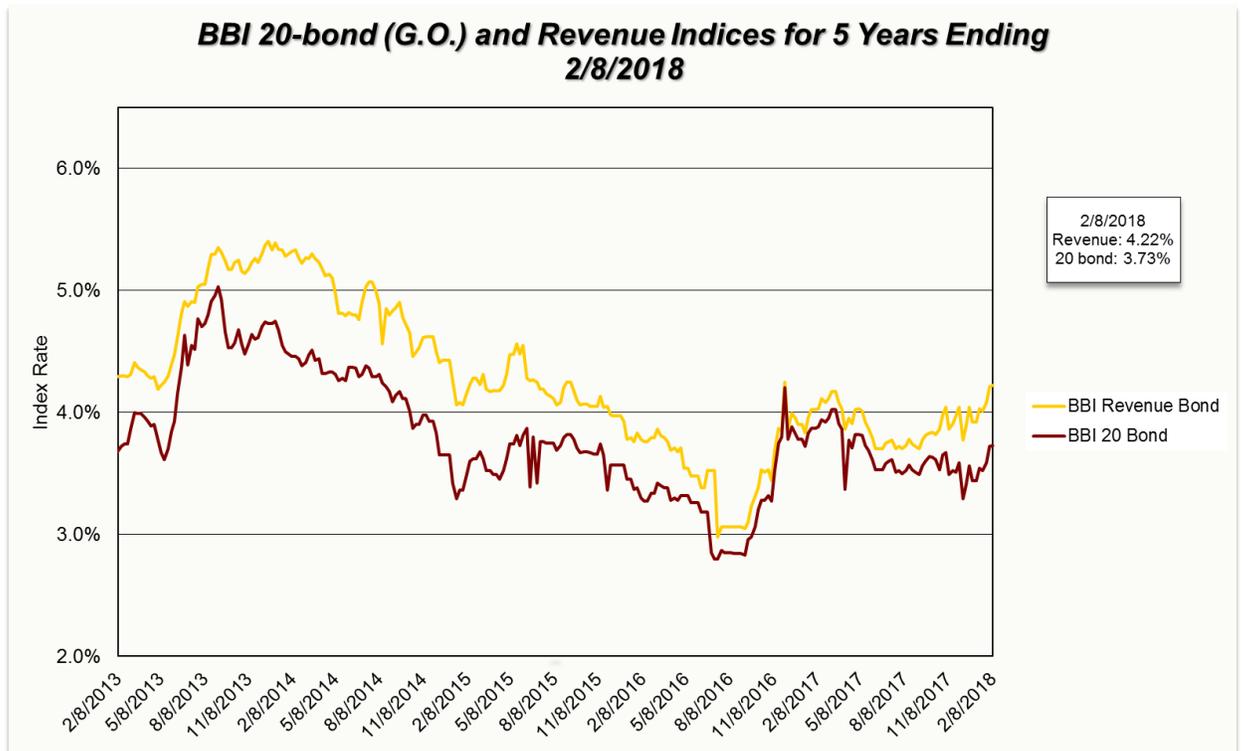
The Council has under consideration the issuance of bonds to finance the construction of a new library located in the City. This document provides information relative to the proposed issuance.

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

February 20, 2018	Council sets sale date and terms
Week of March 5, 2018	Rating conference is conducted
March 19, 2018, 10:00 a.m.	Competitive bids are received
March 19, 2018, 7:00 p.m.	Council considers award of the Bonds
April 19, 2018	Proceeds are received

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: General 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 20th year for general obligation bonds (the BBI 20 Bond Index) and the 30th year for revenue bonds (the BBI Revenue Bond Index). The following chart illustrates these two indices over the past five years.



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 2018, 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 to finance the construction of a library located within the City.

AUTHORITY:

The Bonds are being issued pursuant to K.S.A. 12-187 *et. seq.* and the Bond Resolution to be adopted by the City on February 20, 2018.

**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.

The City levied 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. The City expects to use sales tax revenues to pay the debt service on the Bonds.

**STRUCTURING
SUMMARY:**

In consultation with the City, the Bonds have been structured with principal being paid over a term of twenty years with approximately level annual payments of debt service.

**SCHEDULES
ATTACHED:**

Schedules attached include sources and uses of funds and debt service schedule given the current interest rate environment.

**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, 2028 may be prepaid at a price of par plus accrued interest on or after September 1, 2027.

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.

\$3,850,000

City of Tonganoxie, Kansas
General Obligation Library Bonds, Series 2018A

Sources & Uses

Dated 04/19/2018 | Delivered 04/19/2018

Sources Of Funds

Par Amount of Bonds..... \$3,850,000.00

Total Sources..... \$3,850,000.00

Uses Of Funds

Deposit to Project Construction Fund..... 3,750,000.00

Costs of Issuance..... 48,940.00

Total Underwriter's Discount (1.200%)..... 46,200.00

Rounding Amount..... 4,860.00

Total Uses..... \$3,850,000.00

\$3,850,000

City of Tonganoxie, Kansas
General Obligation Library Bonds, Series 2018A

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
04/19/2018	-	-	-	-	-
09/01/2018	-	-	41,828.42	41,828.42	41,828.42
03/01/2019	-	-	57,038.75	57,038.75	-
09/01/2019	150,000.00	1.700%	57,038.75	207,038.75	264,077.50
03/01/2020	-	-	55,763.75	55,763.75	-
09/01/2020	155,000.00	1.900%	55,763.75	210,763.75	266,527.50
03/01/2021	-	-	54,291.25	54,291.25	-
09/01/2021	155,000.00	2.050%	54,291.25	209,291.25	263,582.50
03/01/2022	-	-	52,702.50	52,702.50	-
09/01/2022	160,000.00	2.150%	52,702.50	212,702.50	265,405.00
03/01/2023	-	-	50,982.50	50,982.50	-
09/01/2023	160,000.00	2.300%	50,982.50	210,982.50	261,965.00
03/01/2024	-	-	49,142.50	49,142.50	-
09/01/2024	165,000.00	2.450%	49,142.50	214,142.50	263,285.00
03/01/2025	-	-	47,121.25	47,121.25	-
09/01/2025	170,000.00	2.600%	47,121.25	217,121.25	264,242.50
03/01/2026	-	-	44,911.25	44,911.25	-
09/01/2026	175,000.00	2.700%	44,911.25	219,911.25	264,822.50
03/01/2027	-	-	42,548.75	42,548.75	-
09/01/2027	180,000.00	2.800%	42,548.75	222,548.75	265,097.50
03/01/2028	-	-	40,028.75	40,028.75	-
09/01/2028	185,000.00	2.900%	40,028.75	225,028.75	265,057.50
03/01/2029	-	-	37,346.25	37,346.25	-
09/01/2029	190,000.00	3.000%	37,346.25	227,346.25	264,692.50
03/01/2030	-	-	34,496.25	34,496.25	-
09/01/2030	195,000.00	3.150%	34,496.25	229,496.25	263,992.50
03/01/2031	-	-	31,425.00	31,425.00	-
09/01/2031	200,000.00	3.250%	31,425.00	231,425.00	262,850.00
03/01/2032	-	-	28,175.00	28,175.00	-
09/01/2032	210,000.00	3.300%	28,175.00	238,175.00	266,350.00
03/01/2033	-	-	24,710.00	24,710.00	-
09/01/2033	215,000.00	3.400%	24,710.00	239,710.00	264,420.00
03/01/2034	-	-	21,055.00	21,055.00	-
09/01/2034	220,000.00	3.450%	21,055.00	241,055.00	262,110.00
03/01/2035	-	-	17,260.00	17,260.00	-
09/01/2035	230,000.00	3.500%	17,260.00	247,260.00	264,520.00
03/01/2036	-	-	13,235.00	13,235.00	-
09/01/2036	235,000.00	3.550%	13,235.00	248,235.00	261,470.00
03/01/2037	-	-	9,063.75	9,063.75	-
09/01/2037	245,000.00	3.600%	9,063.75	254,063.75	263,127.50
03/01/2038	-	-	4,653.75	4,653.75	-
09/01/2038	255,000.00	3.650%	4,653.75	259,653.75	264,307.50
Total	\$3,850,000.00	-	\$1,473,730.92	\$5,323,730.92	-

SIGNIFICANT DATES

Dated Date.....	4/19/2018
Delivery Date.....	4/19/2018
First Coupon Date.....	9/01/2018

Yield Statistics

Bond Year Dollars.....	\$45,436.67
Average Life.....	11.802 Years
Average Coupon.....	3.2434838%
Net Interest Cost (NIC).....	3.3451638%
True Interest Cost (TIC).....	3.3413944%
Bond Yield for Arbitrage Purposes.....	3.2136510%
All Inclusive Cost (AIC).....	3.4791328%

IRS Form 8038

Net Interest Cost.....	3.2434838%
Weighted Average Maturity.....	11.802 Years

2018 GO Library Bonds \$3. | SINGLE PURPOSE | 2/ 6/20 18 | 12:5 PM

CREDIT OPINION

13 March 2018

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Tonganoxie (City of) KS

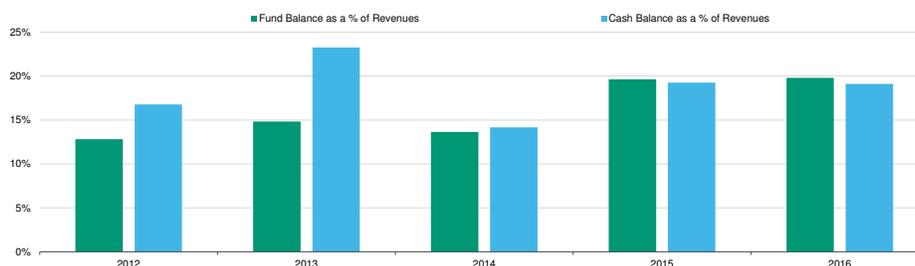
Update to credit analysis

Summary

Tonganoxie (A2) benefits from a stable tax base with average income indices as well as a favorable location in the Kansas City metropolitan area. The city has maintained a stable financial position owing to conservative budgeting practices and prudent fiscal management. This is counterbalanced by the city's small tax base, limited nominal cash and reserves, and a somewhat elevated debt burden for the rating category.

Exhibit 1

Stable financial position driven by conservative fiscal management practices



Inclusive of the city's general and debt service funds

Source: Moody's Investors Service; City of Tonganoxie's Audits (2012-2016)

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
- » Limited 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 2

Tonganoxie (City of) KS	2012	2013	2014	2015	2016
Economy/Tax Base					
Total Full Value (\$000)	\$263,398	\$266,618	\$266,573	\$266,953	\$271,863
Population	4,531	4,788	4,802	4,681	5,326
Full Value Per Capita	\$58,132	\$55,685	\$55,513	\$57,029	\$51,045
Median Family Income (% of USMedian)	106.6%	107.9%	109.4%	114.8%	114.8%
Finances					
Operating Revenue (\$000)	\$2,059	\$2,635	\$3,205	\$3,440	\$3,454
Fund Balance (\$000)	\$264	\$390	\$437	\$675	\$684
Cash Balance (\$000)	\$346	\$613	\$454	\$663	\$660
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%
Debt/Pensions					
Net Direct Debt (\$000)	\$15,353	\$14,245	\$13,089	\$11,865	\$11,521
3-Year Average of Moody's ANPL (\$000)	\$2,697	\$3,061	\$3,108	\$3,125	\$3,585
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%

Metrics inclusive of the city's general and debt service funds

Source: Moody's Investors Service; City of Tonganoxie's Audits (2012-2016)

Profile

Tonganoxie is located in Leavenworth County approximately 30 miles west of Kansas City, KS ([Unified Govt. of Wyandotte Co./Kansas City, KS](#), A1 stable) and 15 miles northeast of [Lawrence](#) (Aa1). The city's favorable proximity to thoroughfares provide residents access to employment centers around the growing metropolitan statistical area. The city's current population is over 5,300.

Detailed credit considerations

Economy and tax base: limited, but growing tax base 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. Tonganoxie's limited tax base increased at a modest average annual rate of 2.3% over the last five years to a full value of \$298.5 million in fiscal

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2018, primarily supported by strong new development in recent years. Officials report 76 new single-family building permits issued in 2016 - 2017 combined, representing \$10.3 million in incremental residential market value. In the five years prior, the city issued 70 permits representing \$8.4 million in residential value. 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 8.5% of full valuation in 2018. 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 March 2018. The facility is 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. The city has executed a final closing agreement with Unilock (landscape paver company) for the purchase of land earmarked for a \$18.5 million manufacturing facility. In addition, the Lawrence Memorial Hospital is doubling its Tonganoxie facility to 7,800 square feet.

The city's population increased by a significant 83.1% to 4,996 from 2000 to 2010 according to U.S. Census figures. Population has further increased to 5,326 in 2016. 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 \$63,768, using the city's fiscal 2018 valuation. At 3.2% as of December 2017, unemployment in Leavenworth County is slightly above the state (3.0%) but better than the national level (3.9%) for the same period.

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 or adequate 16.1% of 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 pay-go 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 or an adequate 19.8% of 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 \$65,000 operating surplus in the general fund at fiscal year-end 2017. If realized, the available general fund balance would improve to \$499,000 or 18% of estimated general fund revenues. The fiscal 2018 budget is balanced. Looking forward the fiscal 2019, the city is planning on a \$0.5 million one-time use of reserves in the capital projects fund to complete the city's obligation to Leavenworth County for various road improvements. The city is intentionally building up reserves for this purpose.

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 9.2% above the prior year. In fiscal 2016, the city's general fund received \$508,000 in sales tax revenues. Future reviews will assess the city's ability to maintain reserve levels.

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 nominally limited.

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 no plans for further borrowing in the near term. The \$14.1 million in net direct debt represents 4.7% of fiscal 2018 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 3.1% of 2018 full valuation. Excluding self-supporting debt, the city's

overall debt burden of 11.3% 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 is not planning for an additional bond offering in the near term.

DEBT STRUCTURE

All of the city's debt is fixed rate and matures over the long-term (final maturity in 2038). The city's debt profile consists of GO bonds (\$13.1 million) and a lease purchase agreement (\$1 million). Principal amortization is average with 71.2% 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 the Kansas Public Employees Retirement System (KPERS), a statewide cost-sharing public pension plan. In fiscal 2016, the city contributed \$150,000 to the plan, 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.

During fiscal 2016, the city's total pension expense of \$150,000 was above the Moody's calculated "tread water" level of \$123,000. The "tread water" indicator measures the annual government contribution required to prevent the reported net pension liability from growing, under reported assumptions. Contributions above this level cover all net pension liability interest plus pay down some principal; this is stronger from a credit perspective compared to contributions below this level. Ratios comparing government contributions to the "tread water" level and "tread water" costs to government revenues shed light on budgetary fixed cost burdens.

For more information on Moody's insights on employee pensions and the related credit impact on companies, government, and other entities across the globe, please visit Moody's on Pensions at www.moodys.com/pensions.

Management and governance: oversight provided by city council

The city is governed by a five-member council and mayor who are elected at large to four-year staggered terms. The mayor presides over council meetings and recommends certain city officials, subject to council approval. 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.

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.

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**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF TONGANOXIE, KANSAS
HELD ON MARCH 19, 2018**

The City Council (the "Governing Body") met in regular session at the usual meeting place in the City, at 7:00 p.m., the following members being present and participating, to-wit:

Absent:

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

(Other Proceedings)

The Clerk reported that pursuant to the Notice of Bond Sale heretofore duly given, bids for the purchase of General Obligation Sales Tax Library Bonds, Series 2018A, dated April 19, 2018, of the City had been received. A tabulation of said bids is set forth as *EXHIBIT A* hereto.

Thereupon, the Governing Body reviewed and considered the bids and it was found and determined that the bid of _____, was the best bid for the Bonds, a copy of which is attached hereto as *EXHIBIT B*.

Councilmember _____ moved that the bid be accepted and that the Mayor and Clerk be authorized and directed to execute the bid form selling the Bonds to the best bidder on the basis of the bid and the terms specified in the Notice of Bond Sale. The motion was seconded by Councilmember _____. The motion was carried by a vote of the Governing Body as follows:

Yea: _____.

Nay: _____.

Thereupon, there was presented an Ordinance entitled:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION SALES TAX LIBRARY BONDS, SERIES 2018A, OF THE CITY OF TONGANOXIE, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

Thereupon, Councilmember _____ moved that the Ordinance be passed. The motion was seconded by Councilmember _____. The Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the Governing Body as follows:

Yea: _____.

Nay: _____.

Thereupon, the Mayor declared the Ordinance duly passed and the Ordinance was then duly numbered Ordinance No. 1435, was signed and approved by the Mayor and attested by the Clerk and the Ordinance or a summary thereof was directed to be published one time in the official newspaper of the City.

Thereupon, there was presented a Resolution entitled:

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION SALES TAX LIBRARY BONDS, SERIES 2018A, OF THE CITY OF TONGANOXIE, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 1435 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.

Thereupon, Councilmember _____ moved that the Resolution be adopted. The motion was seconded by Councilmember _____. The Resolution was duly read and considered, and upon being put, the motion for the adoption of the Resolution was carried by the vote of the Governing Body as follows:

Yea: _____.

Nay: _____.

Thereupon, the Mayor declared the Resolution duly adopted and the Resolution was then duly numbered Resolution No. 03-18-02, and was signed by the Mayor and attested by the Clerk.

(Other Proceedings)

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

CERTIFICATE

I hereby certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the Governing Body of the City of Tonganoxie, Kansas, held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

(SEAL)

Clerk

**EXHIBIT A
BID TABULATION**

**CITY OF TONGANOXIE, KANSAS
GENERAL OBLIGATION SALES TAX LIBRARY BONDS**

Dated: April 19, 2018
Series 2018A
Good Faith Deposit: \$77,000

Sale Date: March 19, 2018
10:00 A.M., Central Time
Max Interest Rate: [_____]%

BIDDERS

GOOD FAITH DEPOSIT	_____	_____	_____	_____
INTEREST RATES:				
2019	_____%	_____%	_____%	_____%
2020	_____%	_____%	_____%	_____%
2021	_____%	_____%	_____%	_____%
2022	_____%	_____%	_____%	_____%
2023	_____%	_____%	_____%	_____%
2024	_____%	_____%	_____%	_____%
2025	_____%	_____%	_____%	_____%
2026	_____%	_____%	_____%	_____%
2027	_____%	_____%	_____%	_____%
2028	_____%	_____%	_____%	_____%
2029	_____%	_____%	_____%	_____%
2030	_____%	_____%	_____%	_____%
2031	_____%	_____%	_____%	_____%
2032	_____%	_____%	_____%	_____%
2033	_____%	_____%	_____%	_____%
2034	_____%	_____%	_____%	_____%
2035	_____%	_____%	_____%	_____%
2036	_____%	_____%	_____%	_____%
2037	_____%	_____%	_____%	_____%
2038	_____%	_____%	_____%	_____%
TOTAL INTEREST COST:	\$ _____	\$ _____	\$ _____	\$ _____
PREMIUM:	\$ (_____)	\$ (_____)	\$ (_____)	\$ (_____)
DISCOUNT:	\$ _____	\$ _____	\$ _____	\$ _____
NET INTEREST COST:	\$ _____	\$ _____	\$ _____	\$ _____
TRUE INTEREST COST:	_____%	_____%	_____%	_____%

EXHIBIT B

(BID OF PURCHASER)

ORDINANCE NO. 1435

OF

THE CITY OF TONGANOXIE, KANSAS

PASSED

MARCH 19, 2018

**GENERAL OBLIGATION SALES TAX LIBRARY BONDS
SERIES 2018A**

ORDINANCE NO. 1435

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION SALES TAX LIBRARY BONDS, SERIES 2018A, OF THE CITY OF TONGANOXIE, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

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, pursuant to K.S.A. 12-187 *et seq.*, as amended, and other provisions of the laws of the State of Kansas applicable thereto, by proceedings duly had, the City Council of the City (the “Governing Body”) has authorized the following improvements (the “Improvements”) to be made in the City, to-wit:

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Amount</u>
Library improvements	12-17-04	K.S.A. 12-187 <i>et seq.</i>	\$3,850,000

; and

WHEREAS, all legal requirements pertaining to the Improvements have been complied with, and the Governing Body now finds and determines that the total cost of the Improvements and related expenses are at least \$3,850,000, to be paid for by the issuance of general obligation sales tax bonds; and

WHEREAS, the Governing Body is authorized by law to issue general obligation sales tax bonds of the City to pay the costs of the Improvements; and

WHEREAS, none of such general obligation sales tax bonds heretofore authorized have been issued and the City proposes to issue \$3,850,000* of its general obligation sales tax bonds to pay the costs of the Improvements; 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 OF TONGANOXIE 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 of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 12-187 *et seq.*, as amended and supplemented.

“**Additional Bonds**” means any bonds secured by the Sales Tax Revenues hereafter issued pursuant to the Bond Resolution.

“**Additional Obligations**” means any leases or other obligations of the City payable from the Sales Tax Revenues, other than the Bonds.

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

“**Bond Resolution**” means the resolution to be adopted by the Governing Body of the City prescribing the terms and details of the Series 2018A Bonds and making covenants with respect thereto.

“**Bonds**” means the Series 2018A Bonds and any Additional Bonds.

“**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.

“**Improvements**” means the improvements referred to in the preamble to this Ordinance and any Substitute Improvements.

“**Indebtedness**” means, collectively, the Bonds and any Additional Obligations which are payable out of, or secured by an interest in, the Sales Tax Revenues.

“**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 Series 2018A Bonds.

“**Parity Bonds**” means the Outstanding Series 2018A Bonds, and any Additional Bonds hereafter issued or incurred pursuant to the Bond Resolution and standing on a parity and equality with the Series 2018A Bonds with respect to the Sales Tax Revenues.

“**Parity Obligations**” means any Additional Obligations hereafter issued or incurred pursuant to the Bond Resolution and standing on a parity and equality with the Parity Bonds with respect to the lien on the Sales Tax Revenues.

“**Parity Resolution**” means this Bond Resolution and the ordinances and/or resolutions under which any Parity Bonds or Parity Obligations are hereafter issued.

“**Revenue Fund**” means the Sales Tax Revenue Fund referred to in the Bond Resolution.

“**Sales Tax**” means the three-quarters percent (3/4%) City-wide retailers' sales tax authorized under the Act by a special election held February 28, 2017, and implemented by an ordinance of the City, the collection of which commenced October 1, 2017, and shall terminate September 30, 2037.

“**Sales Tax Revenues**” all sales tax revenues received by the City from the collection of the Sales Tax.

“**Series 2018A Bonds**” means the City's General Obligation Sales Tax Library Bonds, Series 2018A, authorized and issued by the City pursuant to the Ordinance and the Bond Resolution.

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

“**Substitute Improvements**” means the substitute or additional improvements of the City authorized in the manner set forth in the Bond Resolution.

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

Section 2. Authorization of the Series 2018A Bonds. There shall be issued and hereby are authorized and directed to be issued the General Obligation Sales Tax Library Bonds, Series 2018A, of the City in the principal amount of \$3,850,000, for the purpose of providing funds to: (a) pay the costs of the Improvements; and (b) pay costs of issuance of the Series 2018A Bonds.

Section 3. Security for the Series 2018A Bonds. The Series 2018A Bonds shall be general obligations of the City payable as to both principal and interest from a pledge of the Sales Tax Revenues and, if not so paid and to the extent necessary, 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 Series 2018A Bonds as the same become due.

The covenants and agreements of the City contained herein and in the Series 2018A Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Series 2018A Bonds, all of which Series 2018A 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 Series 2018A Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Ordinance or the Bond Resolution. The Series 2018A Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the Sales Tax Revenues with any Parity Bonds and Parity Obligations. The Series 2018A Bonds shall not have any priority with respect to the payment of principal or interest from said Sales Tax Revenues or otherwise over the Parity Bonds or Parity Obligations; and the Parity Bonds and Parity Obligations shall not have any priority with respect to the payment of principal or interest from said Sales Tax Revenues or otherwise over the Series 2018A Bonds.

Section 4. Terms, Details and Conditions of the Series 2018A Bonds. The Series 2018A 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.

Section 5. Levy and Collection of Annual Tax. The Governing Body of the City shall annually, to the extent necessary, after applying the Sales Tax Revenues pledged herein, make provision for the payment of principal of, premium, if any, and interest on the Series 2018A 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 Series 2018A 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 Series 2018A 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 and/or assessments are collected.

Section 6. Further Authority. The Mayor, City Manager, Assistant City Manager, 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 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 Series 2018A Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 8. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the Governing Body of the City, approval by the Mayor and publication in the official City newspaper.

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PASSED by the Governing Body of the City on March 19, 2018 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 March 19, 2018; 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 March 28, 2018.

DATED: March 19, 2018.

Clerk

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(PUBLISHED IN THE *TONGANOXIE MIRROR* ON MARCH 28, 2018)

SUMMARY OF ORDINANCE NO. 1435

On March 19, 2018, the governing body of the City of Tonganoxie, Kansas passed an ordinance entitled:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION SALES TAX LIBRARY BONDS, SERIES 2018A, OF THE CITY OF TONGANOXIE, KANSAS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

The Series 2018A Bonds approved by the Ordinance are being issued in the principal amount of \$3,850,000*, to finance certain internal improvements in the City, and constitute general obligations of the City payable as to both principal and interest from a pledge of the revenues of the three-quarters percent (3/4%) City-wide retailers' sales tax authorized under K.S.A. 12-187 *et seq.* by a special election held February 28, 2017, and if not so paid and to the extent necessary, 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. A complete text of the Ordinance may be obtained or viewed free of charge at the office of the City Clerk, 526 E. 4th St., Tonganoxie, Kansas 66086. A reproduction of the Ordinance is available for not less than 7 days following the publication date of this Summary at www.tonganoxie.org.

This Summary is hereby certified to be legally accurate and sufficient pursuant to the laws of the State of Kansas.

DATED: March 19, 2018.

City Attorney

RESOLUTION NO. 03-18-02

OF

THE CITY OF TONGANOXIE, KANSAS

ADOPTED

MARCH 19, 2018

**GENERAL OBLIGATION SALES TAX LIBRARY BONDS
SERIES 2018A**

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RESOLUTION NO. 03-18-02

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION SALES TAX LIBRARY BONDS, SERIES 2018A, OF THE CITY OF TONGANOXIE, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 1435 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.

WHEREAS, the Issuer has heretofore passed the Ordinance authorizing the issuance of the Series 2018A 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 Series 2018A Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF TONGANOXIE 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 of Kansas including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq.* and K.S.A. 12-187 *et seq.*, as amended and supplemented.

“**Additional Bonds**” means any bonds secured by the Sales Tax Revenues hereafter issued pursuant to *Article IX* hereof.

“**Additional Obligations**” means any leases or other obligations of the Issuer payable from the Sales Tax Revenues, other than the Bonds.

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

“**Balloon Indebtedness**” means Long-Term Indebtedness, 25% or more of the original principal amount of which becomes due (either by maturity or mandatory redemption) during any consecutive twelve-month period, if such principal amount becoming due is not required to be amortized below such percentage by mandatory redemption or prepayment prior to such twelve-month period.

“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: (a) with respect to the Series 2018A Bonds, the State Treasurer, and its successors and assigns; and (b) with respect to Additional Bonds, the entity designated as Bond Registrar in the supplemental resolution authorizing such Additional Bonds.

“Bond Resolution” means this resolution relating to the Series 2018A Bonds and any supplemental resolution authorizing any Additional Bonds.

“Bonds” means the Series 2018A Bonds and any Additional Bonds.

“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.

“Consulting Engineer” means an independent engineer or engineering firm, or architect or architectural firm, having a favorable reputation for skill and experience in the construction, financing and operation of public facilities, at the time employed by the Issuer for the purpose of carrying out the duties imposed on the Consulting Engineer by this Bond Resolution.

“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 Sales Tax Library Bonds, Series 2018A created pursuant to *Section 501* hereof.

“Dated Date” means April 19, 2018.

“Debt Service Account” means the Debt Service Account for General Obligation Sales Tax Library Bonds, Series 2018A created pursuant to *Section 501* hereof.

“Debt Service Coverage Ratio” means, for any Fiscal Year with respect to the covenants contained in *Article IX* hereof, the ratio determined by dividing (a) a numerator equal to the Sales Tax Revenues for such Fiscal Year by (b) a denominator equal to the Maximum Annual Debt Service on all Indebtedness.

“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 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.

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

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

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

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

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

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

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

“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.

“Improvement Fund” means the Improvement Fund for General Obligation Sales Tax Library Bonds, Series 2018A created by *Section 501* hereof.

“Improvements” means the improvements referred to in the preamble to the Ordinance and any Substitute Improvements.

“Indebtedness” means collectively the Bonds and any Additional Obligations which are payable out of, or secured by an interest in, the Sales Tax Revenues.

“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.

“Index Rate” means the rate of interest set forth in *The Bond Buyer* Revenue Bond Index (or, in the event that *The Bond Buyer* does not compile such index or ceases publication, another comparable publication recognized in the municipal bond market) published for the week immediately preceding the date of determination.

“Interest Payment Date(s)” means: (a) with respect to the Series 2018A Bonds, the Stated Maturity of an installment of interest on any Series 2018A Bond which shall be March 1 and September 1 of each year, commencing September 1, 2018; and (b) with respect to Additional Bonds, the Stated Maturity of an installment of interest on such Additional Bonds, as set forth in the supplemental resolution authorizing such Additional Bonds.

“Interim Indebtedness” means Indebtedness having a term not less than one year, and not in excess of five years, incurred or assumed in anticipation of being refinanced or refunded with Long-Term Indebtedness.

“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.

“Junior Lien Obligations” means any Additional Bonds or Additional Obligations payable from, and secured by a lien on the Sales Tax Revenues, which lien is junior to that of any Parity Bonds.

“Kroll” means Kroll Bond Rating Agency, Inc., 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, “Kroll” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Long-Term Indebtedness” means Indebtedness having an original stated maturity or term greater than one year, or renewable or extendible at the option of the debtor for a period greater than one year from the date of original issuance or incurrence thereof.

“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.

“Maximum Annual Debt Service” means the maximum amount of Debt Service Requirements as computed for the then current or any future Fiscal Year.

“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. 4th St., P.O. Box 326
Tonganoxie, Kansas 66086
Fax: (913) 845-9760

(b) To the Paying Agent at:

Series 2018A Bonds:

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

Additional Bonds:

The address set forth in the supplemental resolution authorizing the Additional Bonds.

(c) To the Purchaser:

Series 2018A Bonds:

Fax:

Additional Bonds:

The address set forth in the supplemental resolution authorizing the Additional Bonds.

(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

Kroll Bond Rating Agency
845 Third Avenue, 4th Floor
New York, New York 10022

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

“Notice Representative” means:

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

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

“Ordinance” means Ordinance No. 1435 of the Issuer authorizing the issuance of the Series 2018A 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.

“Parity Bonds” means the Outstanding Series 2018A Bonds, and any Additional Bonds hereafter issued pursuant to *Section 902* or *Section 904* of the Bond Resolution and standing on a parity and equality with the Series 2018A Bonds with respect to the lien on the Sales Tax Revenues.

“Parity Obligations” means any Additional Obligations hereafter issued or incurred pursuant to *Section 902* or *Section 904* of this Bond Resolution and standing on a parity and equality with the Parity Bonds with respect to the lien on the Sales Tax Revenues.

“Parity Resolution” means this Bond Resolution and the ordinances and/or resolutions under which any Parity Bonds or Parity Obligations are hereafter issued.

“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: (a) with respect to the Series 2018A Bonds, the State Treasurer, and its successors and assigns; and (b) with respect to Additional Bonds, the entity designated as Paying Agent in the supplemental resolution authorizing such Additional Bonds.

“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: (a) with respect to the Series 2018A Bonds, the principal amount of the Series 2018A Bonds plus accrued interest to the date of delivery[, plus a premium of \$[_____][, less an underwriting discount of \$[_____][, less an original issue discount of \$[_____]; and (b) with respect to Additional Bonds, the amount set forth in the supplemental resolution authorizing such Additional Bonds.

“Purchaser” means: (a) with respect to the Series 2018A Bonds, _____, _____, _____, the original purchaser of the Series 2018A Bonds, and any successor and assigns; and (b) with respect to Additional Bonds, the original purchaser of such Additional Bonds, as set forth in the supplemental resolution authorizing such Additional Bonds.

“Put Indebtedness” means Long-Term Indebtedness which is (a) payable or required to be purchased or redeemed from the holder by or on behalf of the underlying obligor, at the option of the holder thereof, prior to its stated maturity date, or (b) payable or required to be purchased or redeemed from the holder by or on behalf of the underlying obligor, other than at the option of the holder, prior to its stated maturity date, other than pursuant to any mandatory sinking fund or other similar fund, or other than by reason of acceleration upon the occurrence of an Event of Default under this Bond Resolution.

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

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

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

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

“Replacement Bonds” means Bonds issued to the Beneficial Owners of the Bonds in accordance with *Section 209* hereof.

“Revenue Fund” means the Sales Tax Revenue Fund referred to in *Section 501* hereof.

“Sales Tax” means the three-quarters percent (3/4%) City-wide retailers' sales tax authorized under the Act by a special election held February 28, 2017, and implemented by an ordinance of the City, the collection of which commenced October 1, 2017, and shall terminate September 30, 2037.

“Sales Tax Revenues” all sales tax revenues received by the City from the collection of the Sales Tax.

“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 2018A Bonds” means the Issuer's General Obligation Sales Tax Library Bonds, Series 2018A, authorized and issued by the Issuer pursuant to the Ordinance and this Bond Resolution.

“Short-Term Indebtedness” means Indebtedness having an original maturity less than or equal to one year from the date of original incurrence thereof, and not renewable or extendible at the option of the obligor thereon for a term greater than one year beyond the date of original issuance.

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

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

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

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

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

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

“**Term Bonds**” means any Bonds designated as Term Bonds in the Bond Resolution or in any supplemental resolution authorizing the issuance of Additional Bonds.

“**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.

“**Variable Rate Indebtedness**” means any Indebtedness which provides for interest to be payable thereon at a rate per annum that may vary from time to time over the term thereof in accordance with procedures provided in the instrument creating such Indebtedness.

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

Section 201. Authorization of the Series 2018A Bonds. The Series 2018A Bonds have been heretofore authorized and directed to be issued pursuant to the Ordinance in the principal amount of \$3,850,000, for the purpose of providing funds to: (a) pay a portion of the costs of the Improvements; and (b) pay Costs of Issuance.

Section 202. Description of the Bonds. The Series 2018A 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 Series 2018A Bonds shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities as provided in *Article III* hereof, and shall bear interest at the rates per annum as follows:

SERIAL BONDS

Stated Maturity <u>September 1</u>	Principal <u>Amount</u>	Annual Rate <u>of Interest</u>	Stated Maturity <u>September 1</u>	Principal <u>Amount</u>	Annual Rate <u>of Interest</u>
2019	\$150,000	_____%	2029	\$190,000	_____%
2020	155,000	_____%	2030	195,000	_____%
2021	155,000	_____%	2031	200,000	_____%
2022	160,000	_____%	2032	210,000	_____%
2023	160,000	_____%	2033	215,000	_____%
2024	165,000	_____%	2034	220,000	_____%
2025	170,000	_____%	2035	230,000	_____%
2026	175,000	_____%	2036	235,000	_____%
2027	180,000	_____%	2037	245,000	_____%
2028	185,000	_____%	2038	255,000	_____%

[TERM BONDS

Stated Maturity <u>September 1</u>	Principal <u>Amount</u>	Annual Rate <u>of Interest</u>
\$ _____	_____	_____%]

The Series 2018A 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. The Series 2018A Bonds shall be issued as Book-Entry-Only Bonds and administered in accordance with the provisions of *Section 209* hereof.

Each of the Series 2018A Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as *EXHIBIT A* or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 *et seq.*

Section 203. Designation of Paying Agent and Bond Registrar. The State Treasurer is hereby designated as the Paying Agent for the payment of principal of and interest on the Series 2018A Bonds and Bond Registrar with respect to the registration, transfer and exchange of Series 2018A Bonds. The Mayor is hereby authorized and empowered to execute on behalf of the Issuer an agreement with the Bond Registrar and Paying Agent for the Series 2018A 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 therefor 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. 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 206. 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 207. 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 208. 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 209. Book-Entry Bonds; Securities Depository. Any series of Bonds may be issued as Book-Entry-Only Bonds. If so, such series of 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 210. Calculation of Debt Service Requirements.

(a) *Debt Service Requirements on Balloon, Put, Short-Term and Interim Indebtedness.*

(1) The principal of Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness being treated as Long-Term Indebtedness under **Section 902** hereof, or Interim Indebtedness shall be deemed due and payable at its Stated Maturity; provided, however, that at the election of the Issuer for the purpose of any computation of Debt Service Requirements, whether historical or projected, the principal deemed payable on Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness being treated as Long-Term Indebtedness under **Section 902** hereof, or Interim Indebtedness, shall be deemed to be payable as set forth below:

(A) If the Issuer has obtained a binding commitment of a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated “A” or better by any Rating Agency) to refinance such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or a portion thereof, including without limitation, a letter of credit or a line of credit, the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or portion thereof to be refinanced, may be deemed to be payable in accordance with the terms of the refinancing arrangement;

(B) If the Issuer has entered into a binding agreement providing for the deposit by the Issuer with a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated “A” or better by any Rating Agency), in trust (herein called a “Special Redemption Fund”) of amounts, less investment earnings realized and retained in the Special Redemption Fund, equal in aggregate to the principal amount of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or a portion thereof, when due from the sums so deposited and investment earnings realized thereon, then the principal amount of the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, or portion thereof, may be deemed to be payable in accordance with the terms of such agreement;

(C) If the Issuer has entered into arrangements or agreements with respect to the principal amount of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness, other than those referred to in subsections (A) and (B) above, which a Consultant in a certificate filed with the Issuer determines, taking into account the interests of the Owners of Indebtedness, provides adequate assurances that the Issuer will be able to meet the Debt Service Requirements due on such Indebtedness, the Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness may be deemed to be payable in accordance with the terms of such arrangement or agreement; or

(D) Such Balloon Indebtedness, Put Indebtedness or Short-Term Indebtedness may be deemed to be Indebtedness which, at the date of its original incurrence, was payable over a term not to exceed twenty (20) years in equal annual installments of principal and interest at the Index Rate.

A Consultant shall deliver to the Issuer a certificate stating that it is reasonable to assume that installment obligations of such term of the Issuer can be incurred and stating the interest rate then applicable to installment obligations of such term of comparable quality. Interim Indebtedness may be deemed to be Indebtedness which, at the date of its original incurrence, would meet the conditions specified in the statement of the Consultant as required in **Section 902**; provided that the Consultant shall for each annual period that the Debt Service Requirement is computed, provide a supplemental statement that at such period, the certifications contained in the statement are reasonable.

(2) Interest that is payable prior to the Stated Maturity of any Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness shall be taken into account for such appropriate period in computation of Debt Service Requirements. Interest payable at maturity or early redemption on Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness may either be amortized over the anticipated maturity or such longer period as is permitted under **Section 902** or **Section 210(a)(1)(D)** or may be treated as principal payable on the principal maturity date of such Balloon Indebtedness, Put Indebtedness, Short-Term Indebtedness or Interim Indebtedness.

(3) In measuring compliance with the applicable tests hereunder in connection with incurring Put Indebtedness and generally for purposes of determining the Debt Service Requirements relating thereto, Put Indebtedness shall be deemed to mature based upon the actual amortization requirements for the Put Indebtedness, only to the extent that the Issuer has a commitment to refinance such Put Indebtedness.

(b) **Debt Service Requirements on Discount Indebtedness.** At the election of the Issuer for the purpose of any computation of Debt Service Requirements, whether historical or projected, the principal and interest deemed payable on Discount Indebtedness shall be deemed to be payable as set forth below:

(1) If the Issuer has obtained a binding commitment of a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated “A” or better by any Rating Agency) to refinance such Discount Indebtedness, or a portion thereof, including without limitation, a letter of credit or a line of credit, the Discount Indebtedness, or portion thereof to be refinanced, may be deemed to be payable in accordance with the terms of the refinancing arrangement;

(2) If the Issuer has entered into a binding agreement providing for the deposit with a bank or other financial institution (whose senior debt obligations, or the senior debt obligations of the holding company of which such bank or financial institution is the principal subsidiary, are then rated “A” or better by any Rating Agency), in trust (herein called a “Special Redemption Fund”) of amounts, less investment earnings realized and retained in the Special Redemption Fund, equal in aggregate to the principal amount of such Discount Indebtedness, or a portion thereof, and providing for the payment of such principal amount when due from the sums so deposited, and investment earnings realized thereon, then the Discount Indebtedness, or portion thereof, may be deemed to be payable in accordance with the terms of such agreement;

(3) If the Issuer has entered into arrangements or agreements with respect to the principal amount of such Discount Indebtedness, other than those referred to in subsections (1) and (2) above, which a Consultant in a certificate filed with the Issuer determines, taking into account

the interests of the holders of Indebtedness, provides adequate assurances that the Issuer will be able to meet the Debt Service Requirements due on such Indebtedness, the Discount Indebtedness may be deemed to be payable in accordance with the terms of such arrangement or agreement; or

(4) As of any time the maturity amount represented by Discount Indebtedness shall be deemed to be the accreted value of such Indebtedness computed on the basis of a constant yield to maturity.

(c) ***Debt Service Requirements on Variable Rate Indebtedness.*** When calculating interest requirements on Variable Rate Indebtedness which bears a variable rate of interest for periods as to which the rate of interest has not been determined, the rate of interest on Outstanding Variable Rate Indebtedness shall be the average annual rate of interest which was payable on such Variable Rate Indebtedness during the twelve (12) months immediately preceding the date as of which the calculation is made; and the rate of interest on Variable Rate Indebtedness to be incurred (or incurred less than twelve (12) months preceding such date) shall be the average annual rate of interest which would have been payable on such Variable Rate Indebtedness had it been outstanding for a period of twelve (12) months immediately preceding the date as of which the calculation is made, all as set forth in a certificate of a Consultant, delivered to the Issuer.

Section 211. Preliminary and Final Official Statement. The Preliminary Official Statement dated February 26, 2018, 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 Assistant City Manager or Clerk of the Issuer 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 212. 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.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption by Issuer.

(a) ***Optional Redemption.***

(1) *Series 2018A Bonds.* At the option of the Issuer, Series 2018A Bonds maturing on September 1 in the years 2028, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on September 1, 2027, and thereafter, as a whole or in part (selection of maturities and the amount of Series 2018A 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.

(2) *Additional Bonds.* Additional Bonds are subject to redemption and payment prior to Stated Maturity in accordance with the provisions of the supplemental resolution authorizing the issuance of such Additional Bonds.

(b) ***Mandatory Redemption.***

(1) *General.* The Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. 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.

(2) *Series 2018A Bonds.* [(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:

<u>Principal Amount</u>	<u>Year</u>
\$	

*Final Maturity

(3) *Additional Bonds.* Additional Bonds are subject to redemption and payment prior to Stated Maturity in accordance with the provisions of the supplemental resolution authorizing the issuance of such Additional Bonds.

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 Series 2018A Bonds shall be general obligations of the Issuer payable as to both principal and interest from a pledge of the Sales Tax Revenues and, if not so paid and to the extent necessary, 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 Series 2018A as the same become due.

The covenants and agreements of the Issuer contained herein and in the Series 2018A Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Series 2018A Bonds, all of which Series 2018A 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 Series 2018A Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Bond Resolution. The Series 2018A Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the Sales Tax Revenues with any Parity Bonds and Parity Obligations. The Series 2018A Bonds shall not have any priority with respect to the payment of principal or interest from said Sales Tax Revenues or otherwise over the Parity Bonds or Parity Obligations; and the Parity Bonds and Parity Obligations shall not have any priority with respect to the payment of principal or interest from said Sales Tax Revenues or otherwise over the Series 2018A Bonds.

Section 402. Tax Levy. The Governing Body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Series 2018A Bonds as the same become due, if necessary, after applying the Sales Tax Revenues pledged herein, by levying and collecting the necessary taxes upon all of the taxable tangible property within the Issuer 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 Issuer are levied and collected, and the proceeds derived from said taxes shall be applied in the manner set forth in this Bond Resolution.

If at any time said taxes are not collected in time to pay the principal of or interest on the Series 2018A 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 and/or assessments 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 ratified or created within the Treasury of the Issuer the following Funds and Accounts:

- (a) Improvement Fund for General Obligation Sales Tax Library Bonds, Series 2018A.
- (b) Debt Service Account for General Obligation Sales Tax Library Bonds, Series 2018A.
- (c) Costs of Issuance Account for General Obligation Sales Tax Library Bonds, Series 2018A.
- (d) Sales Tax Revenue Fund.

The Funds and Accounts established herein shall be administered in accordance with the provisions of this Bond Resolution so long as the Series 2018A Bonds are Outstanding.

Section 502. Deposit of Bond Proceeds. The net proceeds received from the sale of the Series 2018A Bonds shall be deposited simultaneously with the delivery of the Series 2018A Bonds as follows:

- (a) All accrued interest and excess proceeds, if any, received from the sale of the Series 2018A Bonds shall be deposited in the Debt Service Account.
- (b) The sum of \$_____ shall be deposited in the Costs of Issuance Account.
- (c) The remaining balance of the proceeds derived from the sale of the Series 2018A Bonds shall be deposited in the Improvement Fund.

Section 503. Application of Moneys in the Improvement Fund. Moneys in the Improvement Fund shall be used for the sole purpose of: (a) paying the costs of the Improvements, in accordance with the plans and specifications therefor prepared by the Consulting Engineer heretofore approved by the Governing Body of the Issuer and on file in the office of the Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consulting Engineer and approved by the Governing Body of the Issuer; (b) paying interest on the Series 2018A Bonds during construction of the Improvements; and (c) paying Costs of Issuance.

Withdrawals from the Improvement Fund shall be made only when authorized by the Governing Body of the Issuer. Each authorization for costs of the Improvements shall be supported by a certificate executed by the Consulting Engineer stating that such payment is being made for a purpose within the

scope of this Bond Resolution and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Authorizations for withdrawals for other authorized purposes shall be supported by a certificate executed by the Assistant City Manager (or designate) stating that such payment is being made for a purpose within the scope of this Bond Resolution. Upon completion of the Improvements, any surplus remaining in the Improvement Fund shall be deposited in the Debt Service Account.

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

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

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

Section 505. 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 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 506. Application of Moneys in the Costs of Issuance Account. Moneys in the Costs of Issuance Account shall be used by the Issuer 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, shall be transferred to the Improvement Fund until completion of the Improvements and thereafter to the Debt Service Account.

ARTICLE VI

COLLECTION AND APPLICATION OF SALES TAX REVENUES

Section 601. Revenue Fund. The Issuer covenants and agrees that from and after the delivery of the Series 2018A Bonds, and continuing as long as any of the Bonds remain Outstanding hereunder, all of the Sales Tax Revenues shall as and when received be paid and deposited into the Revenue Fund. Said Sales Tax Revenues shall be segregated and kept separate and apart from all other moneys, revenues, Funds and Accounts of the Issuer and shall not be commingled with any other moneys, revenues, Funds and Accounts of the Issuer. The Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in this Bond Resolution, except as may be modified by the provisions of any Parity Resolution.

Section 602. Application of Moneys in Funds and Accounts. The Issuer covenants and agrees that from and after the delivery of the Series 2018A Bonds and continuing so long as any of the Bonds shall remain Outstanding, it will on the first day of each month administer and allocate all of the moneys then held in the Revenue Fund in the following order as follows:

(a) **Debt Service Account.** There shall be paid and credited monthly to the Debt Service Account, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Series 2018A Bonds, the following sums:

(1) Beginning with the first of said monthly deposits and continuing on the first day of each month thereafter to and including August 1, 2018, an equal pro rata portion of the amount of interest becoming due on the Series 2018A Bonds on September 1, 2018; and thereafter, beginning on September 1, 2018, and continuing on the first day of each month thereafter so long as any of the Series 2018A Bonds remain Outstanding an amount not less than an equal pro rata portion of the amount of interest that will become due on the Series 2018A Bonds on the next succeeding Interest Payment Date; and

(2) Beginning with the first of said monthly deposits and continuing on the first day of each month thereafter, so long as any of the Series 2018A Bonds remain Outstanding, an equal pro rata portion of the amount of principal that will become due on the Series 2018A Bonds on the next succeeding Maturity date.

Any amounts deposited in the Debt Service Account in accordance with **Section 502(a)** hereof shall be credited against the Issuer's payment obligations as set forth in subsection (a)(1) of this Section.

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 Debt Service Requirements of the Series 2018A Bonds as and when the same become due at Maturity and on each Interest Payment Date.

(b) **Parity Bonds and Parity Obligations Accounts.** Each series of other Parity Bonds or Parity Obligations shall have established a separate debt service account. Beginning as of the first day of the month next ensuing after the issuance of such other Parity Bonds or Parity Obligations, the Issuer shall deposit an amount (less accrued credits to such account) necessary (after taking into account other moneys available for transfer into said debt service account, to: (i) provide the proportionate amount of the next maturing interest on such Parity Bonds and/or Parity Obligations; and (ii) a pro-rata amount of the next maturing principal on such Parity Bonds and/or Parity Obligations; to the end that at all times one (1) month prior to maturity of interest or principal, on such Parity Bonds and/or Parity Obligations, there shall be

sufficient moneys in such debt service account for the payment of the maturing interest and principal on such Parity Bonds and/or Parity Obligations.

All such transfers shall be made on a parity basis among all debt service accounts for Parity Bonds and/or Parity Obligations. The amounts transferred and credited to the various debt service account shall be used solely and exclusively for the payment of principal of and interest on the respective Parity Bonds and/or Parity Obligations when the same shall become due and payable. In addition thereto, there shall be transferred to the various debt service accounts sufficient sums to pay any fees and expenses of the registrars and paying agents for such Parity Bonds and/or Parity Obligations.

(c) ***Debt Service Accounts-Junior Lien Obligations.*** There shall next be paid and credited monthly to the debt service account(s) for any Junior Lien Obligations, to the extent necessary to meet on each Bond Payment Date an amount equal to the payment of all interest on and principal of any Junior Lien Obligations. The amounts required to be paid and credited to the debt service account(s) for any Junior Lien Obligations shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to other debt service accounts established for the payment of the Debt Service Requirements on any Junior Lien Obligations.

(d) ***Surplus Amounts.*** After all payments and credits required at the time to be made under the provisions of paragraphs (a) through (c) have been made, any remaining Sales Tax Revenues shall continue to be held in the Sales Tax Revenue Fund. Such surplus amounts may be used to: (i) make payments into, increase the amounts in, or prevent a deficiency in any other Fund or Account; (ii) pay the costs to construct, equip and furnish the Improvements not paid from the Improvement Fund; (iii) to call, redeem and pay any Bonds prior to maturity, if then callable by their terms; (iv) pay the costs to construct new capital improvements in the Issuer, maintain new and current infrastructure in the Issuer and funding debt issued for capital improvements in the Issuer, including the payment of principal and interest on Indebtedness incurred by the Issuer to finance any such projects; or (v) to make lawful transfers to any fund of the Issuer, including for the purposes set forth in the immediately preceding subsection (iv) . If at any time the moneys in the Debt Service Account or the debt service account for Parity Bonds are not sufficient to pay the principal of and interest on any Bonds as and when the same become due, then surplus moneys shall be used to prevent any default in the payment of the principal of and interest on such Bonds.

Section 603. No Other Use of Sales Tax Revenues. Except as set forth above, no moneys from the Sales Tax shall be diverted to the general governmental or municipal functions of the Issuer. In the event that funds remain in any accounts established in the Bond Resolution and funded from the Sales Tax, after payment of the Indebtedness and any rebatable arbitrage in accordance with the Federal Tax Certificate, or provision is made therefor, and termination of the Sales Tax has occurred, such funds may be used only for any lawful purpose described in the preceding paragraph.

Section 604. Transfer of Funds to Paying Agent. The Treasurer of the Issuer is hereby authorized and directed to withdraw from the Debt Service Account, and, to the extent necessary to prevent a default in the payment of either principal of or interest on the Bonds, from the surplus amounts as provided in **Section 602** hereof, sums sufficient to pay the principal of and interest on the Bonds as and when the same become due on any Bond Payment Date, and to forward such sums to the Paying Agent in a manner which ensures the Paying Agent will have available funds in such amounts on or before the Business Day immediately preceding each Bond Payment Date. 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.

Section 605. 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.

ARTICLE VII

DEPOSIT AND INVESTMENT OF MONEYS

Section 701. Deposits and Investment of Moneys.

(a) 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.

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

In determining the amount held in any Fund or Account under the provisions of the Bond Resolution, Permitted Investments shall be valued at their market value. Such valuation shall be made as of the final Stated Maturity of principal of any Fiscal Year that the Bonds remain Outstanding. If and when the amount held in any Fund or Account shall be in excess of the amount required by the provisions of this Bond Resolution, the Issuer shall direct that such excess be paid and credited to the Revenue Fund.

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

The Issuer covenants and agrees with each of the Owners of any of the Bonds that so long as any of the Bonds remain Outstanding and unpaid it will comply with each of the following covenants:

Section 801. Covenant Not to Cancel the Sales Tax. So long as any Indebtedness remain Outstanding, the Issuer will take no action, and will contest any action or attempted action, to cancel the Sales Tax or the collection of Sales Tax Revenues therefrom.

Section 802. Books, Records and Accounts. The Issuer will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the Issuer) in which complete and correct entries will be made of all dealings and transactions of or in relation to the Sales Tax Revenues and the Sales Tax. Such accounts shall show the amount of Sales Tax Revenues received from

the Sales Tax, the application of such Sales Tax Revenues, and all financial transactions in connection therewith. Said books shall be kept by the Issuer according to generally accepted accounting principles.

Section 803. Annual Budget. Prior to the commencement of each Fiscal Year, the Issuer will cause to be prepared and filed with the Clerk a budget setting forth the estimated receipts and expenditures of the Sales Tax for the next succeeding Fiscal Year. Said annual budget shall be prepared in accordance with the requirements of the laws of the State and shall contain all information that is required by such laws, including:

- (a) An estimate of the Sales Tax Revenues during the next ensuing Fiscal Year; and
- (b) A statement of the amount of Debt Service Requirements to be paid on Outstanding Bonds and Additional Obligations to be paid from Sales Tax Revenues during the next Fiscal Year.

Section 804. Annual Audit. Annually, promptly after the end of the Fiscal Year, the Issuer will cause an audit to be made of the Sales Tax Revenues and expenditures made therefrom for the preceding Fiscal Year by an Independent Accountant to be employed for that purpose. Said annual audit may be a component of the Issuer's overall audit. Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk. Such audits 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 Indebtedness, or by anyone acting for or on behalf of such taxpayer, user or Owner.

As soon as possible after the completion of such annual audit, the Governing Body of the Issuer shall review such audit, and if any audit shall disclose that proper provision has not been made for all of the requirements of the Bond Resolution and the Act, the Issuer covenants and agrees that, to the extent it has power to do so, it will promptly cure such deficiency and will promptly (within 60 days) proceed to take such actions as may be necessary to adequately provide for such requirements.

Section 805. Performance of Duties and Covenants. The Issuer will faithfully and punctually perform all duties and obligations with respect to the Sales Tax Revenues and the Sales Tax now or hereafter imposed upon the Issuer by the Constitution and laws of the State and by the provisions of this Bond Resolution.

ARTICLE IX

ADDITIONAL BONDS AND OBLIGATIONS

Section 901. Senior Lien Bonds. The Issuer covenants and agrees that so long as any of the Parity Bonds remain Outstanding, the Issuer will not issue any Indebtedness payable out of the Sales Tax Revenues or any part thereof which are superior to the Parity Bonds with respect to the lien on the Sales Tax Revenues.

Section 902. Parity Bonds and Parity Obligations. The Issuer covenants and agrees that it will not issue any Indebtedness which stands on a parity or equality of lien against the Sales Tax Revenues with the Parity Bonds unless the following conditions are met:

- (a) The Issuer shall not be in default in the payment of principal of or interest on any Parity Bonds or Parity Obligations at the time Outstanding or in making any payment at the time required to be made into the respective Funds and Accounts created by and referred to in this Bond Resolution or any

Parity Resolution (unless such Indebtedness is being issued to provide funds to cure such default) nor shall any other Event of Default have occurred and be continuing;

(b) The Issuer shall deliver the following:

(1) **Long-Term Indebtedness.** A certificate signed by the Issuer evidencing *either* of the following:

(i) The Debt Service Coverage Ratio for the Fiscal Year immediately preceding the issuance of such Indebtedness, as reflected by information provided by the Independent Accountant, shall be not less than 1.00, including the Indebtedness proposed to be issued.

(ii) The estimated Debt Service Coverage Ratio (as determined by a Consultant), for the Fiscal Year immediately following the Fiscal Year in which the project, the cost of which is being financed by such Indebtedness, is to be in commercial operation, shall be not less than 1.00, including the Indebtedness proposed to be issued. In the event that the Issuer anticipates additional Sales Tax Revenues as a result of expansion or modification of commercial activities in the Issuer, the Issuer may adjust the estimated Sales Tax Revenues in determining the Debt Service Coverage Ratio, by adding thereto any estimated increase in Sales Tax Revenues resulting from any increase in Sales Tax Revenues, which, in the opinion of the Consultant, are reasonable.

(2) **Short-Term Indebtedness.** A certificate signed by the Issuer evidencing any *one* of the following:

(i) The principal amount of all Outstanding Short-Term Indebtedness does not exceed 15% of the Sales Tax Revenues for the most recently ended Fiscal Year for which financial information is available from the Independent Accountant;

(ii) The Short-Term Indebtedness could be incurred assuming it was Long-Term Indebtedness.

(iii) There is delivered to the Issuer a certificate of a Consultant to the effect that it is such Consultant's opinion that it is reasonable to assume that the Issuer will be able to refinance such Short-Term Indebtedness prior to its Stated Maturity and the conditions are met with respect to such Short-Term Indebtedness when it is assumed that such Short-Term Indebtedness is Long-Term Indebtedness maturing over 10 years (or such shorter period as such Consultant indicates is reasonable to assume in such statement) from the date of issuance of the Short-Term Indebtedness and bears interest on the unpaid principal balance at the Index Rate and is payable on a level annual debt service basis over a 10-year period (or such shorter period as such Consultant indicates is reasonable to assume in such statement).

(3) **Interim Indebtedness.** A certificate signed by the Issuer evidencing *either* of the following:

(i) The Interim Indebtedness could be incurred assuming it was Long-Term Indebtedness.

(ii) There is delivered to the Issuer a certificate of a Consultant to the effect that it is such Consultant's opinion that it is reasonable to assume that the Issuer will be able to refinance such Interim Indebtedness prior to its Stated Maturity and the conditions are met with respect to such Interim Indebtedness when it is assumed that such Interim Indebtedness is Long-Term Indebtedness maturing over 10 years (or such shorter period as such Consultant indicates is reasonable to assume in such statement) from the date of issuance of the Interim Indebtedness and bears interest on the unpaid principal balance at the Index Rate and is payable on a level annual debt service basis over a 10-year period (or such shorter period as such Consultant indicates is reasonable to assume in such statement).

(c) When the issuance of Indebtedness of equal stature and priority is permitted by the Statutes of the State.

(d) The ordinance and/or resolution authorizing such Indebtedness shall contain or provide for substantially the same terms, conditions, covenants and procedures as established in this Bond Resolution.

Additional Indebtedness issued under the conditions set forth in this Section shall stand on a parity with the Parity Bonds and Parity Obligations and shall enjoy complete equality or lien on and claim against the Sales Tax Revenues, and the Issuer may make equal provision for paying the Debt Service Requirements on such Indebtedness out of the Revenue Fund and may likewise provide for the creation of reasonable debt service accounts and debt service reserve accounts for the payment of the Debt Service Requirements on such Indebtedness and the interest thereon out of moneys in the Revenue Fund.

Section 903. Junior Lien Obligations. Nothing shall prohibit or restrict the right of the Issuer to issue Junior Lien Obligations for any lawful purpose and to provide that the Debt Service Requirements on such Junior Lien Obligations shall be payable out of the Sales Tax Revenues, provided at the time of the issuance of such Junior Lien Obligations the Issuer is not in default in the performance of any covenant or agreement contained in the Bond Resolution (unless such Indebtedness shall be issued to cure such default and shall be junior and subordinate to the Parity Bonds and Parity Obligations) so that if at any time the Issuer shall be in default in paying either interest on or principal of the Parity Bonds or Parity Obligations, or of the Issuer is in default in making debt service or other deposits or payments required to be made by it under the Bond Resolution, the Issuer shall make no payments of either principal of or interest on said Junior Lien Obligations until said default or defaults be cured.

Section 904. Refunding Bonds. The Issuer shall have the right, without complying with the provisions of *Section 902* hereof, to issue Refunding Bonds for the purpose of refunding any of the Indebtedness under the provisions of any law then available, and the Refunding Bonds so issued shall enjoy complete equality of pledge as did the Indebtedness that was refunded.

ARTICLE X

DEFAULT AND REMEDIES

Section 1001. Remedies. The provisions of this 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 Parity Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Parity 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 Parity Bonds.

Section 1002. 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 of any series shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the Funds and Accounts 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 Owners of such Outstanding Bonds.

Section 1003. 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 XI

DEFEASANCE

Section 1101. 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 Sales Tax Revenues 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 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 **Section 303(a)** of this Bond Resolution. 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 XII

TAX COVENANTS

Section 1201. 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 Series 2018A Bonds; and (b) all provisions and requirements of the Federal Tax Certificate. The Assistant City Manager and Clerk are hereby authorized and directed to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the Issuer. The Issuer will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Series 2018A Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the Issuer.

Section 1202. 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 Series 2018A 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 XIII

CONTINUING DISCLOSURE REQUIREMENTS

Section 1301. Disclosure Requirements. 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 1302. 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 XIV

MISCELLANEOUS PROVISIONS

Section 1401. Amendments. The rights and duties of the Issuer and the Owners, and the terms and provisions of the Bonds or of this Bond Resolution, may be amended or modified at any time in any respect by resolution of the Issuer with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

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

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

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

Every amendment or modification of the provisions of the Bonds or of this Bond Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution adopted by the Governing Body of the Issuer amending or supplementing the provisions of this Bond Resolution and shall be deemed to be a part of this Bond Resolution. A certified copy of every such amendatory or supplemental resolution, if any, and a certified copy of this Bond Resolution shall always be kept on file in the office of the Clerk, shall be made available for inspection by the Owner of any Bond or a prospective purchaser or owner of any Bond authorized by this Bond Resolution, and upon payment

of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental resolution or of this Bond Resolution will be sent by the Clerk to any such Owner or prospective Owner.

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

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

Section 1402. 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 1403. 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 1404. Inconsistent Provisions. In case any one or more of the provisions of this Bond Resolution or of the Bonds issued hereunder shall for any reason be inconsistent with the provisions of any Parity Resolution or any Parity Bonds: (a) the provisions of any Parity Resolution adopted prior to this Bond Resolution shall prevail with respect to Parity Bonds issued prior in time, so long as such Parity Bonds are Outstanding; and (b) the provisions of this Bond Resolution shall prevail with respect to any Parity Resolution adopted subsequent to the Bond Resolution, so long as any Parity Bonds issued under this Bond Resolution are Outstanding.

Section 1405. 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 1406. 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 1407. 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 1408. Governing Law. This Bond Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 1409. Effective Date. This Bond Resolution shall take effect and be in full force from and after its adoption by the Governing Body of the Issuer.

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ADOPTED by the Governing Body on March 19, 2018.

(SEAL)

Mayor

ATTEST:

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 March 19, 2018, as the same appears of record in my office.

DATED: March 19, 2018.

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 SALES TAX LIBRARY BONDS
SERIES 2018A**

**Interest
Rate:**

**Maturity
Date:**

**Dated
Date: April 19, 2018**

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

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of a series of General Obligation Sales Tax Library Bonds, Series 2018A, of the City of Tonganoxie, Kansas, described in the within-mentioned Bond Resolution.

Registration Date: _____

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

By _____

Registration Number: _____

(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 Sales Tax Library Bonds, Series 2018A," aggregating the principal amount of \$3,850,000* (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. 12-187 *et seq.*, as amended, and all other provisions of the laws of the State of Kansas applicable thereto.

General Obligations. The Bonds are general obligations of the Issuer payable from, and secured as to the payment of principal and interest by a pledge of, the Sales Tax Revenues. To the extent necessary, after applying the Sales Tax Revenues, the Issuer shall levy and collect the necessary taxes upon all of the taxable tangible property within the Issuer in the manner provided by law in order to provide for the payment of the principal of and interest on the Bonds. *Under the conditions set forth in the Bond Resolution, the Issuer has the right to issue additional Indebtedness payable from the same source and secured by the Sales Tax Revenues on a parity lien basis with said Sales Tax Revenues; provided, however, that such additional Indebtedness may be so issued only in accordance with and subject to the covenants, conditions and restrictions relating thereto set forth in the Bond Resolution.*

Reference is made to the Bond Resolution for a description of the covenants and agreements made by the Issuer with respect to the collection, segregation and application of the Sales Tax Revenues, the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer with respect thereto, and the rights of the Registered Owners thereof.

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.

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)

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 April 19, 2018.

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



Office of the City Manager
AGENDA STATEMENT

DATE: March 16, 2018
To: Honorable Mayor Jason K. Ward and Members of the City Council
FROM: George Brajkovic, City Manager
SUBJECT: First Amendment to the Real Estate Contract between the City and Unilock Chicago, Inc. for Lot 5 of the Tonganoxie Business Park

DISCUSSION:

On December 4, 2017, Resolution 12-17-02 was adopted, approving the Real Estate Contract of Sale (Contract) with Unilock Chicago, Inc. for Lot 5 of the Tonganoxie Business Park. The Contract provides for a 60 day Due Diligence period for the buyer and seller to deliver items for closing. One item that is required of Unilock is Development Plan approval for their project. Although Unilock previously achieved said approval, they've recently repositioned buildings on the site, thus requiring a Revised Development Plan to be considered and approved by both Planning Commission and City Council.

A proposed calendar for the Revised Development Plan is as follows:

- Current Due Diligence – 60 days = March 30
- Target Planning Commission date – May 3
- Target City Council date – May 7
- Due Diligence extension of 45 days = May 14

Therefore, the First Amendment to the Real Estate Contract is requesting a 45 day extension of the due diligence period to allow the appropriate time for the Revised Development Plan to be considered.

REQUESTED ACTION:

Adopt Resolution 03-18-03, authorizing the Mayor to execute the First Amendment to the Real Estate Contract between the City and Unilock Chicago, Inc.

RESOLUTION NO. 3-18-03

A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF THAT CERTAIN FIRST AMENDMENT TO REAL ESTATE CONTRACT OF SALE BETWEEN THE CITY OF TONGANOXIE, KANSAS, AND UNILOCK CHICAGO, INC.

WHEREAS, the City of Tonganoxie and Unilock Chicago, Inc., wish to enter into that certain First Amendment to Real Estate Contract of Sale in order to extend the due diligence period to allow the approval of revised development plans, attached hereto as Exhibit A.

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

Section 1. That the Governing Body approves and hereby authorizes the Mayor to execute that certain First Amendment to Real Estate Contract of Sale between the City of Tonganoxie and Unilock, Chicago, Inc., attached hereto as Exhibit A.

Section 2. That this resolution shall become effective upon passage.

ADOPTED by the Governing Body this 19th day of March, 2018.

SIGNED by the Mayor this 19th day of March, 2018.

SEAL

Jason K. Ward, Mayor

ATTEST:

Patricia C. Hagg, City Clerk

APPROVED AS TO FORM:

Shannon M. Marcano, City Attorney

EXHIBIT A
First Amendment to Real Estate Contract of Sale

FIRST AMENDMENT TO REAL ESTATE CONTRACT OF SALE

THIS FIRST AMENDMENT TO REAL ESTATE CONTRACT OF SALE ("First Amendment") is made and entered into as of the date of the signature of the last party to sign this First Amendment (the "Effective Date") by and between the CITY OF TONGANOXIE, KANSAS ("City") and UNILOCK CHICAGO, INC., an Illinois corporation registered to do business in the State of Kansas ("Unilock" or the "Buyer").

BACKGROUND

City and Buyer entered into a Real Estate Contract of Sale ("Contract") with an Effective Date of January 29, 2018, concerning certain property located in Tonganoxie, Kansas, defined as the Unilock Property.

The Contract provides that the Due Diligence period extends for 60 days after the Effective Date, however the Buyer wishes to extend the Due Diligence period further in order to achieve the approval of revised development plans.

City and Buyer desire to amend the Contract as hereinafter provided.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Buyer agree as follows:

1. Due Diligence Period. The parties hereby agree that the Due Diligence Period shall be extended for an additional forty five (45) days or until ten (10) days after final approval of revised development plans, whichever is sooner, in order for the Buyer to achieve the approval of revised development plans.
2. Ratification. Except as herein amended, the Contract is hereby ratified and confirmed in all other respects. All references in the Contract to "this Contract" shall mean the Contract as amended by this First Amendment.
3. Signatures. This First Amendment may be executed in multiple counterparts, each of which shall be deemed an original and together constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have caused this First Amendment to be executed on the dates set forth below.

CITY OF TONGANOXIE, KANSAS

_____, 2017

By: _____
Jason Ward, Mayor

ATTEST:

City Clerk

UNILOCK CHICAGO, INC.

March 15, 2017

By: _____
Name: G.B. Gesbocker
Title: General Manager



Office of the City Manager
AGENDA STATEMENT

DATE: March 19, 2018
To: Honorable Mayor Jason K. Ward and Members of the City Council
FROM: George Brajkovic, City Manager
SUBJECT: Kane Family Farms, LLC presentation

DISCUSSION:

In March 2017, the Leavenworth County Planning Department reached out to City staff to gain input on a County Special Use Permit (SUP) for 17791 Chieftain Road, as the property was near to City limits. Kane Family Farms, LLC had purchased the 120 acre site in July 2016, and were proposing a 3-phased development on site for a retreat and event center:

- Phase I – renovation and restoration of existing buildings
- Phase II – redevelopment of building and grounds
- Phase III – organic produce and livestock farming

City staff recommended for approval and allowed a tap into City Water, but requested a time limit to the SUP and that the redevelopment would be annexed into the City limits. Since that time, both Ron and Todd Kane have been in regular contact with City staff, and have submitted development plans for review to City Code conformance and a request to tap into the City's Sanitary Sewer.

As staff completes this analysis, Kane Family Farms, LLC has requested the opportunity to appear at City Council, and provide an update and details on what they hope to achieve at the site.

BUDGET IMPACT:

None, current item is for information only.

ACTION NEEDED:

None.

ATTACHMENTS:

None.

cc: File



Office of the City Manager
AGENDA STATEMENT

DATE: March 19, 2018
To: Honorable Mayor Jason K. Ward and Members of the City Council
FROM: Kent Heskett, Public Works Director
SUBJECT: 2018 Street Maintenance Plan Presentation

DISCUSSION:

The street maintenance plan for 2018 consists of 3 different areas of focus and the application of 2 or 3 different styles of maintenance. A street conditions map produced with the assistance of BG Consultants has also been provided. The areas of focus described below were selected based on an ongoing analysis by Public Works staff of the progression of street conditions and the cost effectiveness of the variety of available maintenance actions.

The first area of focus is located south of Washington St. to and including 12th St between Pleasant Dr. and 24/40. Curb replacement where needed and an asphalt mill and overlay is needed in this area.

The second area of focus is Village St. from 4th St north to 1st St. and west to Village Terrace. The plan for this area includes grading ditches and cleaning or replacing driveway and street crossing culvert tubes to improve drainage. To maintain the roadway pavement an asphalt mill and overlay or a pulverizing, stabilization and overlay process will likely be used. Public Works staff is waiting for more information on the cost of this process, which will factor into the upcoming decisions.

The third area involves the proposed use of a process called Reclamite. Reclamite is a process based on spraying oil onto the street, which then absorbs into the asphalt. This process has previously been used in the sub-divisions of Greystone, South Park and Stone Creek. City staff proposes treating the same areas with Reclamite in order to maintain the fair condition streets within the fair condition category, thus prolonging the total lifespan of these sections of street.

BUDGET IMPACT:

With the additional \$150,000 in funds that was allocated in the 2018 budget as a portion of the utilization of the Infrastructure Sales Tax proceeds, the City is able to expand the 2018 street maintenance plan to include the maintenance activities proposed in the second and third areas of focus described above. City staff anticipates needing to utilize the approximately \$350,000 of the Special Highway Fund budget authority to accomplish the street projects within the 2018 street maintenance plan. Some projects may increase or decrease in size due to the nature of the bids that are received.

ACTION NEEDED:

None

ATTACHMENTS:

Map of street conditions.

cc: George Brajkovic, City Manager
Dan Porter, Assistant City Manager

CITY OF TONGANOXIE, KANSAS STREET SYSTEM



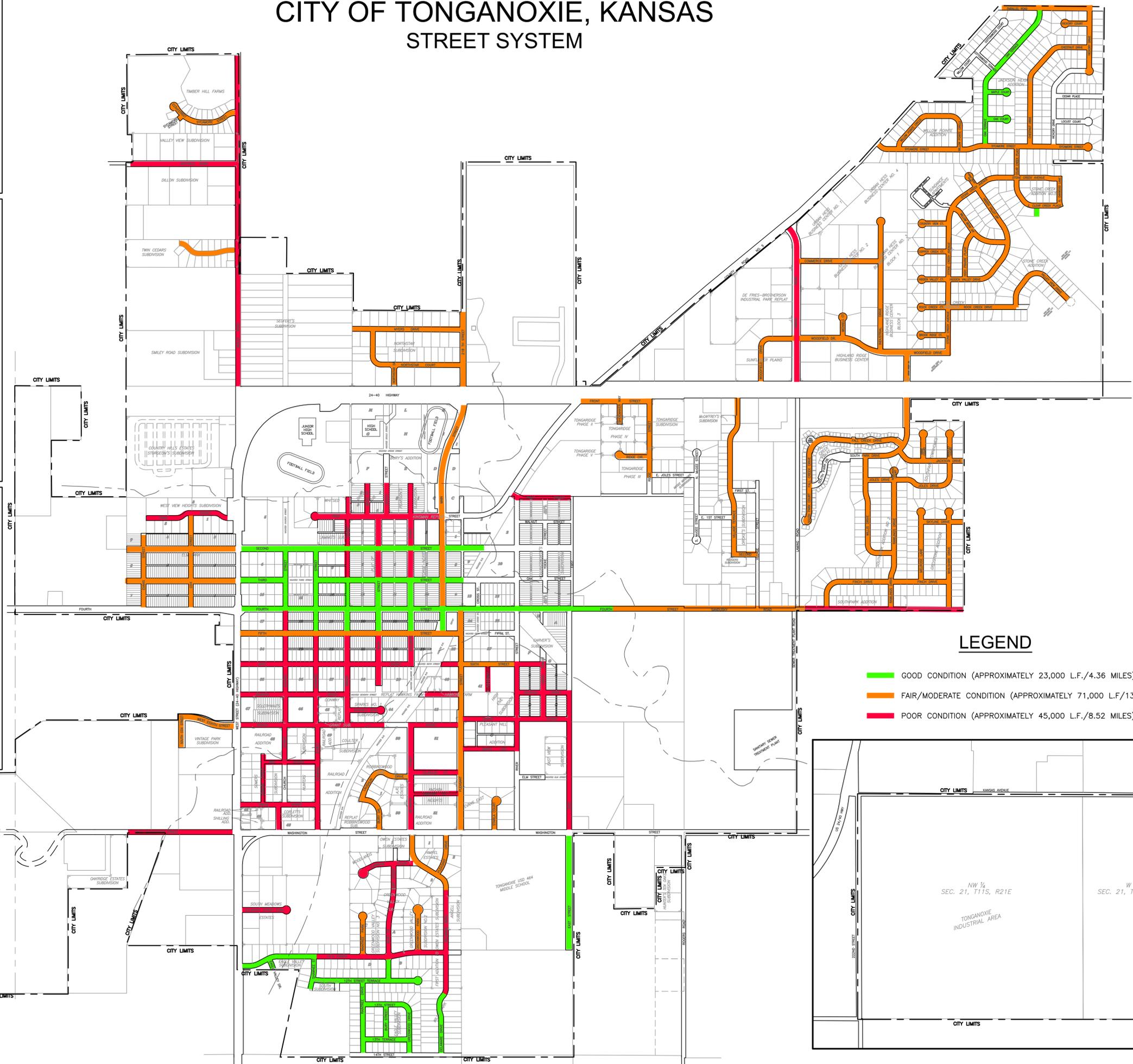
GOOD CONDITION: THIS CONDITION REPRESENTS A NEWER STREET THAT WAS RECENTLY REBUILT TO CITY STANDARDS. THIS CONDITION INDICATES THE STREET IS AT/NEAR THE BEGINNING OF ITS USEFUL SERVICE LIFE, AND DOES NOT NEED IMMEDIATE MAINTENANCE ATTENTION TO PRESERVE OR EXTEND ITS SERVICE LIFE. A STREET IN THIS CATEGORY WAS BUILT/REBUILT TO CITY STANDARDS WITH THE LAST +/-5 YEARS.



FAIR/MODERATE CONDITION: THIS CONDITION REPRESENTS A STREET THAT IS BUILT TO CITY STANDARDS, BUT IS BEGINNING TO SHOW SIGNS OF WEAR AND SLIGHT DETERIORATION. STREETS IN THIS CATEGORY ARE GENERAL IN THE EARLY-TO-MIDDLE YEARS OF THE STREETS USEFUL SERVICE LIFE. SOME OF THE DEFICIENCIES MAY INCLUDE MINOR CRACKS, SLIGHT RUTTING OF THE WEARING SURFACE AND POSSIBLE AN ISOLATED POT HOLE. MAINTENANCE ACTIVITIES SUCH AS A MILL/OVERLAY, CHIP-SEAL, AND/OR CRACK SEAL MAY BE WARRANTED TO IMPROVE THE WEARING SURFACE, SEAL CRACKS AND MAINTAIN THE STREET IN A GOOD-TO-FAIR/MODERATE CONDITION.

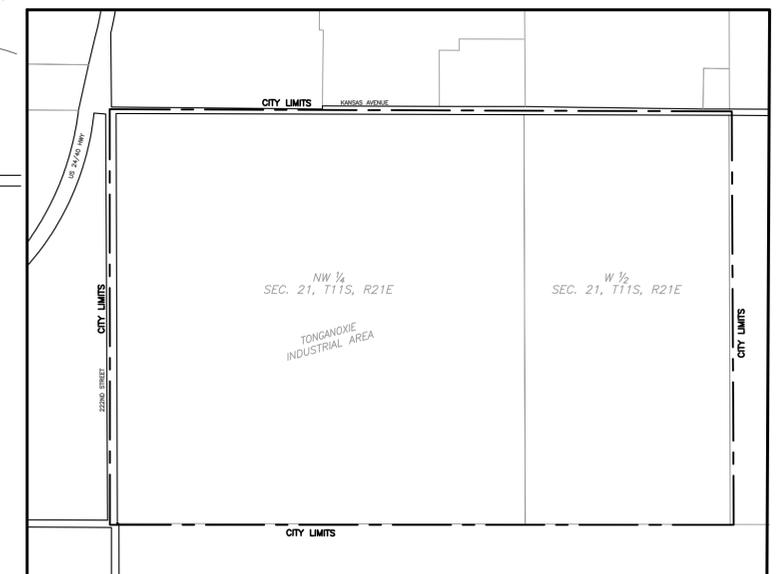


POOR CONDITION: THIS CONDITION REPRESENTS A STREET THAT IS NOT BUILT TO CURRENT CITY STANDARDS (THIN PAVEMENT, NO CURB, NO STORM SEWER, NARROW WIDTH) AND/OR HAS SIGNIFICANT PAVEMENT AND SUBGRADE FAILURES THROUGHOUT. STREETS IN THIS CATEGORY ARE GENERALLY AT THE END OF THEIR USEFUL SERVICE LIFE. APPLYING A MAINTENANCE ACTIVITY TO THE PAVEMENT, SUCH AS AN ASPHALT OVERLAY, WILL NOT PROLONG THE LIFE OF THE STREET AND THE MAINTENANCE ACTIVITY ITSELF WILL LIKELY DECLINE VERY RAPIDLY DUE TO MORE COMPREHENSIVE PROBLEMS. STREETS IN THIS CATEGORY ARE BEST SUITED FOR RECONSTRUCTION.



LEGEND

- █ GOOD CONDITION (APPROXIMATELY 23,000 L.F./4.36 MILES)
- █ FAIR/MODERATE CONDITION (APPROXIMATELY 71,000 L.F./13.45 MILES)
- █ POOR CONDITION (APPROXIMATELY 45,000 L.F./8.52 MILES)



DETAIL "A"
1/2 MILE SOUTH OF 14TH STREET



Not to Scale



Office of the City Manager
AGENDA STATEMENT

DATE: March 19, 2018
To: Honorable Mayor Jason K. Ward and Members of the City Council
FROM: Kent Heskett, Public Works Director
SUBJECT: Request for approval of curb roller purchase

DISCUSSION:

Part of the street improvement plan for 2018 includes the removal and replacement of approximately 1,500 linear feet of concrete curbing. The Public Works Department has the capabilities to do this work with existing staff using a piece of equipment called "The Curb Roller". This purchase will pay for itself within the first year of operation by eliminating the need to hire a contractor to replace the concrete curbing for street projects completed within the City. As the City proceeds with increased street maintenance activities in 2018 as a preventative measure against deterioration of street conditions, this tool will allow allocated funding to be utilized more efficiently.

BUDGET IMPACT:

None. The Infrastructure Sales Tax Fund includes a budgeted transfer in 2018 of \$150,000 of the infrastructure sales tax proceeds not required to meet the debt service obligations associated with the construction of a new or expanded library to the Special Highway Fund. This fund is used for street maintenance activities. As a purchase of equipment, this expenditure would be made from the Infrastructure Sales Tax Fund, thus slightly reducing the amount of sales tax revenue transferred into the Special Highway Fund in 2018.

ACTION NEEDED:

Make a motion to authorize the purchase of a curb roller for an amount not to exceed \$4,450.00.

ATTACHMENTS:

Expense Justification Form

cc: George Brajkovic, City Manager



City of Tonganoxie

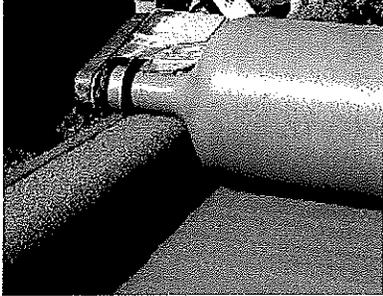
EXPENDITURE JUSTIFICATION

EXPENDITURE:
Curb Roller

DATE:
March 13, 2018

DESCRIPTION AND PURPOSE OF EXPENDITURE:

Purchase the "Curb Roller" which would allow staff within the Public Works Department to replace concrete curbs.



CONSEQUENCES OF DELAYING EXPENDITURE:

Delaying the completion of street projects within the City.

ALTERNATIVES EVALUATED:

Bid the work of replacing concrete curbs to a contractor.

PROCUREMENT INFORMATION

BIDS/QUOTES

Company Name	Amount	Notes
Midway Wholesale	\$4,450.00	

SOLE SOURCE PROCUREMENT

Yes No

SOLE SOURCE JUSTIFICATION:

I was not able to find another piece of equipment like this which fits the needs of the City of Tonganoxie street maintenance activities.

DETERMINATION

Approved Denied

Authorized Signature: _____

City Manager

City Council approval: Yes No



Office of the City Manager
AGENDA STATEMENT

DATE: March 19, 2018
To: Honorable Mayor Jason K. Ward and Members of the City Council
FROM: Dan Porter, Assistant City Manager
SUBJECT: Downtown Revolving Loan Program Update

DISCUSSION:

Since 2000, the City has issued several loans to businesses located in the historical downtown/4th street area to make façade improvements within a program called the Downtown Revolving Loan Fund. The program was originally funded by a Community Development Block Grant (CDBG) in the amount of \$713,605 in 1999. While the majority of the grant funding was used for infrastructure improvements and rental housing rehabilitation and development program, \$135,000 of the grant funding was specified to be available for revolving loans of up to \$30,000 to enable the historic preservation of downtown Tonganoxie. This loan program is administered through the Kansas Department of Commerce (KDOC), with City staff serving directly as grant administrator. The goals of the program were to promote efficient and responsible distribution of the funds, revolving every three to five years through repayment and new low-interest loan issuances. Funds only were available for work directly related to the improvement of the façade or exterior features of buildings in the central business district, among other restrictions. The most recent update provided to City Council on this program was provided in January 2013. A summary of the City's program design is provided as an attachment.

City staff recently met with Linda Hunsicker with the KDOC, as she completed periodic program monitoring. The following are key points arising from the monitoring discussion.

- The City has issued 9 loans since the last monitoring, with three paid in full, five defaulted and written off, and one current on payments. The current loan was issued in 2010 and has \$7,590.11 remaining to repay by 2020.
- The current balance of the loan program account is \$47,976.21. The loan program is designed to revolve all available funds every 3-5 years through continued issuance and repayment of loans. That has not been the case at any period since the inception of the City's program in 2000 due to loan defaults and the lack of loan activity for long periods of time.
- There are several inconsistencies between the City's original program design and current regulations applicable to such loan programs, including key items such as the design of interest rates within the program, the practice of making several loans to the same business, the makeup of a local loan application review committee, the lack of a loan application form, and the lack of loan documents to be used.
- Several files required to be maintained by the City were not available for review. The City's grant administrators during the time of loan issuances from 2000-2011 did not maintain and preserve the mandatory documentation, including loan applications, loan committee and Council approvals, loan agreements, promissory notes, security agreements, environmental review, invoices to show expenditures, job certifications, and collateral.
- City staff must promptly provide the KDOC with all documentation that is available in the City's records for the current loan still being repaid.
- KDOC has requested that the City provide an indication of the plan for the future of the City's revolving loan program.

STAFF RECOMMENDATION:

This update is provided to City Council for consideration in advance of decisions impacting the future of the program.

City staff has researched the history of this program and considered the following items:

- Operational impact of the program components on staff (Complete redesign and submittal of the program design for approval from the KDOC), local committee formulation and maintenance, loan application document creation, loan document creation, semi-annual reporting to the KDOC, periodic monitoring of records, call for applications)
- Current makeup of the local business environment
- The City's record of loan repayments being made in full, which in turn allows continuation of the program
- Increased regulation associated with the distribution and use of the funding.

Based on this review, staff recommends that the City notify the KDOC of the election to terminate the program, return the remaining \$47,976.21 of funding, and complete the term of the sole remaining loan through collection of regular payments and distribution of said payments to the State of Kansas.

ACTION NEEDED:

None. This item is presented for informational purposes.

ATTACHMENTS:

Letter dated March 6, 2018 from the KS Department of Commerce – Business and Community Development
Outline of the Downtown Revolving Loan Program Design
Original Program Design & Project Packet (Dated June 28, 2000)

cc: George Brajkovic, City Manager
Shannon Marcano, City Attorney

Rec 3/12/2018

Business and Community Development
1000 S.W. Jackson St., Suite 100
Topeka, KS 66612-1354



Phone: (785) 296-5298
Fax: (785) 296-3490 TTY: 711
KansasCommerce.com

Robert North, Interim Secretary

Jeff Colyer, M.D., Governor

March 6, 2018

The Honorable Jason Ward
City of Tonganoxie
526 W. 4th Street
Tonganoxie, KS 66086

RE: City of Tonganoxie
99-CP-002

Dear Mayor Ward:

On March 1, 2018, I met with Dan Porter, Assistant City Manager to monitor the above referenced revolving loan funds. This monitoring should be viewed as a cooperative effort between the Community Development Block Grant (CDBG) staff and city to identify potential obstacles to successful achievements.

The following observations have been made:

The City has made a total of 9 loans since the last monitoring. Three loans were paid in full, five was written off and one is current on the payments. The balance in the loan account is \$47,976.21. The inactivity of these funds is unacceptable and must be corrected. One business was given several loans; however, the City is now aware that this is not allowed.

At the monitoring, we spent some time discussing the need for the community to use the funds. The funds are to revolve every three to five years.

Deficiencies requiring resolution:

1. The file for the current loan made to Dentist H. Grant Ritchey was not available at the monitoring. Submit copies of the application, loan committee and council approval, financials, loan agreement, promissory note, security agreement, environmental review, invoices to show expenditures, job certifications, and UCC or mortgage filed for collateral.
2. The City will need to let us know if they wish to retain the funds or return the funds. If the council wishes to retain the funds we will need: 1) a list of the loan committee with job titles; 2) an updated plan stating how the program will be ran; 3) a copy of the application; and 4) documents will be used in making loan.

Please submit the above item no later than April 6, 2018.

The cooperation of Dan during this monitoring was greatly appreciated. If you have any questions, please call Debbie Beck at 785-296-7092 or e-mail her at debbie.beck@ks.gov.

Sincerely,

A handwritten signature in cursive script that reads "Linda Hunsicker".

Linda Hunsicker
CDBG Specialist

LH:lh

cc: Dan Porter, Assistant City Manager

Downtown Revolving Loan Fund – 2018 Update

Overview of the Downtown Revolving Loan (DRL) Program

- Originally funded in 2000 by a \$135,000 of a larger Community Development Block Grant (CDBG) for historic preservation of buildings on Fourth Street (DRL Program Loan# 99-CP-002)
- Goal of the program was to improve the appearance of downtown by providing low interest loans for façade improvements, which must be made in accordance with Design Guidelines for Tonganoxie’s Central Business District.
- Program funding intended to revolve (loaned, repaid, and reissued) every 3-5 years.
- Program currently has a funding balance of \$47,976.21 (January 2018).

Subsequent Changes to State & Federal Regulations Related to the Loan Program

Since 2000 there have been multiple updates to the federal and state laws the program must operate in accordance with, including:

- Requirements for public hearings for each new loan
- Completion of an environmental review for all applications
- Governing body approval of all loan issuances
- Allowing only one current loan per applicant
- Minimum interest rate of 4% on all loans
- Maintaining job certification records for all loans
- Project labor completed by laborers compensated according to Davis Bacon wage rates.

Program Loan History

- 14 individual loans have been issued since 2000, including several instances of multiple loans issued to the same business.
- Only one “active” loan currently being paid off – Dr. Richey’s dental office.
- 6 loans (some consolidated) were defaulted and written off since 2000.
- 4 loans were repaid since the program’s inception – Downtown Bar & Grill, Haislip Laundromat, and LaForge Apts.

Summarized Description of the Loan Process

- 1) Applicant completes a loan application packet and financial statement with review of tax returns and additional financial information and submits to City Planner, City Architect, and Grant Administrator. Applications must meet all requirements of the Kansas Department of Commerce.
- 2) City Planner and Grant Administrator review application to determine applicability.
- 3) Revolving Loan Committee reviews the application, considers the credit-worthiness of the applicant, and determines the applicability of the submission against program goals.
- 4) If approved, the funds are distributed to the applicant according to invoices presented to the City Planner and Grant Administrator for the applicable work.

Downtown Revolving Loan Fund – 2018 Update

- 5) Once all loan proceeds are distributed, the City Planner determines that the project is completed.
- 6) Payments are made according to the term of the loan agreement by the applicant to the City until the completion of the loan repayment or the material default of the borrower.
- 7) The Grant Administrator receives all payments and provides notice of any missed payments or other developments related to the repayment of the loan to the Loan Committee and the Kansas Department of Commerce.
- 8) Semi-annually, the Grant Administrator is required to provide the Kansas Department of Commerce with a program income report and grant collection report.

Program Actors

Oversight and Loan Monitoring – Kansas Department of Commerce, Community Development Block Grant division staff. Periodic monitoring has been taking place since 2000, with the most recent sessions occurring in 2013, 2015, and 2018.

Grant Administrator – City of Tonganoxie staff. Traditionally the City Planner or Assistant City Manager has served in this capacity. The administrator is required to submit a program income report and grant collection report in January and July each year. The Grant Administrator

Loan Committee – Prescribed to consist of 4-5 members appointed by City Council. The preferred composition is 1-2 business merchants from the downtown, 1 officer of a Tonganoxie financial institution, 1 attorney, and 1 member of City Council. The committee reviews applications and makes determinations for funding decisions. In addition, the group helps develop program guidelines.

2014 Committee Members (most recent record found):

Bank Representatives

- Ryne Wheatcroft – Mutual Savings Bank
- Debbie Kriviansky – First State Bank
- Jaimie Smith – Community National Bank

City Staff

- Nathan McCommon – City Administrator
- Jennifer Jones-Lacy – Assistant City Administrator
- Mark Lee – Building Inspector

Council Members

- Chris Donnelly
- Jim Truesdell

Downtown Revitalization Revolving Fund Process

JUN 28 2000

I. Initial Contact

A prospective applicant with interest in accessing the Fund should express their interest by making initial contact with the Tonganoxie City Planner. The City Planner will explain the general parameters of the program, answer questions about the program, discuss the prospective applicant's general project ideas, and help guide the prospective applicant in a direction consistent with the *Design Guidelines for Tonganoxie's Central Business District* (Guidelines), prepared by Historical Preservation Services, L.L.C, and adopted by the Tonganoxie City Council. The City Planner will provide the prospective applicant with a Revolving Fund Project Packet that contains application materials and a copy of the Guidelines.

II. Plan and Application Development Process

After reviewing the application materials and Guidelines, the applicant will contact the City Planner, who will arrange a meeting to begin the formal project development. The City Planner, the city's architect, and the applicant will design and develop formal project plans.

Once the plans have been developed, the applicant will complete detailed cost estimate and work schedule forms, which will be contained in the Packet. The completed cost estimates and work schedule will then be submitted to the City Planner and the city's architect for review. In the event the City Planner and the city's architect determine the project plans conform to the Guidelines and the applicant's estimates are reasonable, the City Planner will sign the certification form contained in the Packet.

The applicant will then complete the loan application and financial statement contained in the Packet and accumulate the additional information, such as tax returns, required by the application instructions.

III. City Planner/Grant Administrator Review

Once the applicant has acquired the City Planner's certification, fully completed all the Packet forms, and accumulated all the necessary documentation, the applicant will submit the information to the City Planner for review. The City Planner will review the submitted materials to determine if the materials are substantially complete and if the proposal appears to be in compliance with local ordinances and the Guidelines.

If the City Planner is satisfied with the form and content of the materials, the entire package of documentation will be accepted as an official Revolving Fund Application. The date of acceptance will be noted on the face of the Application.

Once the City Planner has officially accepted the Application, the Application

15,000
for 5 yrs.

will be forwarded to the Tonganoxie City Grant Administrator. The Grant Administrator will review the Application to determine that the Application and proposed project meet Kansas Department of Commerce and Housing (State) requirements for Comprehensive Development Grant # 99-CP-002 (Grant). If the Grant Administrator determines that the Application and proposed project meet the Grant requirements, the Application will be forwarded to the Revolving Fund Loan Committee for final review.

At anytime during the City Planner/Grant Administrator review process, the applicant may be requested to submit additional information or clarifying details to be included in the Application materials. Assuming all the needed information is readily available and supplied, this stage of the review should be completed within 5 business days.

IV. Revolving Fund Loan Committee

The Revolving Fund Loan Committee (Committee) will consist of 5 members who will be appointed by the Tonganoxie City Council. The Committee shall include 2 merchants operating businesses in the Tonganoxie Central Business District, 1 officer of a Tonganoxie financial institution, 1 Tonganoxie attorney, and 1 member of the Tonganoxie City Council. At least annually, the members of the Committee will elect a Committee Chairperson, who will be responsible for calling and conducting Committee meetings.

Upon receipt of an Application, the Committee will review the Application and make a credit underwriting decision on the requested loan. The Committee's decision will be based on the size of the proposed loan, the feasibility and advisability of the proposed project, the applicant's ability to repay the loan, the collateral offered as security for the loan, and any prior relationships the applicant has had with the Revolving Fund. In order to make the credit underwriting decision on the requested loan, the Committee will consider all the Application materials. The Applicant will provide the Committee with express authority to allow the Committee, or its designee, to acquire and review the applicant's credit bureau report. The Committee will then review the credit bureau report and gather information necessary to establish an estimated value of available equity in the proposed collateral.

If necessary, the Committee may request that the applicant supply additional information or clarifying details, and may request that the applicant attend a Committee meeting to respond to particular members' questions regarding the proposed project and/or the Application.

Once the Committee has completed its review of the Application, it shall vote on whether or not the loan should be approved. A majority vote of the entire Committee will be required to approve a loan. Any such approval will specifically detail the amount of the loan, the interest rate, the collateral, the repayment terms, and the funding and/or disbursement terms.

Any loan that is not approved within 60 days of the date on which the City Planner formally accepted the Application will be considered denied, unless a majority of the entire Committee votes to extend the time for consideration of the Application.

In the event a loan application is denied, the Committee Chairperson will ensure that written notice of the Committee's decision is sent to the applicant within 5 business days of the Committee's final decision.

The Committee Chairperson will ensure that a record of Committee meetings and actions taken by the Committee are properly documented and maintained.

V. Closing, Funding, and Servicing the Loan

When an Application is approved, the Committee will notify the City Planner, who will be responsible for coordinating the closing, funding and servicing of the loan. The City Planner will be authorized to enlist the assistance of a Tonganoxie financial institution or other qualified service providers to properly execute these duties. Any such financial institution and/or service provider will be considered an agent of the City in carrying out tasks related to the City Planner's administration of these duties.

The City Planner will assemble and prepare the loan documents necessary to close the loan. The completed documents will be submitted to the Committee for review and approval prior to closing the loan. The loan will be closed in the name of the City of Tonganoxie as creditor.

Once a loan is approved, the Committee Chairperson will notify the Grant Administrator of the Committee's action. The Grant Administrator will establish a Distribution account at a Tonganoxie financial institution and implement the procedures necessary to acquire any needed loan proceeds from the State.

Once the Distribution Account is established the City Planner will contact the applicant to schedule a closing and close the loan. The loan will be closed in accordance with the funding/distribution terms approved by the Committee.

Typically, the funding/distribution terms established by the Committee will require the borrower to submit specific invoices to the City Planner, who will collect the invoices and authorize a distribution in the amount of the approved invoices. The City Planner will then forward the approved invoices to the Grant Administrator, who will secure the loan proceeds from the State. Once funds are received from the State, they will be placed in the Distribution Account and disbursed by the City Planner to the borrower or directly to the suppliers or subcontractors, depending on the terms of the loan.

The City Planner will make progress inspections at reasonable intervals to determine that the project is proceeding on schedule and in accordance with the prior disbursements of loan proceeds. The City Planner will report any perceived variances, delays, or discrepancies to the Committee Chairperson, who will forward the information to the full Committee.

Within a reasonable time after all loan proceeds have been disbursed, the City Planner will make a final inspection of the project, and either certify that the project is complete, or report any perceived variances, delays, or discrepancies to the Committee Chairperson, who will forward the information to the full Committee.

All loan payments will be made payable to the City of Tonganoxie and submitted to the City Planner in accordance with the terms of the loan documents. The City Planner will account for all loan transactions and any interest accruals during the term of the loan. The City Planner will report any default for non-payment that exceeds 10 days, and any other default to the Committee Chairperson, who will forward the information to the full Committee. The Committee will be responsible for providing general collection guidance to the City Planner, and will make all final decisions regarding formal collection procedures in the event of a material default of the borrower's obligations.

All loan payments will be deposited in a deposit account at a Tonganoxie financial institution, where they will be held in the name of the Tonganoxie Downtown Revitalization Fund Loan Program pending distribution to future approved applicants.

**Downtown Revitalization
Revolving Fund
Tonganoxie, Kansas**

JUN 28 2006

Revolving Fund Project Packet

- Contents:
- Application Instructions.
 - City Planner's Certification, Applicant's Cost Estimate & Applicant's Proposed Work Schedule.
 - Loan Application.
 - Financial Statement.
 - Design Guidelines for Tonganoxie's Central Business District (Guidelines).

Application Instructions

Important: All forms must be completed and all applicable questions must be answered fully. Attach additional sheets to any form that does not contain sufficient space to provide all the requested information.

1. Carefully review these instructions and all attached forms completely before filling out any of the forms or taking additional steps toward planning or implementing the proposed project.
2. Contact the Tonganoxie City Planner to arrange a project development meeting with the City Planner and the city's architect. This meeting will be for the purpose of beginning the formal planning of your proposed project.
3. Utilize the input of the City Planner and city's architect and complete the development of the formal project plans.
4. Complete the Applicant's Cost Estimate and the Applicant's Proposed Work Schedule contained in this packet.
5. Submit the completed Applicant's Cost Estimate and Applicant's Proposed Work Schedule to the city Planner for review by the City Planner and the city's architect. In the event the City Planner and the city's architect determine the project plans conform to the Guidelines, and that your estimates are reasonable, the City Planner will certify the plans and notify you to proceed with your application.
6. Complete the Loan Application contained in this packet.
7. Complete the Financial Statement contained in this packet. A financial statement must be completed for each applicant.
8. Gather copies of signed tax returns for the preceding two years for each applicant. Please include all relevant schedules for each return.
9. Acquire a letter from the Historic Preservation Office of the Kansas State Historical Society verifying that the proposed project will not affect any property currently listed in the National Register of Historic Places or otherwise officially identified by the Historical Society as having historical significance. You may request this verification by sending a letter stating the specific location of the proposed project to the following location:

**Kansas State Historical Society
Historic Preservation Office
120 West 10th Street
Topeka, Kansas 66612.**
10. Submit all the above-described information to the City Planner. The City Planner will review the submitted materials for completeness. If the materials are deemed complete, the application will be forwarded to the City Grant Administrator for review and to the Revolving Fund Loan Committee for review and final decision. You may be required to submit additional information during the processing of the application. You may be required to attend a Revolving Fund Loan Committee meeting to respond to particular questions regarding your proposed project. You will receive written notice of the Revolving Fund Loan Committee's final decision.
11. In the event your application is approved, your loan will be administered by the City Planner, who will provide additional guidance at that time.

**Downtown Revitalization
Revolving Fund
Tonganoxie, Kansas**

CITY PLANNER'S CERTIFICATION

By affixing my signature below, I hereby certify that I have reviewed the applicant's revitalization and/or construction proposal, that said proposal is in conformance with Design Guidelines for Tonganoxie Central Business District, and that the following cost estimates and proposed work schedule are reasonable in light of the proposed project.

City Planner's Signature

Date

Print Name

APPLICANT'S COST ESTIMATE

Applicant _____ Date _____

Address of Proposed Construction _____

Contractor _____ Contractor's Phone # _____

Item # and Description	Estimate	From Whom
1. Plans and Specifications		
2. Permits-Building		
3. Landscaping, finish grade, sod/seed		
4. Waterproofing & Foundation Drain		
5. Foundation/Footings, Retaining Walls		
6. Flatwork-Floors, Slab, Garage		
7. Concrete-Drives/Walks/Steps		
8. Driveway-Asphalt, Rock, Concrete		
9. Lumber-Rough		
10. Shingles		
11. Lumber-Finish (Trim)		
12. All Windows including Storm Windows		
13. Window Shades		
14. All Doors		
15. Carpentry-Labor Rough		
16. Carpentry-Labor Finish		
17. Exterior Brick, Rock, or Other		
18. Electric		
19. Lights		
20. Roof-Wood Comp Other		
21. Siding-Specify:		
22. Insulation		
23. Paint		

**Downtown Revitalization
Revolving Fund
Tonganoxie, Kansas**

LOAN APPLICATION

INDIVIDUAL APPLICANT INFORMATION			
1. Full Name (First, M.I., Last):	2. Social Security Number:	3. Date of Birth:	4. Home Phone No.:
5. Current Home Address (Street, City, State, Zip Code):			
REVOLVING FUND LOAN REQUESTED			
6. Amount Requested: \$	7. Collateral Offered:		
8. Specific Purpose of the Loan:			
SUBJECT BUSINESS INFORMATION			
9. Business Name:		10. Years in Operation:	
11. Business Address:		12. Business Phone No.:	
13. Business Type:	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Partnership	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Corporation			
14. Please identify all of the businesses officers, partners, members, managing partners or members, and any individuals that hold an ownership interest in the subject business in excess of 10%:			
Name	Position	% Ownership Interest	
15. Age of Building to be Improved:			
16. Building Lien Holder(s):			
17. Real Estate taxes on subject property are paid through what date?			
18. Is the Subject Property subject to any special assessments at this time?			
19. Are there any state or federal tax liens outstanding against you or your business?			
20. Are there any pending lawsuits or unsatisfied judgments against you or your business?		Yes	No
21. Have you or your business ever declared bankruptcy?		Yes	No

I/We hereby apply for the loan or credit described in this application. I/We certify that I/we made no misrepresentations in this loan application or in any related documents, that all information is true and complete and that I/we did not omit any information. I/We agree that any property securing the loan or credit will not be used for any illegal or restricted purpose. The City of Tonganoxie (City), or its designated agent, is authorized to verify with other parties and to make any investigation of my/our credit and employment status, either directly or through any agency selected by the City for that purpose. The City, or its designated agent, may disclose to any other interested parties the City's experience with my/our account, any reasons for adverse action, and any other information the City may have about me/us. I/We understand that the City will retain this application and any other credit information the City receives, even if no loan or credit is granted. These representations and authorizations extend not only to the City, but also to any insurer of the loan. I/we expressly acknowledge that the City may appoint a local financial institution or other credit services professional as its agent to review this application, conduct the investigation of my/our credit history, and service any resulting loan, and further acknowledge that these representations and authorizations extend to any party the City selects as its agent in this or any other regard.

19. APPLICANT(S):

Signature	Date	Signature	Date
Print Name		Print Name	
Title		Title	

