



City Commission Meeting

August 01, 2023 at 5:30 PM

118 W Central Ave, Arkansas City, KS

Please join our meeting <https://global.gotomeeting.com/join/363243197>
Or dial in using your phone: United States: +1 (312) 757-3121 Access Code: 363-243-197

I. Routine Business

1. Roll Call
2. Opening Prayer and Pledge of Allegiance
3. Additions or Deletions **(Voice Vote)**
4. Approval of the Agenda **(Voice Vote)**

II. Consent Agenda (Voice Vote)

Note: All matters listed below on the Consent Agenda are considered under one motion and enacted by one motion. There should be no separate discussion. If such discussion is desired, any item may be removed from the Consent Agenda and then considered separately under Section VI: New Business.

1. Approve the Investment Policy.
2. Approve the July 18, 2023, regular meeting minutes as written.

III. Old Business

1. Select three (3) voting delegates and three (3) alternates to the 2023 League of Kansas Municipalities (LKM) Annual Business Meeting to be held on Monday, October 9, 2023. **(Voice Vote)**

IV. New Business

City Manager Department

1. Set a date of September 5, 2023 to hold a public hearing for the 2024 budget.

Consider a Resolution approving the Notice of Budget Hearing for publication and for the City of Arkansas City. **(Voice Vote)**

2. Consider the first reading of an Ordinance authorizing the execution of a loan agreement between the City of Arkansas City, Kansas and the State of Kansas, acting by and through the Kansas Department of Health and Environment for the purpose of obtaining a loan from the Kansas Public Water Supply Loan Fund for the purpose of financing a Public Water Supply Project; establishing a dedicated source of revenue for repayment of such loan; authorizing and approving certain documents in connection therewith; and authorizing certain other actions in connection with the loan agreement. **(Roll Call Vote)**
3. A Resolution authorizing the City of Arkansas City to apply for an implementation grant from *Pathways to a Healthy Kansas (Pathways)*, a Blue Cross Blue Shield Kansas (BCBSKS) initiative, in partnership with Rise Cowley County, supporting improvements to Lovie Watson Park. **(Voice Vote)**

Public Services Department

1. A Resolution authorizing the City of Arkansas City to establish Wilson Park as the proposed location for pickle ball courts. **(Voice Vote)**

V. Items for Discussion by City Commissioners

VI. Comments from the Audience for Items not on the Agenda

The public will be allowed to speak on issues or items that are not scheduled for discussion on the agenda. Individuals should address all comments and questions to the Commission. Comments should be limited to issues and items relevant to the business of the Governing Body. The Commission will not discuss or debate these items, nor will the Commission make decisions on items presented during this time. Each person will be limited to three (3) minutes.

VII. Executive Session

1. Recess into executive session to discuss the prior acquisition of real estate, pursuant to K.S.A. 75-4319(b)(6), for the preliminary discussion of the acquisition of real property.

VIII. City Manager Reminders & Updates

IX. Adjournment

Investment Policy

Section 1: Purpose

It is the policy of the City of Arkansas City to invest public funds in a manner that, giving first regard to safety, suitability and liquidity, will maximize long-term yield in conformance with State Statutes, Federal Regulations and the City's Municipal Code.

Section 2: Scope

- a) This policy applies to all investments of municipal funds.
- b) Except for cash in certain restricted and special funds, the City of Arkansas City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on the respective participation and in accordance with Kansas Cash basis law.
- c) All idle funds investments will be made in accordance with K.S.A. 12-1675.
- d) All Bond Proceed investments will be made in accordance with K.S.A. 10-131.

Section 3: Objectives

Investments shall be made with the primary objective of safety of principal, followed by liquidity needs, and then rate of return on said investments. The city's portfolio shall be sufficiently liquid to meet operating requirements that can be reasonably anticipated.

A. Safety

Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

1. Credit Risk

The City of Arkansas City will minimize credit risk, which is the risk of loss due to failure of the security issuer or backer, by limiting investments to only the investment types listed in this document as suitable investments.

2. Interest Rate Risk

The City of Arkansas City will minimize the risk of interest rate changes due to changes in market value of securities in the portfolio by laddering investment maturities.

3. Collateralization

Where allowed by state law, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

B. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated, thereby avoiding the need to sell securities on the open market prior to maturity. This is accomplished by structuring the portfolio so that investment's maturity dates are concurrent with cash needs to meet anticipated demands.

C. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs of the city. Yield is of secondary importance compared to the safety and liquidity objectives previously described.

Section 4: Portfolio Management

The City Manager and the Finance Director/Treasurer will structure investments to meet the primary objectives as set forth in this policy. The City Manager authorizes the Finance Director/Treasurer to engage in investment-related transactions within this policy without prior approval.

As idle funds needing to be invested are available, the Finance Director/Treasurer shall seek a competitive bid from all of the financial institutions that meet the requirements of KSA 12-1675. If a specific maturity date is required for cash flow purposes, bids will be requested for instruments which meet the maturity requirements. If no specific maturity date is required, the Finance Director/Treasurer will request bids from the financial institutions for various options with regard to term, instrument and bank concentration.

Section 5: Standards of Care**A. Prudence**

The standard of prudence to be used by investment officials shall be the "prudent person rule" and shall be applied to the management of the entire portfolio. Investment officials acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The "prudent person rule" states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

B. Ethics

Officers and employees involved with city investments shall refrain from engaging in any outside matters of financial or personal interests incompatible with the impartial and objective performance of duties. Officers and employees involved with city investments shall disclose any personal material interests in financial institutions with which they conduct business on behalf of the city.

Section 6: Suitable and Authorized Investments

The following investments will be permitted by this policy and are those defined by Kansas State Statutes K.S.A. 12-1675, K.S.A. 12-1675a, K.S.A. 10-131, and any other applicable statutes or ordinances and amendments thereto.

A. Acceptable Investment of General Idle Funds

1. Certificates of Deposit (CDs)

Instruments issued by banks, savings and loan associations and savings banks, that state specified sums have been deposited for specified periods of time and at specified rates of interest. Certificates of deposit are required to be backed by acceptable collateral securities as dictated by Kansas Statutes. The maximum maturity is two years.

2. Repurchase Agreements (REPOs)

Repurchase agreements are contractual agreements between the City and commercial banks, trust companies, state or federally chartered savings and loan associations or federally chartered savings banks. The repurchase agreement issuer receives cash and, in turn, sells securities to the City. The City agrees to resell the securities to the issuer on a specific future date at the original purchase price plus a negotiated interest payment. Repurchase agreements are required to be backed by acceptable collateral securities as dictated by Kansas Statutes. If the City's investment policy is approved by the PMIB, a repurchase agreement may be executed with a primary dealer or a broker-dealer registered in accordance with K.S.A.17-12a401.

3. Temporary Notes of the City

In temporary notes or no-fund warrants issued by the City of Arkansas City.

If the banks, savings and loan associations and savings banks eligible for investments authorized in paragraphs (1), (2) and (3) cannot or will not make the investments authorized in said paragraphs available to the City of Arkansas City at interest rates equal to or greater than the investment rate, as defined in subsection (g) of K.S.A 12-1675a, and amendments thereto, then the following types of investments may be considered:

4. United States Treasury Obligations

These obligations must mature within two years from date of purchase and are guaranteed as to principal by the United States Government.

5. United States Government Agency Securities

United States Government Agency securities include indirect obligations of the federal government, issued by the Government National Mortgage Association and the Small Business Administration. These securities are backed by the full faith and credit of the United States Government. The maximum maturity is four years. The City's investment policy must be approved by the PMIB prior to the purchase of United States Government Securities. Investment in these securities is limited to those that have no more interest rate risk than United States Government obligations of similar maturities.

6. Government Sponsored Corporations Instruments

Obligations of enterprises sponsored by the United States Government, such as Federal Farm Credit System, Federal Home Loan Mortgage Association, Federal National Mortgage Association and the Student Loan Marketing Association. To participate, the City's investment policy must be approved by the PMIB. Investment in these securities is limited to those that have no more interest rate risk than United States Government obligations of similar maturities and are not mortgage backed.

7. Kansas Municipal Investment Pool

A pool of investments consisting of CDs, United States Treasuries, United States Agencies, Commercial Paper, and Repurchase agreements. The pool is administered by the Pooled Money Investment Board, established by K.S.A 12-1677a, and amendments thereto.

Other types of investments may be added to this list as changes to the statutes governing such investments are revised. The above instruments may be purchased from eligible banks, savings and loans, primary dealers and the State Treasurer's Office.

B. Acceptable Investment of Bond Proceeds

The City of Arkansas City may invest any bond or temporary note proceeds which are not immediately needed, in accordance with Kansas Statute 10-131 and the specific bond or note resolution. Funds will be invested as required by federal regulations regarding arbitrage on tax-exempt bond proceeds.

The interest received on the investment of bond and note proceeds shall be used for the purpose of paying interest on the bonds or notes issued, or for paying the cost of the project for which the bonds or notes were issued.

C. Maturity Limitations

The maximum maturity on investment transactions shall not exceed a maximum of two years unless Expanded Investment Authority is applied for and granted by the Pooled Money Investment Board, in which case, the maximum maturity on investment transactions shall not exceed a maximum of four years. Composition of the range in maturities may change in nature due to market conditions and the current investment strategy.

Section 7: Local Considerations

It is the city’s policy to conduct business with the banks in Arkansas City as long as competitive rates are being offered and the service received is satisfactory. Investments shall be offered to Arkansas City financial institutions with knowledge that these financial institutions will in turn invest in the local community.

Section 8: Approval of Investment Policy

This investment policy shall be formally approved and adopted by the City Commission for the City of Arkansas City. This policy can be reviewed at any time at the request of City Commission or City Staff. Any revisions must be approved by City Commission.

DRAFT



City Commission Agenda Item

Meeting Date: August 1, 2023
From: Tiffany Parsons, City Clerk
Item: Approve the July 18, 2023, Regular Meeting Minutes

Purpose: Approve the July 18, 2023, regular meeting minutes as written.

Background:

Each meeting, the City Commission reviews and approves the minutes of its prior meeting(s).

Commission Options:

1. Approve with consent agenda.
2. Remove item from consent agenda for further consideration.

Approved for Agenda by:

A handwritten signature in black ink, appearing to read "Randy Frazer", written over a horizontal line.

Randy Frazer, City Manager



Tuesday, July 18, 2023
 Regular Meeting Minutes
 118 W Central Ave, Arkansas City, KS

Routine Business

1. Roll Call

PRESENT

Commissioner Kanyon Gingher
 Commissioner Charles Jennings
 Commissioner Scott Rogers
 Commissioner Jay Warren
 Mayor Diana Spielman

ABSENT

None

Also present from staff: City Attorney Larry Schwartz, City Manager Randy Frazer, City Clerk Tiffany Parsons, and Communications Director Shana Adkisson.

1. Opening Prayer led by Commissioner Jennings and Pledge of Allegiance led by Mayor Spielman.
2. Additions or Deletions to the Agenda as read by City Manager Frazer:
 - Add new item #2 under the Consent Agenda, **“Ratify Mayor Diana Spielman’s appointment of Larry Limbaugh to the Visit Ark City Board of Trustees”**.

Motion made by Commissioner Rogers, Seconded by Commissioner Warren to approve the addition as written.

Voting Yea: Commissioner Gingher, Commissioner Rogers, Commissioner Warren, Mayor Spielman. Mayor Spielman declared the motion approved.

3. Approval of the Agenda

Motion made by Commissioner Rogers, Seconded by Commissioner Gingher to approve the agenda as written.

Voting Yea: Commissioner Gingher, Commissioner Rogers, Commissioner Warren, Mayor Spielman. Mayor Spielman declared the motion approved.

Awards and Proclamations

1. Proclaim July 26, 2023, as National Disability Independence Day in Arkansas City, as read by Mayor Spielman.

Consent Agenda

Note: All matters listed below on the Consent Agenda are considered under one motion and enacted by one motion. There should be no separate discussion. If such discussion is desired, any item may be removed from the Consent Agenda and then considered separately under Section VI: New Business.

1. Approve the July 5, 2023, regular meeting minutes as written.

2. **Ratify Mayor Diana Spielman's appointment of Larry Limbaugh to the Visit Ark City Board of Trustees.**

Motion made by Commissioner Gingher, Seconded by Commissioner Rogers to approve the agenda as written.

Voting Yea: Commissioner Gingher, Commissioner Rogers, Commissioner Warren, Mayor Spielman. Mayor Spielman declared the motion approved.

New Business

City Manager Department

1. Select three (3) voting delegates and three (3) alternates to the 2023 League of Kansas Municipalities (LKM) Annual Business Meeting to be held on Monday, October 9, 2023. **(Voice Vote)**

City Clerk Parsons presented to select three (3) voting delegates and three (3) alternates to the 2023 League of Kansas Municipalities (LKM) Annual Business Meeting to be held on Monday, October 9, 2023. City Manager Frazer discussed that this is an annual selection of voting delegates that we must register prior to the LKM conference. Frazer will offer the opportunity to staff to attend and become possible alternates.

Motion made by Commissioner Warren, seconded by Commissioner Gingher to select Commissioner Gingher, Commissioner, and Commissioner Jennings as the three 2023 LKM voting delegates. Commissioner Jennings added the clarification and need to table the voting for the three alternates to the next meeting. Commissioners agreed unanimously to table the item.

Voting Yea: Commissioner Gingher, Commissioner Rogers, Commissioner Warren, Mayor Spielman. Mayor Spielman declared the motion approved and voting tabled to the next meeting.

Items for Discussion by City Commissioners

Commissioner Jennings spoke in clarification of any miss perception in the public discussions that have happened recently, extending a public apology.

Commissioner Jennings inquired if the SCK Health refund check in the mail to reimburse the city for the hospital loan distributed. Commissioner Warren explained that SCK Health is pending the completion of an audit set for the August 1st timeframe in addition to IRS regulations they must follow.

Comments from the Audience for Items not on the Agenda

The public will be allowed to speak on issues or items that are not scheduled for discussion on the agenda. Individuals should address all comments and questions to the Commission. Comments should be limited to issues and items relevant to the business of the Governing Body. The Commission will not discuss or debate these items, nor will the Commission make decisions on items presented during this time. Each person will be limited to three (3) minutes.

None.

City Manager Reminders and Updates

1. City Manager Frazer provided the commissioner with the following:

- Zoning map provided to commissioners to give an idea of the boundaries associated with previous farm animal ordinance discussions
- Madison Street mill and overlay to commence August 14th

- City is in the que for an SRG loan for an additional greensand filter. Estimated loan is \$2,089,000.00. Principal loan forgiveness of \$626,700.00. Sixty percent market interest was 2.14 % in July.
- Chestnut Booster Station Circuit board has arrived and is pending a technician to install and program. Rod will work with the Communication Director to inform public of when this is happening. The Technician will provide a bid to update the station to PLC.
- The city has joined the KCC intervention of Everygy rate case study with Streetlights alliance. Currently we are charged at a demand rate. Hoping to reduce to a non-demand rate which will reduce the cost in half.
- Crosswalk in front of Jefferson has been moved over to the corner of 8th St. and the old cross walk has been removed. Signs in the area will be upgraded. Waiting for more detail on the Kansas Ave. cross walk study.
- Water rate analysis has come in, which started a huge data dump. More information to come.
- Water Plant membrane osmosis typically has a 3 to 5-year lifespan, autopsy showed ours is at 5 years. It's time to start to maintain water quality and putting bid together now for replacement.
- UV install at the Wastewater Treatment Plant has arrived but is still in bypass. We are waiting for a technician to come and do startup on July 25th.
- A budget proposal for the proposed Pickle Ball Courts was received yesterday.
- Movie equipment that we own is hardly used and the Chamber and Visit Ark City are interested in obtaining it. The Commissioners approved by consensus and agreed to donate the movie equipment over to the Chamber, as long as there is no charge for the public to use it.
- Conversation of the Half Cent Sales Tax future town hall occurred on when to hold in the future. Considered that special election rules have changed in the last year for the County Clerk.

Adjournment

Motion made by Commissioner Warren, Seconded by Commissioner Rogers to adjourn the meeting.

Voting Yea: Commissioner Gingher, Commissioner Jennings, Commissioner Rogers, Commissioner Warren, Mayor Gingher. Mayor Spielman declared the meeting adjourned.

(Seal)

**THE CITY OF ARKANSAS CITY
BOARD OF CITY COMMISSIONERS**

ATTEST:

Diana L. Spielman, Mayor

Tiffany Parsons, City Clerk

Prepared by:

Tiffany Parsons, City Clerk



City Commission Agenda Item

Meeting Date: August 1, 2023
From: Randy Frazer, City Manager
Item: Select League Voting Delegates

Purpose: Select three (3) voting delegates and three (3) alternates to the 2023 League of Kansas Municipalities (LKM) Annual Business Meeting to be held on Monday, October 9, 2023. **(Voice Vote)**

Background:

The City of Arkansas City is a voting member in good standing with the League of Kansas Municipalities.

LKM will hold its annual conference this year from Oct. 7-9, 2023, in Wichita. The city is required to certify, in advance, its voting delegates and any alternates for the annual business meeting that will be held on Monday, October 9th. Based on population, the city will have three (3) votes at the meeting.

At the last meeting, commissioners voted upon three (3) voting delegates from the city commission then chose to table the Resolution to select three (3) alternates at the next meeting.

The city must register all voting delegates with LKM by Friday, September 22nd at 5:00 p.m. The last commission meeting to select and vote upon delegates would be Tuesday, September 19th. Attached is information pertaining to the 2023 League Annual Conference.

Commission Options:

1. Select three (3) voting delegate and three (3) alternates.
2. Table voting for further discussion.

Fiscal Impact:

Amount:

Fund: Department: Expense Code:

Included in budget Grant Bonds Other Not Budgeted

Approved for Agenda by:

Randy Frazer, City Manager

Convention of Voting Delegates

2023 League Convention of Voting Delegates

The 2023 League Annual Conference will be October 7-9, 2023 in Wichita. The Annual Business Meeting & Convention of Voting Delegates will be on Monday, October 9.

The League is now collecting registrations for Voting Delegates and Alternates. K.S.A. Supp. 12-1601f provides that “The governing body of each member city may elect city delegates from among the city’s officers to represent the city in the conduct and management of the affairs of the League of Kansas Municipalities.”

Article 2, Section 2 of the [League Bylaws](#) states “When a city is a member of the League, any elected or appointed officers of such city may be elected by the city governing body as voting delegates and alternate voting delegates, in accordance with the provisions of Article 4 of these bylaws, to represent the city in any meeting of the voting delegates and in the conduct of any other affairs of the instrumentality requiring action of the member cities. Alternate voting delegates may vote on matters before a meeting of the voting delegates in the absence of the regular delegate. A voting delegate or alternate shall qualify by having his or her name, city, title and address registered with the executive director and shall hold such position while qualified and until a successor is elected and qualified.”

To complete registrations for your city, please complete an online form by Friday, September 22 at 5:00 pm. The links to the online forms are in the population column in the table below, so please click the link in the table based on your city’s population.

Please call Kerry Pancoast at (785) 354-9565 if you need to submit a form after the deadline.

Population	Votes	Delegate Forms	Alternate Forms
1 – 2,500	1	1	1
2,501 – 7,500	2	2	2
7,501 – 17,500	3	3	3
17,501 – 37,500	4	4	4
37,501 – 77,500	5	5	5
77,501 – 117,500	6	6	6
117,501 – 157,500	7	7	7
157,501 – 197,500	8	8	8
197,501 – 237,500	9	9	9
237,501 – 277,500	10	10	10
277,501 – 317,500	11	11	11
317,501 – 357,500	12	12	12
357,501 – 397,500	13	13	13
397,501 – 437,500	14	14	14

The League must have a form on file for each voting delegate and each alternate for their vote to count during the business meeting. Forms received after this date may not be processed. More information regarding the business meeting will be emailed to the Delegates and Alternates in October. Please remember, the **voting delegate forms are not conference registrations. You must also register for conference** on our website at <https://www.lkm.org/page/AnnualConference>.

The League of Kansas Municipalities Annual Conference

October 7-9, 2023
Wichita, Kansas

Registration opens July 1



Plan Now to Attend

The League Annual Conference is the largest municipal gathering of the year in Kansas, and the one event city officials cannot afford to miss!

This event will allow you to engage with other leaders to share and brainstorm ideas to implement in your community, and think creatively to use problem solving tactics and address common municipal challenges.

Session Topics*

- Running Effective Meetings
- Clerks 101
- Building a Successful Parks & Rec Dept
- Planning for Your Water Future
- Crisis Communications
- Employee Evaluation Do's and Don'ts
- Conflict Resolution
- Moderate Income Housing Funding Available for Kansas Cities
- The United WE Appointments Project
- Rapid Fire Discussions:
 - Meet the New Executive Director
 - Kansas Community Empowerment [PRIDE]
- And more!

Venue

Hyatt Regency Wichita +
Century II Convention Center

Preliminary Agenda^

- Saturday, October 7**
- Legislative Policy Committee
 - Pre-Conference MTI Workshops
 - Governing Body Meeting
 - KMIT Annual Meeting & Reception

- Sunday, October 8**
- Nominating Committee Meeting
 - New Attendee Orientation
 - Rapid Fire Discussions
 - Opening General Session / Keynote
 - Concurrent Workshops
 - League Dinner / Social Event
 - Trade Show [Sunday only 12:30 - 5:30]

- Monday, October 9**
- Breakfast / General Session
 - Concurrent Workshops + Mobile Workshop
 - Affiliate Association Concurrent Workshops
 - Public Service Awards Luncheon + Business Meeting

^A more detailed schedule of events available online





City Commission Agenda Item

Meeting Date: August 1, 2023
From: Jennifer Waggoner, Finance Director/Treasurer
Item: Set Date for 2024 Budget Public Hearing

Purpose: Set a date of September 5, 2023 to hold a public hearing for the 2024 budget.

Consider a Resolution approving the Notice of Budget Hearing for publication and for the City of Arkansas City. **(Voice Vote)**

Background:

Kansas Budget Law requires the governing body adopt a proposed budget that establishes the maximum expenditure limit for the next year, set a public hearing, and publish the notice in the City's official newspaper. The publication must be at least 10 days before a formal budget hearing is held to hear the public comments on the proposed budget before its adoption.

The following Commission action is required:

1. Determine expenditures and projects to be included in the budget.
2. Set a public hearing between August 20 and September 20, 2023. If a date other than September 5th is preferred, the hearing must be held by September 20, 2023. The budget hearing must proceed the RNR hearing.
3. The budget could be adopted on the date of which the public hearing is held. If not adopted at that time, the budget must be finalized, adopted and submitted to the County Clerk by the October 1st deadline.
4. Approve a Notice of Publication stating the date of the public hearing and setting the maximum expenditure limit for the 2024 budget.

Commission Options:

1. Approve
2. Table until August 15, 2023 to finalize the budget and approve for publication.

Fiscal Impact:

Amount: Cost of Publication

Fund: **01 – General** Department: **209 - Finance** Expense Code: **6301 - Advertising**

Included in budget Grant Bonds Other Not Budgeted

Approved for Agenda by:

Randy Frazer, City Manager

A RESOLUTION APPROVING THE NOTICE OF BUDGET HEARING FOR PUBLICATION AND SETTING THE DATE FOR A PUBLIC HEARING AT 5:30 P.M. ON SEPTEMBER 5, 2023, TO CONSIDER THE 2024 BUDGET FOR THE CITY OF ARKANSAS CITY.

WHEREAS, the Governing Body of the City of Arkansas City has received and reviewed the City of Arkansas City’s 2024 proposed budget; and

WHEREAS, the Governing Body of the City of Arkansas City will adopt a 2024 budget for the City of Arkansas City after a public hearing is held, wherein the City Commission will open the floor to public comment.

NOW, THEREFORE, IN CONSIDERATION OF THE AFORESTATED PREMISES, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF ARKANSAS CITY, KANSAS:

SECTION ONE: The Governing Body of the City of Arkansas City approves the attached Notice of Budget Hearing for publication setting the maximum Total Proposed Budget Authority for Expenditures of \$32,885,608.00.

SECTION TWO: The City Commission of the City of Arkansas City hereby sets a public hearing at 5:30 p.m. on Tuesday, September 5, 2023, at City Hall, 118 W. Central, Arkansas City, Kansas to consider a budget for the calendar year 2024 for the City of Arkansas City.

SECTION THREE: The Governing Body of the City of Arkansas City, Kansas, hereby authorizes the Mayor and/or City Manager of the City of Arkansas City to take such further and other necessary actions that are required to effectuate the intent and purposes of this Legislative Enactment.

SECTION FOUR: This Resolution will be in full force and effect from its date of passage by the Governing Body of the City of Arkansas City, Kansas.

PASSED AND RESOLVED by the Governing Body of the City of Arkansas City, Kansas, on this 1st day of August, 2023.

(Seal)

Diana L. Spielman, Mayor

ATTEST:

Tiffany Parsons, City Clerk

APPROVED AS TO FORM.

Larry Schwartz, City Attorney

CERTIFICATE

I, hereby certify that the above and foregoing is a true and correct copy Resolution No. 2023-08-_____ of the City of Arkansas City, Kansas adopted by the governing body on August 1, 2023 as the same appears of record in my office.

DATED: _____

Tiffany Parsons, City Clerk

CERTIFICATE

To the Clerk of Cowley County, State of Kansas

We, the undersigned, officers of

City of Arkansas City

- certify that: (1) the hearing mentioned in the attached publication was held;
 (2) after the Budget Hearing this budget was duly approved and adopted as the maximum expenditures for the various funds for the year 2024; and
 (3) the Amounts(s) of 2023 Ad Valorem Tax are within statutory limitations.

		2024 Adopted Budget		
		Budget Authority for Expenditures	Amount of 2023 Ad Valorem Tax	Final Tax Rate (County Clerk's Use Only)
Table of Contents:		Page No.		
Allocation of MVT, RVT, 16/20M Veh Tax		2		
Schedule of Transfers		3		
Statement of Indebtedness		4		
Statement of Lease-Purchases		5		
Computation to Determine State Library Grant		6		
Fund	K.S.A.			
General	12-101a	7	14,445,025	4,265,371
Debt Service	10-113	8	2,611,836	557,544
Library	12-1220	8	500,400	466,724
Special Highway 21		9	715,100	
Special Recreation 20		9	70,425	
Tourism 23		10	272,922	
Special Alcohol 26		10	111,739	
Land Bank 31		11	21,451	
Municipalities Fight Addiction 32		11	59,253	
CID Sales Tax 57		12	85,000	
Stormwater 15		12	443,070	
Water 16		13	5,937,448	
Sewer 18		13	2,976,359	
Sanitation 19		14	1,882,780	
Healthcare Sales Tax 44		14	2,500,000	
Unpledged Healthcare Sales Tax 45		15	252,800	
Non-Budgeted Funds-A		16		
Totals		xxxxxx	32,885,608	5,289,639
				County Clerk's Use Only
Combined Rate and Budget Hearing Notice		17		
				Nov 1, 2023 Total Assessed Valuation

Revenue Neutral Rate 63.074

Assisted by: _____

Address: _____

Email: _____

Attest: _____, 2023

County Clerk

Governing Body

Allocation of MV, RV, 16/20M, Commercial Vehicle, and Watercraft Tax Estimates

Budgeted Fund for 2023	Ad Valorem Levy Tax Year 2022	Allocation for Year 2024				
		MVT	RVT	16/20M Veh	Comm Veh	Watercraft
General	3,954,128	438,875	3,955	1,410	0	0
Debt Service	531,834	59,029	532	190	0	0
Library	420,249	46,644	420	150	0	0
TOTAL	4,906,211	544,548	4,907	1,750	0	0

County Treas Motor Vehicle Estimate 544,548
 County Treas Recreational Vehicle Estimate 4,907
 County Treas 16/20M Vehicle Estimate 1,750
 County Treas Commercial Vehicle Tax Estimate 0
 County Treas Watercraft Tax Estimate 0

Motor Vehicle Factor 0.11099
 Recreational Vehicle Factor 0.00100
 16/20M Vehicle Factor 0.00036
 Commercial Vehicle Factor 0.00000
 Watercraft Factor 0.00000

City of Arkansas City

2024

Schedule of Transfers

Expenditure Fund Transferred From:	Receipt Fund Transferred To:	Actual Amount for 2022	Current Amount for 2023	Proposed Amount for 2024	Transfers Authorized by Statute
Water Fund	General Fund	400,000	500,000	400,000	KSA 12-825d
Sewer Fund	General Fund	550,000	625,000	550,000	KSA 12-825d
Sanitation Fund	General Fund	200,000	200,000	200,000	KSA 12-825d
Sewer Fund	Stormwater Fund	50,000	50,000	50,000	KSA 12-825d
Water Fund	Bond & Interest Fund	1,490,250	1,493,000	1,489,775	KSA 12-825d
Bond & Interest Fund	CIP Fund	4,455,000	-	-	KSA 12-1,118
Totals		7,145,250	2,868,000	2,689,775	
Adjustments					
Adjusted Totals		7,145,250	2,868,000	2,689,775	

*Note: Adjustments are required only if the transfer is being made in 2023 and/or 2024 from a non-budgeted fund.

STATEMENT OF INDEBTEDNESS

Type of Debt	Date of Issue	Date of Retirement	Interest Rate %	Amount Issued	Beginning Amount Outstanding Jan 1, 2023	Date Due		Amount Due 2023		Amount Due 2024	
						Interest	Principal	Interest	Principal	Interest	Principal
General Obligation:											
GO 2020	10/13/2020	8/1/2036	1.5 - 3.0	21,840,000	18,610,000	2/1, 8/1	2/1, 8/1	422,625	1,650,000	372,825	1,695,000
GO 2022 Strother Field	5/3/2022	9/1/2037	3.59	4,470,000	4,470,000	3/1, 9/1	9/1	213,072	180,000	154,011	240,000
Total G.O. Bonds					23,080,000			635,697	1,830,000	526,836	1,935,000
Revenue Bonds:											
2019 PBC Bond	7/23/2019	9/1/2044	3.0 - 5.0	17,630,000	16,415,000	3/1, 9/1	9/1	608,563	460,000	585,563	480,000
Total Revenue Bonds					16,415,000			608,563	460,000	585,563	480,000
Other:											
KDHE Loan - Sewer	12/9/2021	3/1/2043	1.31	9,500,000	9,500,000	3/1, 9/1	3/1, 9/1	11,875	208,517	22,966	421,140
Total Other					9,500,000			11,875	208,517	22,966	421,140
Total Indebtedness					48,995,000			1,256,135	2,498,517	1,135,365	2,836,140

STATEMENT OF CONDITIONAL LEASE-PURCHASE AND CERTIFICATE OF PARTICIPATION*

Item Purchased	Contract Date	Term of Contract (Months)	Interest Rate %	Total Amount Financed (Beginning Principal)	Principal Balance As Beginning of 2023	Payments Due 2023	Payments Due 2024
2019 Fire Truck (Tanker)	2/1/2019	120	3.55	620,500	391,646	73,108	73,108
2021 Ravo Street Sweeper	3/16/2022	36	1.87	127,500	127,500	44,099	44,099
Totals					519,146	117,207	117,207

*****If leasing/renting with no intent to purchase, do not list--such transactions are not lease-purchases.**

**WORKSHEET FOR STATE GRANT-IN-AID TO PUBLIC LIBRARIES AND
REGIONAL LIBRARY SYSTEMS**

Budgeted Year: 2024

Library found in: City of Arkansas City
Cowley County

As provided in KSA 79-2553 *et seq.*, two tests are used to determine eligibility for State Library Grant. If the grant is approved, then the municipality's library will be paid the grant on February 15 of each year.

First test:

	Current Year <u>2023</u>	Proposed Year <u>2024</u>
Ad Valorem	\$410,541	\$466,724
Delinquent Tax	\$12,000	\$12,000
Motor Vehicle Tax	\$48,690	\$46,644
Recreational Vehicle Tax	\$445	\$420
16/20M Vehicle Tax	\$866	\$150
LAVTR	\$0	\$0
	<u>\$0</u>	<u>\$0</u>
TOTAL TAXES	\$472,542	\$525,938
Difference in Total Taxes:	\$53,396	
Qualify for grant: Qualify		

Second test:

Assessed Valuation	\$70,046,068	\$77,788,608
Did Assessed Valuation Decrease?	No	
Levy Rate	6	6.000
Difference in Levy Rate:	0.000	
Qualify for grant: Qualify		

Overall does the municipality qualify for a grant? **Qualify**

If the municipality would not have qualified for a grant, please see the below narrative for assistance from the State Library.

City of Arkansas City

2024

FUND PAGE FOR FUNDS WITH A TAX LEVY

Adopted Budget General	Prior Year Actual for 2022	Current Year Estimate for 2023	Proposed Budget Year for 2024
Unencumbered Cash Balance Jan 1	1,754,667	2,339,898	2,377,899
Receipts:			
Ad Valorem Tax	3,186,634	3,862,788	xxxxxxxxxxxxxxxxxxxx
Delinquent Tax	126,723	115,000	115,000
Motor Vehicle Tax	460,961	448,423	438,875
Recreational Vehicle Tax	4,110	4,102	3,955
16/20M Vehicle Tax	9,446	7,983	1,410
Commercial Vehicle Tax	0	0	0
Watercraft Tax	0	0	0
Gross Earning (Intangible) Tax	0	0	0
LAVTR	0	0	0
City and County Revenue Sharing	0	0	0
Special Assessments	44,449	45,000	30,000
Local Alcoholic Liquor	13,412	13,500	15,145
Compensating Use Tax	467,958	500,000	420,000
Local Sales Tax	1,918,336	1,950,000	1,825,000
Franchise Tax	1,443,118	1,354,000	1,238,500
Licenses & Permits	189,123	136,815	111,600
Federal Grants	83,113	0	0
State Grants	22,670	75,871	25,075
Cemetery Permits/Deeds	19,465	16,500	18,500
Rural Fire Contracts	438,643	425,000	400,000
County Ambulance Fees	195,130	195,000	195,000
Other Ambulance Fees	561,165	550,000	550,000
Fines, Forfeitures, Penalties	357,500	345,275	315,000
Interest	20,005	50,000	26,000
Sale of Assets	56,482	91,675	114,400
Rental Income	54,983	37,500	33,500
Donations	20,832	11,820	5,000
Reimbursed Expense	190,133	185,756	85,000
Transfers:			
Transfer from Water	400,000	500,000	400,000
Transfer from Sewer	550,000	625,000	550,000
Transfer from Sanitation	200,000	200,000	200,000
Lease Proceeds	396,302	0	880,400
Neighborhood Revitalization Rebate	-82,765	-110,000	-110,000
Miscellaneous	34,137	61,210	10,700
Does miscellaneous exceed 10% Total Rec			
Total Receipts	11,382,065	11,698,218	7,898,060
Resources Available:	13,136,732	14,038,116	10,275,959

Adopted Budget General Fund - Detail Page 1	Prior Year Actual for 2022	Current Year Estimate for 2023	Proposed Budget Year for 2024
Expenditures:			
General & Administrative			
Salaries	846,936	982,319	997,531
Contractual	387,479	407,975	456,535
Commodities	36,524	45,150	45,300
Capital Outlay	275,641	63,000	60,000
Total	1,546,580	1,498,444	1,559,366
Court & Legal			
Salaries	75,696	116,699	74,627
Contractual	154,758	161,550	160,025
Commodities	3,724	3,000	1,550
Capital Outlay	4,198	9,135	7,000
Total	238,376	290,384	243,202
Fire/EMS Department			
Salaries	2,543,392	2,606,454	2,907,549
Contractual	153,577	184,500	161,600
Commodities	196,252	388,900	280,050
Capital Outlay	100,684	202,500	1,528,400
Debt Service	140,017	106,563	106,563
Fleet Management Lease	21,388	33,000	34,840
Total	3,155,310	3,521,917	5,019,002
Police Department			
Salaries	2,727,036	3,059,617	3,363,191
Contractual	124,094	142,300	143,500
Commodities	153,277	153,300	124,000
Capital Outlay	292,893	133,500	180,000
Fleet Management Lease	9,776	45,000	68,504
Total	3,307,076	3,533,717	3,879,195
Neighborhood Services			
Salaries	285,252	282,272	317,186
Contractual	24,350	37,500	37,960
Commodities	41,435	42,630	64,830
Capital Outlay	35,458	37,120	34,000
Fleet Management Lease	5,704	9,000	23,250
Total	392,199	408,522	477,226
Parks & Facilities			
Salaries	636,911	659,499	737,358
Contractual	139,191	201,400	207,600
Commodities	162,188	190,800	224,300
Capital Outlay	87,400	64,000	167,500
Fleet Management Lease	17,158	26,000	106,476
Total	1,042,848	1,141,699	1,443,234
Streets			
Salaries	486,347	515,552	577,645
Contractual	247,531	294,300	313,800
Commodities	76,844	73,550	76,550
Capital Outlay	724	3,500	18,500
Fleet Management Lease	0	8,050	8,017
Total	811,446	894,952	994,512
Northwest Community Center			
Salaries	51,193	55,445	58,465
Contractual	9,709	15,600	20,300
Commodities	7,029	6,500	8,200
Capital Outlay	0	500	1,000
Total	67,931	78,045	87,965
Senior Center			
Salaries	188,039	233,937	230,223
Contractual	31,016	37,500	43,000
Commodities	16,013	20,100	17,100
Capital Outlay	0	1,000	1,000
Total	235,068	292,537	291,323
Page 1 - Total	10,796,834	11,660,217	13,995,025

FUND PAGE FOR FUNDS WITH A TAX LEVY

Adopted Budget	Prior Year	Current Year	Proposed Budget
Debt Service	Actual for 2022	Estimate for 2023	Year for 2024
Unencumbered Cash Balance Jan 1	113,108	108,384	123,343
Receipts:			
Ad Valorem Tax	518,733	519,549	XXXXXXXXXXXXXXXXXX
Delinquent Tax	21,091	20,000	20,000
Motor Vehicle Tax	43,179	73,164	59,029
Recreational Vehicle Tax	385	669	532
16/20M Vehicle Tax	1,085	1,302	190
Commercial Vehicle Tax	0	0	0
Watercraft Tax	0	0	0
Transfer from Water	1,490,250	1,493,000	1,489,775
Bond Proceeds	4,470,000	0	0
Paid Direct to City - Strother Field	0	393,073	394,011
Neighborhood Revitalization Rebate	(13,522)	-20,000	-20,000
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	6,531,201	2,480,757	1,943,537
Resources Available:	6,644,309	2,589,141	2,066,880
Expenditures:			
Debt Service Principal	1,595,000	1,830,000	1,935,000
Debt Service Interest	470,925	635,698	526,836
Cost of Issuance	15,000	0	0
Transfer to CIP	4,455,000	0	0
Emergency Reserve	0	0	150,000
Cash Basis Reserve (2024 column)	0	0	0
Miscellaneous	0	100	0
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	6,535,925	2,465,798	2,611,836
Unencumbered Cash Balance Dec 31	108,384	123,343	XXXXXXXXXXXXXXXXXX
2022/2023/2024 Budget Authority Amount	6,621,025	2,615,798	2,611,836
		Non-Appropriated Balance	
		Total Expenditure/Non-Appr Balance	2,611,836
		Tax Required	544,956
	Delinquent Comp Rate: 2.3%		12,588
	Amount of 2023 Ad Valorem Tax		557,544

Adopted Budget	Prior Year	Current Year	Proposed Budget
Library	Actual for 2022	Estimate for 2023	Year for 2024
Unencumbered Cash Balance Jan 1	0	0	0
Receipts:			
Ad Valorem Tax	345,940	410,541	XXXXXXXXXXXXXXXXXX
Delinquent Tax	13,856	12,000	12,000
Motor Vehicle Tax	47,251	48,690	46,644
Recreational Vehicle Tax	421	445	420
16/20M Vehicle Tax	987	866	150
Commercial Vehicle Tax	0	0	0
Watercraft Tax	0	0	0
Neighborhood Revitalization Rebate	(8,990)	-15,000	-15,000
Miscellaneous	0		
Does miscellaneous exceed 10% Total Rec			
Total Receipts	399,465	457,542	44,214
Resources Available:	399,465	457,542	44,214
Expenditures:			
Appropriations to Library Board	399,465	457,542	500,400
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	399,465	457,542	500,400
Unencumbered Cash Balance Dec 31	0	0	XXXXXXXXXXXXXXXXXX
2022/2023/2024 Budget Authority Amount	461,700	457,400	500,400
		Non-Appropriated Balance	
See Tab C		Total Expenditure/Non-Appr Balance	500,400
		Tax Required	456,186
	Delinquent Comp Rate: 2.3%		10,538
	Amount of 2023 Ad Valorem Tax		466,724

City of Arkansas City

2024

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget	Prior Year	Current Year	Proposed Budget
Special Highway 21	Actual for 2022	Estimate for 2023	Year for 2024
Unencumbered Cash Balance Jan 1	777,885	497,704	513,621
Receipts:			
State of Kansas Gas Tax	318,357	318,100	315,740
County Transfers Gas	50,331	48,000	47,640
Grants	362,145	674,000	300,000
Lease Proceeds	127,500	0	0
Miscellaneous	0	0	0
Does miscellaneous exceed 10% Total Rec			
Total Receipts	858,333	1,040,100	663,380
Resources Available:	1,636,218	1,537,804	1,177,001
Expenditures:			
Contractual Services	725,242	25,000	235,000
Commodities	156,561	204,000	428,000
Capital Outlay	256,711	743,083	0
Debt Service	0	52,100	52,100
Cash Forward (2024 column)			
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	1,138,514	1,024,183	715,100
Unencumbered Cash Balance Dec 31	497,704	513,621	461,901
2022/2023/2024 Budget Authority Amount	1,991,000	1,289,108	715,100

Adopted Budget

Adopted Budget	Prior Year	Current Year	Proposed Budget
Special Recreation 20	Actual for 2022	Estimate for 2023	Year for 2024
Unencumbered Cash Balance Jan 1	35,913	41,152	55,280
Receipts:			
Local Liquor Enforcement Tax	13,412	14,128	15,145
Interest on Idle Funds			
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	13,412	14,128	15,145
Resources Available:	49,325	55,280	70,425
Expenditures:			
Commodities	8,173	0	3,500
Capital Outlay	0	0	66,925
Cash Forward (2024 column)			
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	8,173	0	70,425
Unencumbered Cash Balance Dec 31	41,152	55,280	0
2022/2023/2024 Budget Authority Amount	42,214	57,041	70,425

City of Arkansas City

2024

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Tourism 23	Prior Year Actual for 2022	Current Year Estimate for 2023	Proposed Budget Year for 2024
Unencumbered Cash Balance Jan 1	36,408	58,922	102,922
Receipts:			
Transient Guest Tax	138,115	150,000	160,000
Contributions/Donations	9,989	10,001	10,000
Miscellaneous	0	0	0
Does miscellaneous exceed 10% Total Rec			
Total Receipts	148,104	160,001	170,000
Resources Available:	184,512	218,923	272,922
Expenditures:			
Contractual Services	125,590	116,001	100,000
Commodities	0	0	172,922
Cash Forward (2024 column)			
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	125,590	116,001	272,922
Unencumbered Cash Balance Dec 31	58,922	102,922	0
2022/2023/2024 Budget Authority Amount	154,135	200,398	272,922

Adopted Budget

Adopted Budget Special Alcohol 26	Prior Year Actual for 2022	Current Year Estimate for 2023	Proposed Budget Year for 2024
Unencumbered Cash Balance Jan 1	94,225	81,141	96,594
Receipts:			
Local Liquor Enforcement Tax	13,413	14,128	15,145
Donations	1,350	2,325	0
Miscellaneous	0	0	0
Does miscellaneous exceed 10% Total Rec			
Total Receipts	14,763	16,453	15,145
Resources Available:	108,988	97,594	111,739
Expenditures:			
Contractual Services	7,800	1,000	8,000
Commodities	20,047	0	103,739
Cash Forward (2024 column)			
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	27,847	1,000	111,739
Unencumbered Cash Balance Dec 31	81,141	96,594	0
2022/2023/2024 Budget Authority Amount	111,282	103,678	111,739

City of Arkansas City

2024

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Land Bank 31	Prior Year Actual for 2022	Current Year Estimate for 2023	Proposed Budget Year for 2024
Unencumbered Cash Balance Jan 1	8,786	16,951	16,451
Receipts:			
Sale of Property	9,240	0	5,000
Interest on Idle Funds			
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	9,240	0	5,000
Resources Available:	18,026	16,951	21,451
Expenditures:			
Contractual Services	1,075	0	0
Capital Outlay	0	500	21,451
Cash Forward (2024 column)			
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	1,075	500	21,451
Unencumbered Cash Balance Dec 31	16,951	16,451	0
2022/2023/2024 Budget Authority Amount	4,486	11,211	21,451

Adopted Budget

Adopted Budget Municipalities Fight Addiction 32	Prior Year Actual for 2022	Current Year Estimate for 2023	Proposed Budget Year for 2024
Unencumbered Cash Balance Jan 1	0	2,853	29,253
Receipts:			
Settlement Funds	2,853	26,900	30,000
Interest on Idle Funds			
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	2,853	26,900	30,000
Resources Available:	2,853	29,753	59,253
Expenditures:			
Appropriations	0	500	59,253
Cash Forward (2024 column)			
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	0	500	59,253
Unencumbered Cash Balance Dec 31	2,853	29,253	0
2022/2023/2024 Budget Authority Amount	5,000	0	59,253

See Tab C

City of Arkansas City

2024

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget CID Sales Tax 57	Prior Year Actual for 2022	Current Year Estimate for 2023	Proposed Budget Year for 2024
Unencumbered Cash Balance Jan 1	0	0	0
Receipts:			
Sales Tax	71,079	70,000	85,000
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	71,079	70,000	85,000
Resources Available:	71,079	70,000	85,000
Expenditures:			
Contractual Services	71,079	70,000	85,000
Cash Forward (2024 column)			
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	71,079	70,000	85,000
Unencumbered Cash Balance Dec 31	0	0	0
2022/2023/2024 Budget Authority Amount	71,000	70,000	85,000

See Tab A

Adopted Budget

Stormwater 15	Prior Year Actual for 2022	Current Year Estimate for 2023	Proposed Budget Year for 2024
Unencumbered Cash Balance Jan 1	374,859	433,435	424,495
Receipts:			
Charges for Service	188,846	188,000	188,000
Penalties	1,997	1,800	1,800
Transfer from Sewer Fund	50,000	50,000	50,000
Interest on Idle Funds	5,360	5,500	5,000
Miscellaneous	11	0	0
Does miscellaneous exceed 10% Total Rec			
Total Receipts	246,214	245,300	244,800
Resources Available:	621,073	678,735	669,295
Expenditures:			
Personnel Services	142,611	177,040	201,870
Contractual Services	700	7,000	12,000
Commodities	4,427	15,200	19,200
Capital Outlay	39,900	0	15,000
Capital Improvements	0	55,000	195,000
Cash Forward (2024 column)	0	0	0
Miscellaneous	0	0	0
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	187,638	254,240	443,070
Unencumbered Cash Balance Dec 31	433,435	424,495	226,225
2022/2023/2024 Budget Authority Amount	342,577	346,287	443,070

City of Arkansas City

2024

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget	Prior Year Actual for 2022	Current Year Estimate for 2023	Proposed Budget Year for 2024
Water 16			
Unencumbered Cash Balance Jan 1	3,010,973	3,260,906	2,959,941
Receipts:			
Water Receipts	4,800,300	4,900,000	4,900,000
Connection Fees	68,506	66,000	66,000
Penalties	37,108	35,000	25,000
Reimbursed Expense	6,018	0	0
Sale of Assets	11,760	9,830	55,000
Interest on Idle Funds	21,699	32,000	30,000
Miscellaneous	38,128	36,155	30,000
Does miscellaneous exceed 10% Total Rec			
Total Receipts	4,983,519	5,078,985	5,106,000
Resources Available:	7,994,492	8,339,891	8,065,941
Expenditures:			
Personnel Services	801,177	898,750	1,119,023
Contractual Services	1,132,884	1,041,500	967,000
Commodities	855,662	756,350	897,700
Capital Outlay	66,780	617,750	904,250
Operating Transfers:			
Transfer to General Fund	400,000	500,000	400,000
Transfer to Debt Service Fund	1,490,250	1,493,000	1,489,775
Fleet Management Lease	33,603	45,600	132,700
Prior Year Cancelled Encumbrance	-46,770	0	0
Cash Forward (2024 column)	0	0	0
Miscellaneous	0	27,000	27,000
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	4,733,586	5,379,950	5,937,448
Unencumbered Cash Balance Dec 31	3,260,906	2,959,941	2,128,493
2022/2023/2024 Budget Authority Amount	4,921,530	5,626,946	5,937,448

Adopted Budget

Adopted Budget	Prior Year Actual for 2022	Current Year Estimate for 2023	Proposed Budget Year for 2024
Sewer 18			
Unencumbered Cash Balance Jan 1	3,398,382	2,250,008	4,932,560
Receipts:			
Wastewater Receipts	2,336,121	2,500,000	2,600,000
Penalties	21,531	22,000	20,000
Reimbursed Expense	495	0	0
Loan Proceeds	4,584,367	5,915,633	0
Federal Grants	890,398	0	0
Interest on Idle Funds	25,388	45,000	30,000
Miscellaneous	40,142	2,000	14,000
Does miscellaneous exceed 10% Total Rec			
Total Receipts	7,898,442	8,484,633	2,664,000
Resources Available:	11,296,824	10,734,641	7,596,560
Expenditures:			
Personnel Services	559,408	597,082	733,373
Contractual Services	226,754	255,010	324,150
Commodities	232,460	206,150	258,850
Capital Outlay	32,289	57,000	37,300
Operating Transfers:			
Transfer to General Fund	550,000	625,000	550,000
Transfer to Stormwater Fund	50,000	50,000	50,000
Fleet Management Lease	0	3,500	31,200
Capital Improvements	7,388,848	3,710,000	450,000
Debt Service	7,057	298,339	541,486
Cash Forward (2024 column)	0	0	0
Miscellaneous	0	0	0
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	9,046,816	5,802,081	2,976,359
Unencumbered Cash Balance Dec 31	2,250,008	4,932,560	4,620,201
2022/2023/2024 Budget Authority Amount	15,112,810	4,659,731	2,976,359

See Tab C

City of Arkansas City

2024

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget	Prior Year	Current Year	Proposed Budget
Sanitation 19	Actual for 2022	Estimate for 2023	Year for 2024
Unencumbered Cash Balance Jan 1	1,439,710	1,379,049	1,119,726
Receipts:			
Sanitation Fees	1,471,660	1,500,000	1,750,000
Service Fees	49,276	10,000	10,000
Penalties	14,598	13,000	13,500
Sale of Assets	696	0	0
Interest on Idle Funds	8,347	15,000	15,000
Miscellaneous	574	0	0
Does miscellaneous exceed 10% Total Rec			
Total Receipts	1,545,151	1,538,000	1,788,500
Resources Available:	2,984,861	2,917,049	2,908,226
Expenditures:			
Personnel Services	698,394	751,801	844,980
Contractual Services	408,563	420,800	506,550
Commodities	178,927	179,550	203,050
Capital Outlay	119,928	245,172	128,200
Operating Transfers:			
Transfer to General Fund	200,000	200,000	200,000
Cash Forward (2024 column)	0	0	0
Miscellaneous	0	0	0
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	1,605,812	1,797,323	1,882,780
Unencumbered Cash Balance Dec 31	1,379,049	1,119,726	1,025,446
2022/2023/2024 Budget Authority Amount	1,820,877	1,933,112	1,882,780

Adopted Budget

	Prior Year	Current Year	Proposed Budget
Healthcare Sales Tax 44	Actual for 2022	Estimate for 2023	Year for 2024
Unencumbered Cash Balance Jan 1	0	0	0
Receipts:			
Healthcare Sales Tax (95%)	1,822,419	1,900,000	2,000,000
Compensating Use Tax	280,775	430,000	500,000
Interest on Idle Funds			
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	2,103,194	2,330,000	2,500,000
Resources Available:	2,103,194	2,330,000	2,500,000
Expenditures:			
Principal	440,000	0	0
Interest	626,163	0	0
Appropriations to Trustee	1,037,031	2,330,000	2,500,000
Cash Forward (2024 column)			
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	2,103,194	2,330,000	2,500,000
Unencumbered Cash Balance Dec 31	0	0	0
2022/2023/2024 Budget Authority Amount	2,139,000	2,120,000	2,500,000

See Tab C

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Unpledged Healthcare Sales Tax 45	Prior Year Actual for 2022	Current Year Estimate for 2023	Proposed Budget Year for 2024
Unencumbered Cash Balance Jan 1	211,885	0	132,400
Receipts:			
Healthcare Sales Tax (5%)	95,917	100,000	120,000
Compensating Use Tax	187,183	108,000	0
Interest on Idle Funds	508	400	400
Miscellaneous	0	0	0
Does miscellaneous exceed 10% Total Rec			
Total Receipts	283,608	208,400	120,400
Resources Available:	495,493	208,400	252,800
Expenditures:			
Appropriations to Hospital	489,493	70,000	246,800
Contractual	6,000	6,000	6,000
Cash Forward (2024 column)			
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	495,493	76,000	252,800
Unencumbered Cash Balance Dec 31	0	132,400	0
2022/2023/2024 Budget Authority Amount	538,085	441,285	252,800

City of Arkansas City

NON-BUDGETED FUNDS (A)
(Only the actual budget year for 2022 is reported)

2024

Non-Budgeted Funds-A

(1) Fund Name: (2) Fund Name: (3) Fund Name: (4) Fund Name: (5) Fund Name:

Equipment Reserve 54		Capital Improvement 68		Special Law Enf Trust Fund 29						
Unencumbered		Unencumbered		Unencumbered		Unencumbered		Unencumbered		Total
Cash Balance Jan 1	200,946	Cash Balance Jan 1	1,779,553	Cash Balance Jan 1	3,540	Cash Balance Jan 1		Cash Balance Jan 1		1,984,039
Receipts:		Receipts:		Receipts:		Receipts:		Receipts:		
		Interest	17,838							
		Transfers:								
		From B&I Fund	4,455,000							
Total Receipts	0	Total Receipts	4,472,838	Total Receipts	0	Total Receipts	0	Total Receipts	0	4,472,838
Resources Available:	200,946	Resources Available:	6,252,391	Resources Available:	3,540	Resources Available:	0	Resources Available:	0	6,456,877
Expenditures:		Expenditures:		Expenditures:		Expenditures:		Expenditures:		
Capital Outlay	16,200	Contractual	3,123,709							
		Capital Outlay	305,557							
Total Expenditures	16,200	Total Expenditures	3,429,266	Total Expenditures	0	Total Expenditures	0	Total Expenditures	0	3,445,466
Cash Balance Dec 31	184,746	Cash Balance Dec 31	2,823,125	Cash Balance Dec 31	3,540	Cash Balance Dec 31	0	Cash Balance Dec 31	0	3,011,411 **
										3,011,411 **

**Note: These two block figures should agree.

CPA Summary

NOTICE OF HEARING TO EXCEED REVENUE NEUTRAL RATE AND BUDGET HEARING

2024

The governing body of
City of Arkansas City
 will meet on September 5, 2023 at 5:30 at City Hall Commission Chambers for the purpose of hearing and answering objections of taxpayers relating to the revenue neutral rate and proposed use of all funds and the amount of ad valorem tax. Detailed budget information is available at City Hall and will be available at this hearing.

BUDGET SUMMARY

Proposed Budget 2024 Expenditures and Amount of 2023 Ad Valorem Tax establish the maximum limits of the 2024 budget. Estimated Tax Rate is subject to change depending on the final assessed valuation.

FUND	Prior Year Actual for 2022		Current Year Estimate for 2023		Proposed Budget Year for 2024		
	Expenditures	Actual Tax Rate *	Expenditures	Actual Tax Rate *	Budget Authority for Expenditures	Amount of 2023 Ad Valorem Tax	Proposed Estimated Tax Rate *
General	10,796,834	55.093	11,660,217	56.451	14,445,025	4,265,371	54.833
Debt Service	6,535,925	8.989	2,465,798	7.593	2,611,836	557,544	7.167
Library	399,465	5.983	457,542	6.000	500,400	466,724	6.000
Special Highway 21	1,138,514		1,024,183		715,100		
Special Recreation 20	8,173		0		70,425		
Tourism 23	125,590		116,001		272,922		
Special Alcohol 26	27,847		1,000		111,739		
Land Bank 31	1,075		500		21,451		
Municipalities Fight Addiction 32	0		500		59,253		
CID Sales Tax 57	71,079		70,000		85,000		
Stormwater 15	187,638		254,240		443,070		
Water 16	4,733,586		5,379,950		5,937,448		
Sewer 18	9,046,816		5,802,081		2,976,359		
Sanitation 19	1,605,812		1,797,323		1,882,780		
Healthcare Sales Tax 44	2,103,194		2,330,000		2,500,000		
Unpledged Healthcare Sales Tax 45	495,493		76,000		252,800		
Non-Budgeted Funds-A	3,445,466						
Totals	40,722,507	70.065	31,435,335	70.044	32,885,608	5,289,639	68.000
<i>Revenue Neutral Rate**</i>							63.074

Less: Transfers	7,145,250	2,868,000	2,689,775
Net Expenditure	33,577,257	28,567,335	30,195,833
Total Tax Levied	4,275,456	4,906,211	XXXXXXXXXXXXXX
Assessed Valuation	61,022,340	70,046,068	77,788,608
Outstanding Indebtedness, January 1,	2021	2022	2023
G.O. Bonds	21,840,000	20,205,000	23,080,000
Revenue Bonds	17,280,000	16,855,000	16,415,000
Other	0	9,500,000	9,500,000
Lease Purchase Principal	665,170	546,796	519,146
Total	39,785,170	47,106,796	49,514,146

*Tax rates are expressed in mills
 **Revenue Neutral Rate as defined by KSA 79-2988

Jennifer C. Waggoner
 City Official Title: Finance Director/Treasurer



City Commission Agenda Item

Meeting Date: August 1, 2023
From: Randy Frazer, City Manager
Item: KDHE Loan Agreement for the Strother Field/Industrial Park Water Tower Replacement KPWSLF Project No. 3138.2

Purpose: Consider the first reading of an Ordinance authorizing the execution of a loan agreement between the City of Arkansas City, Kansas and the State of Kansas, acting by and through the Kansas Department of Health and Environment for the purpose of obtaining a loan from the Kansas Public Water Supply Loan Fund for the purpose of financing a Public Water Supply Project; establishing a dedicated source of revenue for repayment of such loan; authorizing and approving certain documents in connection therewith; and authorizing certain other actions in connection with the loan agreement. **(Roll Call Vote)**

Background:

This Kansas Public Water Supply Loan Fund Agreement with KDHE, Project No. 3138.2, is designed to make improvements to the existing public water supply which consists of constructing a 200,000-gallon water tower at Strother Field Airport/Industrial Park which will replace the existing water tower. The City of Arkansas City and the City of Winfield are working together to ensure the project takes place as both cities and are eligible to take out loans on behalf of Strother Field/Industrial Park, who does not otherwise would not have the authority to do so. The loan is for 21 years in the amount not to exceed of \$602,695.00 with a principal forgiveness of \$180,808.50, so the net loan cost is \$421,886.50. The gross interest rate is 2.41% per year, with 40 monthly payments making the final payment to conclude August 1st, 2044. Strother Field Industrial Park is responsible for the loan repayment per the enclosed contract.

Commission Options:

1. Approve the Ordinance on the first reading
2. Disapprove the Ordinance
3. Table the Ordinance for a second reading

Fiscal Impact:

Amount: \$ 421,866.50

Fund: Department: Expense Code:

Included in budget Grant Bonds Other Not Budgeted

Approved for Agenda by:



Randy Frazer, City Manager

(First Published in the CowleyCourier Traveler, August ____, 2023)

ORDINANCE NO. 2023-08-4581

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

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

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

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

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

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

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

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

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

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

Construct a 200,000-gallon water tower at Strother Field Airport/Industrial Park to replace the existing water tower.
(the "Project"); and

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

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount not to exceed \$602,695.00 (the "Loan") in order to finance the Project; and

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

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

Section 1. Authorization of Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain Loan Agreement, with an effective date of June 29, 2023, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Loan Agreement") to finance the Project Costs (as defined in the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Municipality's legal counsel, the Mayor's execution of the Loan Agreement being conclusive evidence of such approval.

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues (as defined in the Loan Agreement) sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations (as defined in the Loan Agreement) as and when the same become due; provided, however, the pledge of the System Revenues contained herein and in the Loan Agreement (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement. In accordance with the Loan Act, the obligations under the Loan and the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

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

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

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

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

PASSED by the Governing Body of the City of Arkansas City, Kansas, on this 1st day of August 2023.

Diana L. Spielman, Mayor

ATTEST:

Tiffany Parsons, City Clerk

APPROVED AS TO FORM ONLY.

Larry Schwartz, City Attorney

CERTIFICATE

I, hereby certify that the above and foregoing is a true and correct copy of Ordinance No. 2023-08-4581 of the City of Arkansas City, Kansas adopted by the governing body on August 1, 2023 as the same appears of record in my office.

DATED: _____.

Tiffany Parsons, City Clerk

LOAN AGREEMENT

Between

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

and

THE CITY OF ARKANSAS CITY, KANSAS

KPWSLF PROJECT NO. 3138.2

EFFECTIVE AS OF JUNE 29, 2023

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

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NOT FOR EXECUTION

RECITALS

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

THIS LOAN AGREEMENT, effective as of June 29, 2023, by and between the KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT ("KDHE"), acting on behalf of THE STATE OF KANSAS (the "State"), and ARKANSAS CITY, KANSAS, a "Municipality" according to K.S.A. 65-163d, hereinafter referenced as the "Municipality";

WITNESSETH:

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

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

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

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

WHEREAS, the Secretary, Kansas Development Finance Authority (the "Authority"), and the Kansas Department of Administration (the "DOA") have entered into an Inter-Agency Agreement dated as of December 23, 2019, (jointly, the "Inter-Agency Agreement"), to define the cooperative relationship between KDHE, the DOA and the Authority to jointly administer certain provisions of the Loan Act; and

WHEREAS, the Authority and KDHE have supplemented the Inter-Agency Agreement by entering into a Master Indenture, dated as of November 1, 2010, as the same may be amended and supplemented from time to time (the "Master Indenture") pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities (as defined in the Loan Act) for Public Water Supply Projects (the "Projects") and to pledge the Loan Repayments received pursuant to such Loan Agreements to the Authority; and

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

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

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

"Bonds" means the Kansas Development Finance Authority, Kansas Revolving Loan Fund Revenue Bonds, issued in one or more series, pursuant to Bond Resolution No. 287, and supplements thereto, or such other authorization, resolution, indenture, instrument or security agreement deemed appropriate by KDFA and KDHE.

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

"Continuing Disclosure Undertaking" means, with respect to any series of Bonds, the undertaking or agreement by KDHE and any other parties thereto with respect to continuing disclosure matters within the scope of the SEC Rule.

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

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

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

- (a) failure by the Municipality to pay, or cause to be paid, any Loan Repayment required to be paid hereunder when due;
- (b) failure by the Municipality to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraph (a) of this Section, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Municipality by KDHE, unless KDHE shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in such notice is correctable but cannot be corrected within the applicable period KDHE may not unreasonably withhold its consent to an extension of such time up to 90 days from the delivery of the written notice referred to above if corrective action is instituted by the Municipality within the applicable period and diligently pursued until the Event of Default is corrected;
- (c) failure by the KDHE to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Agreement which shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to KDHE by the Municipality, unless the Municipality shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in such notice is correctable but cannot be corrected within the applicable period the Municipality may not unreasonably withhold its consent to an extension of such time up to 90 days from the delivery of the written notice referred to above if corrective action is instituted by KDHE within the applicable period and diligently pursued until the Event of Default is corrected;
- (d) any representation made by or on behalf of the Municipality contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is intentionally false or misleading in any material respect;
- (e) any representation made by or on behalf of KDHE contained in this Agreement, or in any instrument furnished in compliance with or with reference to this Agreement, is intentionally false or misleading in any material respect;
- (f) a petition is filed by or against the Municipality under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Municipality, such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal;
- (g) the Municipality shall generally fail to pay its debts as such debts become due;
- (h) failure of KDHE to promptly pay any Project Costs when reasonably requested to do so by the Municipality pursuant to *Section 2.03* hereof.

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

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

"**FIAC**" means the Financial Integrity Assurance Conditions, attached hereto as *Exhibit I*.

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

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

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

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

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

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

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

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

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

"**Municipality**" means the City of Arkansas City, Kansas, its successors and assigns.

"**Master Indenture**" means the Master Indenture between the Authority and KDHE, dated as of November 1, 2010, and any agreement or agreements amendatory or supplemental thereto.

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

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

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

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

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

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

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

"Secretary" means the Secretary of KDHE

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

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

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

Section 1.02. Rules of Interpretation.

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

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

(c) All references in this Loan Agreement to designated "Articles," "Sections" and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this Loan Agreement as originally executed. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

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

ARTICLE II

LOAN TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds and proceeds of Bonds, KDHE will loan an amount not to exceed \$602,695.00 to the Municipality to pay all or a portion of the Project Costs for the Project described in *Exhibit A* hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Agreement, other than the Loan Repayment Schedule (*Exhibit B* hereto), to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality shall be responsible for any costs incurred by the Municipality in connection with the Project in excess of the amount of the Loan. Any amendment to *Exhibit B* shall be effected by written amendment to the Loan Agreement executed by all parties.

Section 2.02. Interest Rate. The gross interest rate on the loan shall be 2.14% per annum, which shall be assessed on the unpaid principal balance to be paid as set out in the Loan Repayment Schedule, *Exhibit B* hereto. This interest rate consists of a net loan interest rate, and a service fee, as described in *Exhibit B*.

Section 2.03. Disbursement of Loan Proceeds.

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

The Municipality may request disbursement for the following Project Costs:

- (1) any eligible planning/design costs incurred prior to execution of this Loan Agreement (initial disbursement request only);
- (2) disbursement for eligible Project Costs if such Project Costs have been incurred and are due and payable to Project contractors (actual payment of such Project Costs by the Municipality is not required as a condition of the payment request); or
- (3) interest becoming due on the Loan prior to the initial scheduled payment of principal;
- (4) the principal of and interest on any temporary financing obligations issued by the Municipality to pay Project Costs incurred for contracts entered into on or after August 6, 1996; and

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

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

Section 2.04. Schedule of Compliance; Completion of Project.

(a) The Municipality agrees to complete the Project in accordance with the Conditions Applicable to Construction of the Project set forth in *Exhibit C* attached hereto.

(b) The completion of the construction of the Project shall be evidenced to KDHE by a certificate signed by the Authorized Municipality Representative stating: (1) that the construction of the Project has been completed in accordance with the plans and specifications therefore; and (2) that all Project Costs have been paid, except Project Costs the payment of which is not yet due or is being retained or contested in good faith by the Municipality. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Section 2.05. Repayment of the Loan.

(a) **Loan Repayments.** The Municipality shall pay to KDHE, on or before the due dates, installments of principal and interest on the Loan in accordance with *Exhibit B* attached hereto, until the Loan has been paid in full. Installments of principal and interest on the Loan shall be computed and paid in accordance with the Loan Repayment Schedule on *Exhibit B* as in effect at any time under this Loan Agreement. Notwithstanding any other provision of this Loan Agreement, the first payment of principal and interest due on the Loan shall be made no more than one year after project initiation of operation. The final installment of principal under the Loan shall be fully repaid not later than 21 years after Project completion.

(b) **Prepayment of the Loan.** The Municipality may prepay the outstanding principal of the Loan, in whole, or in part, without penalty, if consent from KDHE is obtained. The municipality must provide a written request to KDHE of its desire to prepay, such request shall indicate the actual source of funds that will be used to make the prepayment (specifically proceeds from a tax-exempt bond issue, proceeds from a taxable bond issue, cash on hand, or some other instrument) and the desired date of prepayment. KDHE may require the prepayment date coincide with a scheduled repayment date. A partial prepayment may be made only if the prepayment amount is the greater of 10% of the original principal amount of the Loan or \$50,000. A new *Exhibit B* will be prepared by KDHE following receipt of any acceptable partial prepayment, reamortizing the remaining principal amount over the remaining term of the Loan.

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

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

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

Section 2.07. Financial Integrity Assurance Conditions. In accordance with the powers granted to the Secretary in the Loan Act, the Secretary may require at any time during the term of this Loan Agreement the requirement of FIAC for the Municipality; provided the Secretary shall not make such requirement so long as the Municipality maintains a financial rating on its general obligation bonds or Additional Revenue Obligations of not less than the lowest category of "A" from any Rating Agency. In addition, the Municipality may elect to comply with FIAC prior to the funding of the Loan or at any time during the term of this Loan Agreement. In either instance, the Municipality and the Secretary hereby agree the conditions are attached hereto as *Exhibit I*. The Municipality will cooperate fully with any recommendations and requirements imposed by the FIAC.

ARTICLE III

REPRESENTATIONS AND COVENANTS OF MUNICIPALITY

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

(a) *Organization and Authority.*

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

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

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

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

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

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

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

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

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

(1) complied with all laws, ordinances, governmental rules and regulations to which it is subject, including, without limitation, any public hearing or public notice requirements or environmental review requirements contained in the Loan Act, the Regulations and the Federal Act, the failure to comply with which would materially adversely affect the ability of the Municipality to conduct its activities, enter into this Loan Agreement or undertake or complete the Project; and

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

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

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

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

(h) **Project Costs.** The Municipality certifies that the Project Cost descriptions, as listed in **Exhibit D**, are reasonable.

Section 3.02. Particular Covenants of the Municipality.

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

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

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

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

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

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

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

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

(1) fully executed counterparts of this Loan Agreement;

(2) copies of the ordinance of the governing body of the Municipality authorizing the execution and delivery of this Loan Agreement, certified by an Authorized Municipality Representative, which shall be in substantially the form attached hereto as **Exhibit F** together with an affidavit of publication thereof in the official newspaper of the Municipality;

(3) an opinion of the Municipality's counsel substantially in the form set forth in **Exhibit G** attached hereto;

(4) FIAC, if required by the Secretary, or desired by the Municipality;

(5) such other certificates, documents, opinions and information as KDHE may reasonably require.

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

(1) at all times operate System in an efficient manner in accordance with applicable laws and regulations;

(2) maintain its System, making all necessary and proper repairs, renewals, replacements, additions, betterments and improvements necessary to maintain its System in good repair, working order and operating condition;

(3) implement any modification of the rates fees and charges for use of the System that comprise the Dedicated Source of Revenues as the Secretary may require to ensure repayment of the Loan in accordance with the provisions of the Loan Act; and

(4) take such other action as the Secretary may require in accordance with powers granted to the Secretary under the Loan Act and the Regulations.

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

(g) **Records and Accounts.**

(1) The Municipality shall keep accurate records and accounts for its System (the "System Records"), separate and distinct from its other records and accounts (the "General Accounts"). Such System Records shall be audited annually by an independent certified public accountant or firm of independent certified public accountants, in accordance with generally accepted auditing standards, if municipal aggregate annual gross receipts are in excess of \$750,000 or if the municipality has outstanding debt in excess of \$750,000. Such audit may be a part of the single agency audit made in accordance with 2 CFR 200 which implements the Single Audit Act. Such System Records and General Accounts shall be made available for inspection by KDHE at any reasonable time, and a copy of the Municipality's annual audit, including all written comments and recommendations of such accountant, shall be furnished to KDHE within 210 days of the close of the Municipal Fiscal Year being so audited. Such audit report shall be prepared in accordance with subsection (g)(2) hereof.

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

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

(i) **Obligation to Provide Information if Notified by KDHE.** The Municipality agrees to provide to KDHE such annual financial information and operating data, together with ongoing notice of the occurrence of any "material event" (defined below), each with respect to the Municipality, as is necessary for KDHE to comply with each Continuing Disclosure Undertaking from time to time in effect. Such information, data and notices pursuant to this section will be required to be provided by the Municipality upon notice from KDHE that the Municipality is a Principal Participating Municipality (which is a borrower for which information and notices are required to be filed pursuant to a Continuing Disclosure Undertaking), as defined in a Continuing Disclosure Undertaking.

Timing. Any such financial information and operating data shall be provided by the Municipality to KDHE as soon as practicable after it is available, and any such notice of a material event shall be provided by the Municipality to KDHE promptly following the occurrence of the event. Existing Continuing Disclosure Undertakings require that any such financial information and operating data shall be filed by KDHE within 270 days after the end of the Municipal Fiscal Year, as defined in a Continuing Disclosure Undertaking, and that any such notice of a material event be filed by KDHE within 10 business days of the occurrence of the material event. The timing of such requirements may be different in a future Continuing Disclosure Undertaking, and a request by KDHE to the Municipality pursuant to this section may require that such information be provided to KDHE a reasonable period in advance of the filing dates required by a Continuing Disclosure Undertaking.

Annual Information. Any such financial information shall be accompanied by an audit report prepared in accordance with the provisions of subsection (g)(2) hereof, unless such subsection exempts the Municipality from such audit report requirement. The financial information shall be prepared in accordance with GAAP, unless the Municipality has received a waiver from such requirement as permitted by State Law, in which case it shall be prepared on such other basis of accounting that demonstrates compliance with State law. Such requirement for financial information and operating data may be satisfied by submitting the Municipality's comprehensive annual financial report (CAFR) and/or annual report of its System (if System revenues are included in the dedicated source of repayment), unless KDHE notifies the Municipality of the need for additional information. If an audit report is required to be prepared, but is not available within 270 days of the end of the Municipal Fiscal Year, un-audited financial information shall be provided to KDHE pending receipt of the audit report. If the method of preparation and the basis of accounting is changed to a basis less comprehensive than previously described, the Municipality shall provide a specific notice of such change to KDHE when the financial information is provided.

Event Notices. For purposes of this section, "material event" shall mean any event with respect to the Municipality (if it is a Principal Participating Municipality) required to be reported by KDHE pursuant to a Continuing Disclosure Undertaking. Upon a determination by KDHE that the Municipality is a Principal Participating Municipality, KDHE will provide instructions to the Municipality identifying such events then required to be reported, and the Municipality agrees to report such events to the extent required by a Continuing Disclosure Undertaking. The existing

Continuing Disclosure Undertakings require reporting by a Principal Participating Municipality of four events, relating generally to (i) bankruptcy or insolvency, (ii) merger, consolidation or acquisition, (iii) incurrence of a financial obligation or debt and (iv) default, acceleration, termination or modification of a financial obligation or debt.

(j) **Insurance.** The Municipality will carry and maintain such reasonable amount of all-risk insurance on all properties and all operations of its System as would be carried by similar municipal operators of Systems, insofar as the properties are of an insurable nature. The Municipality also will carry general liability insurance in amounts not less than the maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the Kansas Tort Claims Act, K.S.A. 75-6101 *et seq.*, or other similar future law (currently \$500,000 per occurrence).

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

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

NOT FOR EXECUTION

ARTICLE IV

ASSIGNMENT

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

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

- (a) KDHE and the Authority shall have approved said assignment in writing;
- (b) the assignee is a city, county, township, water district, improvement district or other political subdivision of the State or any combination thereof;

(c) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Municipality's duties, covenants, and obligations under this Loan Agreement; provided, however, such assignment shall not relieve the Municipality of its duties, covenants, and obligations under this Loan Agreement;

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

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

ARTICLE V

DEFAULT AND REMEDIES

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

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

Section 5.03. Expenses.

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

(b) Upon the occurrence of an Event of Default on the part of KDHE, and to the extent permitted by law and availability of appropriated funds by the Kansas Legislature, KDHE shall, on demand, pay to the Municipality the reasonable fees and expenses incurred by the in Municipality in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of KDHE contained herein. Prior to incurring any such expenses, the Municipality shall provide written notice to

KDHE that it intends to incur such expenses; provided, however, a failure by the Municipality to give such notice shall not affect the Municipality's right to receive payment for such expenses. Upon request by KDHE, the Municipality shall provide copies of statements evidencing the fees and expenses for which the Municipality is requesting payment.

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

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

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

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

ARTICLE VI

MISCELLANEOUS

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

- (1) to KDHE:

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

- (2) with a copy to its General Counsel
to the Authority:

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

with a copy to its General Counsel

- (3) to the Municipality:

at the address set forth on *Exhibit H*.

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

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

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

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

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

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

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

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

NOT FOR EXECUTION

SIGNATURE AND SEAL

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



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

By: _____
Janet Stanek
Secretary
Kansas Department of Health and Environment

Date: _____

THE CITY OF ARKANSAS CITY, KANSAS

(Seal)

By: _____

(Printed Name)

Title: _____

Date: _____

ATTEST:

By: _____

(Printed Name)
Title: Clerk

NOT FOR EXECUTION

EXHIBIT A

DESCRIPTION OF THE PROJECT

Construct a 200,000-gallon water tower at Strother Field Airport/Industrial Park to replace the existing water tower.

NOT FOR EXECUTION

EXHIBIT B**DEDICATED SOURCE OF REVENUES AND LOAN REPAYMENT SCHEDULE*****Dedicated Source of Revenue.***

The Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations as and when the same become due; provided, however, the pledge of the System Revenues contained herein (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

Loan Repayment Schedule.

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

Principal Forgiveness

This loan will be awarded principal forgiveness because the municipality is designated as a Disadvantaged Community by KDHE. The amount of principal forgiveness is estimated on the repayment schedule found on B-2 and will be finalized when the loan agreement is amended to reflect the final costs of the project. The municipality will be responsible for paying interest and service fee costs semiannually for any accrual that is calculated before the principal forgiveness is awarded.

KANSAS PUBLIC WATER SUPPLY LOAN FUND

Preliminary Schedule for Construction Loan Agreement
Amortization of Loan Costs as of 6/29/2023

Prepared for:
City of Arkansas City, Project No. 3138.2

Project Principal:	602,695.00
Interest During Const.:	0.00
Service Fee During Const.:	0.00
Gross Loan Costs:	602,695.00
Estimated Principal Forgiveness:	180,808.50
Net Loan Costs:	421,886.50

<u>Gross Interest Rate Allocation</u>	thru 8/1/2028	after 8/1/2028	Gross Interest Rate:	2.14%
Service Fee Rate:	1.79%	0.35%	First Payment Date:	2/1/2025
Net Loan Interest Rate:	0.35%	1.79%	Number of Payments:	40

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	2/1/2025	421,886.50	738.30	8,506.07	3,775.88	13,020.25	413,380.43
2	8/1/2025	413,380.43	723.42	8,597.08	3,699.75	13,020.25	404,783.35
3	2/1/2026	404,783.35	708.37	8,689.07	3,622.81	13,020.25	396,094.28
4	8/1/2026	396,094.28	693.16	8,782.05	3,545.04	13,020.25	387,312.23
5	2/1/2027	387,312.23	677.80	8,876.01	3,466.44	13,020.25	378,436.22
6	8/1/2027	378,436.22	662.26	8,970.99	3,387.60	13,020.25	369,465.23
7	2/1/2028	369,465.23	646.56	9,066.98	3,306.71	13,020.25	360,398.25
8	8/1/2028	360,398.25	630.70	9,163.99	3,225.36	13,020.25	351,234.26
9	2/1/2029	351,234.26	3,143.55	9,262.04	611.66	13,020.25	341,972.22
10	8/1/2029	341,972.22	3,060.65	9,361.15	598.45	13,020.25	332,611.07
11	2/1/2030	332,611.07	2,976.87	9,461.21	582.07	13,020.25	323,149.76
12	8/1/2030	323,149.76	2,892.19	9,562.56	565.51	13,020.25	313,587.21
13	2/1/2031	313,587.21	2,806.61	9,664.86	548.78	13,020.25	303,922.35
14	8/1/2031	303,922.35	2,720.11	9,768.28	531.86	13,020.25	294,154.07
15	2/1/2032	294,154.07	2,632.68	9,872.80	514.77	13,020.25	284,281.27
16	8/1/2032	284,281.27	2,544.33	9,978.44	497.49	13,020.25	274,302.83
17	2/1/2033	274,302.83	2,455.01	10,085.21	480.03	13,020.25	264,217.62
18	8/1/2033	264,217.62	2,364.75	10,193.12	462.38	13,020.25	254,024.50
19	2/1/2034	254,024.50	2,273.52	10,302.19	444.54	13,020.25	243,722.31
20	8/1/2034	243,722.31	2,181.31	10,412.43	426.51	13,020.25	233,309.88
21	2/1/2035	233,309.88	2,088.12	10,523.84	408.29	13,020.25	222,786.04
22	8/1/2035	222,786.04	1,993.94	10,636.43	389.88	13,020.25	212,149.61
23	2/1/2036	212,149.61	1,898.74	10,750.25	371.26	13,020.25	201,399.36
24	8/1/2036	201,399.36	1,802.52	10,865.28	352.45	13,020.25	190,534.08
25	2/1/2037	190,534.08	1,705.28	10,981.54	333.43	13,020.25	179,552.54
26	8/1/2037	179,552.54	1,607.00	11,099.03	314.22	13,020.25	168,453.51
27	2/1/2038	168,453.51	1,507.66	11,217.80	294.79	13,020.25	157,235.71
28	8/1/2038	157,235.71	1,407.26	11,337.83	275.16	13,020.25	145,897.88
29	2/1/2039	145,897.88	1,305.79	11,459.14	255.32	13,020.25	134,438.74
30	8/1/2039	134,438.74	1,203.23	11,581.75	235.27	13,020.25	122,856.99
31	2/1/2040	122,856.99	1,099.57	11,705.68	215.00	13,020.25	111,151.31
32	8/1/2040	111,151.31	994.80	11,830.94	194.51	13,020.25	99,320.37
33	2/1/2041	99,320.37	888.92	11,957.52	173.81	13,020.25	87,362.85
34	8/1/2041	87,362.85	781.90	12,085.47	152.88	13,020.25	75,277.38
35	2/1/2042	75,277.38	673.73	12,214.78	131.74	13,020.25	63,062.60
36	8/1/2042	63,062.60	564.41	12,345.48	110.36	13,020.25	50,717.12
37	2/1/2043	50,717.12	453.92	12,477.58	88.75	13,020.25	38,239.54
38	8/1/2043	38,239.54	342.24	12,611.09	66.92	13,020.25	25,628.45
39	2/1/2044	25,628.45	229.37	12,746.03	44.85	13,020.25	12,882.42
40	8/1/2044	12,882.42	115.30	12,882.42	22.53	13,020.25	0.00
		Totals	60,195.84	421,886.50	38,727.66	520,810.00	

EXHIBIT C**CONDITIONS APPLICABLE TO CONSTRUCTION OF THE PROJECT**

The standard conditions applicable to the Loan are:

- 1) Municipality agrees to expeditiously initiate and complete the Project in accordance with the following schedule:
 - a) Advertisement for bids will not be initiated without written authorization by KDHE.
 - b) Advertising for bids within 30 days of authorization to advertise.
 - c) Bid opening at least 30 days from advertisement for bids.
 - d) Notice of Award will not be issued without written authorization by KDHE.
 - e) Contract award within 60 days of bid opening.
 - f) Issuance of notice to proceed within 30 days of contract award.
 - g) Initiation of operation within 360 days of notice to proceed or no later than December 31, 2024.
 - h) Finalization of construction within 390 days of notice to proceed.
 - i) Project Performance Certification 365 days following Initiation of Operation.

KDHE must be promptly notified of any proposed changes to this schedule.

- 2) Prior to giving a notice to proceed, the Municipality must certify that all easements and rights-of-way necessary to allow construction of the Project have been obtained (i.e., all real property has been acquired, bonafide options have been taken or formal condemnation proceedings have been initiated for necessary real property).
- 3) A final plan of operations shall be submitted by the Municipality for approval by KDHE at or prior to 50 percent construction completion. The plan of operation must include, but is not limited to, an overall Project completion schedule, annual operating cost projections for a minimum of five years, a description of the financial management system, and the projected revenues to operate and maintain the public water supply system. Revenue projections shall also include the Loan Repayments.
- 4) The final operations and maintenance manual must be submitted to KDHE at or prior to 90 percent construction completion. The operations and maintenance manual must include, but is not limited to, a description of the operation and managerial responsibility, detailed operation and controls, operators and personnel classification and requirements, operational testing, equipment maintenance schedule, operational records, and emergency operating and shut-down procedures.
- 5) The rates and ordinances enacting the System user charges and System use requirements shall be enacted prior to initiation of operation.
- 6) The Municipality agrees to make prompt payment to its contractor(s) of sums due for construction and to retain only such amounts as may be justified by specific circumstances and provisions of this Loan Agreement or the construction contract.

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

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

- f) provide written confirmation in a form satisfactory to KDHE indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls;
- g) interview a sufficient number of employees entitled to Davis Bacon Act prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 20 CFR 5.6 (a)(6), all interviews must be conducted in confidence. The Municipality must use Standard Form 1445 or equivalent documentation to memorialize the interviews. Copies of SF 1445 are available from EPA on request;
- h) establish and follow an interview schedule based on its assessment of the risks of noncompliance with Davis-Bacon posed by contractors or subcontractors and the duration of the contract or subcontract. The municipality shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.
- i) periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The municipality shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with Davis -Bacon posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the municipality must spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. The municipality must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with Davis-Bacon. In addition, during the examinations the municipality shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.
- j) periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item (h) and (i) above.
- k) must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact Suzanne Hersh at Hersh.Suzanne@epa.gov or 202-564-3361; and to the appropriate DOL Wage and Hour District Office listed at www.dol.gov/whd/america2.htm.
- 16) The Municipality shall ensure it complies with all applicable requirements of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and Section 13 of the Federal Water Pollution Control Act Amendments of 1972. If the municipality contracts, subcontracts, assigns, or transfers any of the work contemplated by this loan agreement to another party, the municipality is responsible for ensuring such contractor, subcontractor, assignee, or transferee also complies with these federal nondiscrimination laws.

Other civil rights laws may impose additional requirements on the Municipality. These laws include, but are not limited to, Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin,

religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

- 17) Municipalities that receive over \$100,000 in KPWSLF funds shall comply with the Anti-Lobbying Act, Title 40 CFR Part 34, and file an Anti-Lobbying Certification form and the Disclosure of Lobbying Activities form to KDHE when required. Furthermore, the Municipality shall require that the language of this certification be included in the award of any contracts funded by this loan.
- 18) The Municipality is prohibited from procuring goods or services from persons who have been convicted of violations of the Clean Air Act or the Clean Water act.
- 19) None of the funds made available by this loan agreement shall be used for a project for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used in the project are produced in the United States. The term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.
- 20) If project construction activities reveal the presence of lead pipes or lead appurtenances that are being used in the distribution system or used in service line assemblies up to the premise plumbing of the customer, the municipality will either replace the lead infrastructure or document the location of the lead infrastructure component and maintain such documentation for use in planning for a future removal project.

NOT FOR EXECUTION

EXHIBIT D
USE OF LOAN PROCEEDS

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

Project Description

1. Construction: Construct a 200,000-gallon water tower at Strother Field Airport/Industrial Park to replace the existing water tower.
2. Engineering: All actual costs of planning, design and construction engineering, construction inspection, final plan of operation, operation and maintenance manual, user charge and ordinance development, and project performance services.
3. Administration: All reasonable costs of legal and financial administrative support directly provided by the project, costs of interest during construction, emergency costs associated with the project activities during construction, and the costs associated with obtaining the necessary easements for the project.

NOT FOR EXECUTION

EXHIBIT E**INSTRUCTIONS FOR REQUESTING DISBURSEMENTS**

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

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

3. Submit an original signature of the form and one set of supporting documentation directly to:

Kansas Department of Health & Environment
Bureau of Water – SRF Disbursements
1000 SW Jackson Street - Suite 420
Topeka, Kansas 66612

You should retain one copy for your records.

EXHIBIT E - REQUEST FOR DISBURSEMENT FROM KDHE REVOLVING LOAN PROGRAMS

INDICATE WHICH LOAN PROGRAM THIS REQUEST IS FOR:		KDHE PROJECT NUMBER (REFER TO LOAN AGREEMENT)
KANSAS WATER POLLUTION CONTROL REVOLVING FUND _____		KWPCRF PROJECT # C20
KANSAS PUBLIC WATER SUPPLY LOAN FUND _____		KPWSLF PROJECT #

DISBURSEMENT REQUEST FOR THIS LOAN? YES _____ NO _____	RECIPIENT INFORMATION
	NAME :
PAYMENT REQUEST NUMBER :	ADDRESS or PO box (include City, State, Zip) :

The undersigned hereby requests that the following amounts be disbursed for the following Project Costs as defined in the loan agreement:

Classification	Invoice amounts (invoices must be attached)	Invoiced from (list payee(s))	Description
a. Administrative expense (loan admin services, publication fees, attorney fees, etc.)			
b. Engineering services expense			
c. Land, easements (Not allowable under KWPCRF)			
d. Construction Contract Expense			
e. Equipment (by separate KDHE approved contract or procedure)			
f. Miscellaneous cost (not categorized above)			
g. Total Invoices Submitted (sum of lines a thru i)			
h. Deductions for other sources of funding used (from grants or cash on hand)			
i. Total Disbursement Requested from KDHE * (Line g minus line h)			

NOT FOR EXECUTION

CERTIFICATION: I hereby state and certify that (i) the amounts requested, are or were necessary and appropriate in connection with the purchase, construction and installation of the Project, have been properly incurred and are a proper disbursement of the proceeds of the Loan and that an inspection has been performed and all work is in accordance with the terms of the Loan; have been paid or are justly due as stated above; and have not been the basis of any previous requisition from the proceeds of the Loan; (ii) all representations made in the Agreement remain true as of the date of this request; and (iii) no adverse developments affecting the financial condition of the Recipient or its ability to complete the Project or to repay the Loan have occurred.

RECIPIENT NAME:

Signature of Authorized Certifying Official

Typed or Printed Name and Title

Date Signed	Telephone (Area Code, number & ext.)	Email
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EXHIBIT F

FORM OF MUNICIPALITY ORDINANCE

EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF ARKANSAS CITY, KANSAS
HELD ON _____ [ORDINANCE DATE]

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

Absent:

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

(Other Proceedings)

Thereupon, there was presented an Ordinance entitled:

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

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

Yes: _____.

No: _____.

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

(Other Proceedings)

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

(SEAL)

_____ Clerk

NOT FOR EXECUTION

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

ORDINANCE NO. _____

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

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

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

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

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

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

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

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

NOT FOR EXECUTION

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

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

Construct a 200,000-gallon water tower at Strother Field Airport/Industrial Park to replace the existing water tower.
(the "Project"); and

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

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount not to exceed \$602,695.00 (the "Loan") in order to finance the Project; and

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

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

Section 1. Authorization of Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain Loan Agreement, with an effective date of June 29, 2023, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Loan Agreement") to finance the Project Costs (as defined in the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the Municipality's legal counsel, the Mayor's execution of the Loan Agreement being conclusive evidence of such approval.

NOT FOR EXECUTION

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues (as defined in the Loan Agreement) sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, (c) pay all other amounts due at any time under the Loan Agreement, and (d) pay the principal of and interest on Additional Revenue Obligations (as defined in the Loan Agreement) as and when the same become due; provided, however, the pledge of the System Revenues contained herein and in the Loan Agreement (i) shall be subject to reasonable expenses of operation and maintenance of the System, and (ii) shall be junior and subordinate in all respects to the pledge of System Revenues to any Additional Revenue Obligations. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement. In accordance with the Loan Act, the obligations under the Loan and the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

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

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

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

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

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

(SEAL)

Mayor

ATTEST:

Clerk

[APPROVED AS TO FORM ONLY.]

City Attorney

NOT FOR EXECUTION

EXHIBIT G

FORM OF OPINION OF MUNICIPALITY'S COUNSEL

[Date]

Kansas Development Finance Authority
Topeka, Kansas

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

Re: Loan Agreement effective as of June 29, 2023, between the Kansas Department of Health and Environment ("KDHE"), acting on behalf of the State of Kansas (the "State"), and the City of Arkansas City, Kansas (the "Municipality")

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

In this connection, I have examined the following:

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

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

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

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

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

Very truly yours,

EXHIBIT H

MUNICIPALITY'S NOTICE ADDRESS

City of Arkansas City
Attn: City Manager
118 W. Central Ave.
Arkansas City, Kansas 67005

NOT FOR EXECUTION

EXHIBIT I

FORM OF FINANCIAL INTEGRITY ASSURANCE CONDITIONS

Recitals

A. The Municipality has entered into a certain Loan Agreement (the "Loan Agreement") with KDHE, pursuant to the provisions of K.S.A. 65-165d *et seq.* (the "Loan Act") to finance improvements to the Municipality's public water supply system (the "System"), pursuant to the Program.

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

C. This conditions set forth KDHE's undertakings with respect to the Municipality, the Municipality's obligations to KDHE to assist in the performance of the Municipality's covenants pursuant to the Loan Agreement.

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

Agreements

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

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

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

3. **Annual Budget.** Not later than the date required by statute, other legal document requirement or 120 days prior to the beginning of the Municipality's fiscal year, whichever is earlier, the Municipality's governing body will adopt a budget of anticipated receipts and expenditures of the System for the ensuing fiscal year. A copy of such adopted System budget will be retained in the official records of the Municipality and a copy shall be furnished to KDHE. The initial budget of the Municipality shall be submitted to KDHE for the fiscal year after the loan agreement is executed.

4. **Annual Audit.** If an annual financial audit is required by Section 2.02(k)(1) of the Loan Agreement, no less than 90 days prior to the end of the Municipality's fiscal year, the Municipality shall submit to KDHE a written report stating the identity of the certified public accountant that has been engaged to conduct the audit of the Municipality's financial records for the preceding fiscal year required by the Loan Agreement, and the anticipated date of receipt of the report of such audit. The Municipality shall cause an audit of its financial records, in a form required by the Loan Agreement, to be completed not less than 210 days after the end of each fiscal year or such earlier date as may be required by statute or other legal document requirement, whichever is earlier. The audit must include a calculation of the Debt Service Coverage Ratio in its notes. Copies of such audit report shall be: (a) submitted to the Municipality's governing body for review; (b) retained in the Municipality's official records; and (c) furnished to KDHE. The initial audit of the Municipality shall be submitted for the fiscal year in which the loan agreement was executed.

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

9. **Term.** These conditions shall take effect upon signature of the loan agreement or amendment and delivery by the parties hereto, and will remain in effect until all payments to be made by the Municipality under the Loan Agreement have been paid in full.

10. **Binding Effect; Beneficiaries.** These conditions shall bind the parties hereto, their respective successors and assigns, and is made for the benefit of KDFA and KDHE, and the parties.

EXHIBIT J

FORM OF QUALIFIED USER CERTIFICATE

The undersigned is making the following representations and covenants on behalf of the City of Arkansas City (the "Municipality") in connection with the loan of funds to it (the "Loan") by the Kansas Department of Health and Environment ("KDHE"). The loan between KDHE and the Municipality (the "Loan Agreement") is dated June 29, 2023. The Municipality understands that all or a portion of the proceeds of its Loan may be funded with proceeds of bonds issued by Kansas Development Finance Authority ("KDFA") the interest on which is intended to be exempt from Federal income tax ("Tax-Exempt Bonds"). In the Loan Agreement the Borrower agreed that it would not use any portion of the proceeds of the Loan or the facilities financed with the proceeds of the Loan (the "Financed Facility") in a manner that could cause interest on any of the Tax-Exempt Bonds to become subject to income tax. Each of the following representations and covenants is made for the purpose of satisfying this covenant contained in the Loan Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

THE CITY OF ARKANSAS CITY

By: _____

Printed Name

Title

NOT FOR EXECUTION



City Commission Agenda Item

Meeting Date: August 1, 2023
From: Nick Rizzio, Municipal Project Manager
Item: BCBSKS initiative *Pathways* to Healthy Kansas Implementation Grant & Placemaking Policy - Lovie Watson Park

Purpose: A Resolution authorizing the City of Arkansas City to apply for an implementation grant from *Pathways to a Healthy Kansas (Pathways)*, a Blue Cross Blue Shield Kansas (BCBSKS) initiative, in partnership with Rise Cowley County, supporting improvements to Lovie Watson Park. **(Voice Vote)**

Background:

Blue Cross Blue Shield in partnership with Rise Cowley County, has teamed up with Juneteenth members apply for funding to make improvements to Lovie Watson Park through Phase Two of the *Pathways to a Healthy Kansas (Pathways)*.

The Pathways initiative, known as *Pathways to a Healthy Kansas*, is the largest community grant initiative ever funded by Blue Cross and Blue Shield of Kansas. It combines community-wide, evidence-based solutions and practices to help Kansas communities improve active living, healthy eating, and tobacco prevention. The initiative provides community coalitions with the tools and resources needed to engage their communities and remove barriers to healthy living. *Pathways* started in 2016 with eight communities and expanded to 16 communities in 2017. In 2020, the *Pathways* initiative started a second phase of work with a total of 24 communities – 12 new and 12 returning communities from across the BCBSKS service area.

This grant would allow for up to \$50,000 park improvements at Lovie Watson Park. In order to qualify for the grant, the City of Arkansas City needs to commit to the established Placemaking Policy in relation to *Pathways* funds as inscribed in section two, of the enclosed Resolution.

City of Arkansas City (partner) acknowledges that we play an integral role in creating spaces that promote health in our community. Our position provides us with a significant opportunity to assist members of our community in leading healthier lives. We are committed to taking steps toward providing the healthiest possible environment in our community.

Commission Options:

1. Approve the Resolution
2. Disapprove the Resolution
3. Table the Resolution for further discussion

Fiscal Impact:

Amount:

Fund: Department: Expense Code:

Included in budget Grant Bonds Other Not Budgeted

Approved for Agenda by:



Randy Frazer, City Manager

RESOLUTION NO. 2023-08-_____

A RESOLUTION AUTHORIZING THE CITY OF ARKANSAS CITY TO APPLY FOR AN IMPLEMENTATION GRANT FROM *PATHWAYS TO A HEALTHY KANSAS (PATHWAYS)*, A BLUE CROSS AND BLUE SHIELD OF KANSAS (BCBSKS) INITIATIVE IN PARTNERSHIP WITH RISE COWLEY COUNTY, SUPPORTING IMPROVEMENTS TO LOVIE WATSON PARK.

WHEREAS, the Governing Body of the City of Arkansas City, Kansas, owns, operates, and maintains Lovie Watson Park to provide community members opportunities to be physically active, participate in community activities; and improve the overall mental and emotional health of its citizens; and

WHEREAS, RISE Cowley County is a coalition of organizations dedicated to making Cowley County a healthier place to live, work, and play by promoting healthy lifestyles and collaborating to raise awareness with all residents of Cowley County; and

WHEREAS, RISE Cowley County is the recipient of a BCBSKS *Pathways* grant which includes funding opportunities through implementation grants to support Placemaking packages; and

WHEREAS, the City of Arkansas City, Kansas, desires to apply for funding from *Pathways to a Healthy Kansas (Pathways)*, a Blue Cross and Blue Shield of Kansas (BCBSKS) initiative in partnership with RISE Cowley County; and

WHEREAS, the City of Arkansas City hereby affirms its commitment to providing greater access to healthy living options for our community members, that its involvement with the *Pathways* initiative helps to establish strong community norms for healthier living, and that it is willing to learn more about making healthy environment and healthy policy changes to help community members live a longer and better quality of life; and

WHEREAS, the City of Arkansas City acknowledges that it plays an integral role in creating opportunities for community members to be physically active and provide opportunities for community members to come together in public spaces; and

WHEREAS, the *Pathways* initiative is structured in terms of "community pathways" that are designed to help the coalition take a holistic, community-wide approach to improving health outcomes by addressing the social determinants of health. This Resolution addresses shared alignment in the placemaking package of the community and social context pathway; and

WHEREAS, the *Pathways* initiative defines placemaking as the shaping of a place by creatively applying arts, culture, and social context to jump-start economic development, promote community pride and morale and encourage people to be physically active; and

WHEREAS, *Pathways* requires an emphasis and targeted benefits for "populations of focus" outlined by BCBSKS; and

WHEREAS, Lovie Watson Park is located in an under resourced area of the City of Arkansas City across the street from the Northwest Community Center; and

WHEREAS, the Northwest Community Center provides services to families in the area, including a long-standing outreach initiative (See attached article); and

WHEREAS, Lovie Watson Park is a park with historical significance elevating the history of African Americans in the city and established in 1971 in the name of Lovie Watson, an African American Woman community leader (See attached article);

WHEREAS, Lovie Watson Park is the site of the community’s inaugural Juneteenth celebration; and

WHEREAS, the RISE Cowley coordinated input from community members about priority improvements for Lovie Watson Park as part of a Juneteenth celebration on June 17, 2023, where participants identified and voted on park improvements they would like to see implemented; and

WHEREAS, a group of Lovie Watson Park stakeholders met with officials from the City of Arkansas City in July 2023 to review community feedback regarding improvements to the park and identify specific park improvements based on community priorities; and

WHEREAS, the priorities for improvements to Lovie Watson Park identified by community members as part of the Juneteenth celebration included a restroom facility as the top priority, in addition to three mature, drought-resistant shade trees; four benches; shade structures over benches and picnic tables; two misting stations; and either a playground round swing addition or xylophone and drums play equipment; and

WHEREAS, the Lovie Watson Park stakeholders and City of Arkansas City officials developed a budget for these improvements indicating that the anticipated cost for the park improvements will be \$50,000; and

WHEREAS, the City of Arkansas City commits to using these funds for the restroom as the first priority; and

WHEREAS, the City of Arkansas City commits to providing \$6,000 as matching funds for the construction of the restrooms at Lovie Watson Park; and

WHEREAS, the City of Arkansas City will provide in-kind labor, project oversight, and maintenance for the Park improvements for at least five years; and

WHEREAS, the City of Arkansas City is seeking a *Pathways* implementation grant in the amount of \$50,000 for the costs of the Park improvements; and

WHEREAS, the City of Arkansas City is committed to working with RISE Cowley, the Juneteenth Committee, the Northwest Community Center, and other community partners to involve residents in upkeep and maintaining community pride and investment in Lovie Watson Park; and

WHEREAS, the Governing Body of the City of Arkansas City supports the submission of a *Pathways* implementation grant application for \$50,000 by the Mayor and/or City Manager;

NOW, THEREFORE, IN CONSIDERATION OF THE AFORESTATED PREMISES, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF ARKANSAS CITY, KANSAS:

SECTION ONE: That the Governing Body of the City of Arkansas City hereby authorizes the Mayor and/or City Manager to sign and apply for implementation grant funding from the *Pathways* initiative to fund a Placemaking initiative at Lovie Watson Park on behalf of the citizens of the City of Arkansas City, Kansas.

SECTION TWO: The Governing Body of the City of Arkansas City hereby establishes a Placemaking Policy in relation to *Pathways* funds and commits to:

- 1) Apply for *Pathways* implementation funds, not to exceed \$50,000 to fund the improvements to Lovie Watson Park detailed, above;
- 2) Promote the new amenities at the Lovie Watson Park to encourage active living and community pride by working with RISE Cowley, the Juneteenth Committee, the Northwest Community Center, and other community partners to involve residents in upkeep and maintaining community pride and investment in Lovie Watson Park;
- 3) Develop a written policy that the park is a commercial tobacco-free place, and install signage to promote the space being commercial tobacco free, including vaping;
- 4) Recognize financial contributions provided by Blue Cross and Blue Shield of Kansas through *Pathways to a Healthy Kansas* initiative and acknowledge this financial contribution in any signage, social media, written documentation, or other forms of communication regarding the activities;
- 5) Maintain new or improved local facilities, paid for with *Pathways* funds for at least five years after installation;
- 6) Use the hashtag #BCBSKSPathways in social media promotion relating to this effort; and
- 7) Complete an Impact Report one year after grant funding is approved to share your impact, successes, challenges, and other lessons learned so that BCBSKS continues to improve its work with and support communities throughout the state. The report request will be sent via email and can be completed by logging in to the BCBS portal.

SECTION THREE: That the Governing Body of the City of Arkansas City hereby authorizes the Mayor and/or City Manager of the City of Arkansas City to take such further and other necessary actions that are required to effectuate the intent and purposes of this Legislative Enactment.

SECTION FOUR: This Resolution will be in full force and effect from its date of passage by the City Commission of the City of Arkansas City.

PASSED AND RESOLVED by the governing body of the City of Arkansas City, Kansas, on August 1, 2023.

(Seal)

Diana L. Spielman, Mayor

ATTEST:

Tiffany Parsons, City Clerk

APPROVED AS TO FORM

Larry R. Schwartz, City Attorney

CERTIFICATE

I, hereby certify that the above and foregoing is a true and correct copy of Resolution No. 2023-08-____ of the City of Arkansas City, Kansas adopted by the governing body on August 1, 2023, as the same appears of record in my office.

DATED: _____.

Tiffany Parsons, City Clerk

https://www.ctnewsonline.com/news/top_story/article_bae9c998-2dbe-5672-90f9-cc87de3b2e96.html

Christmas sendoff at the Northwest

By FOSS FARRAR reporter@arkcity.net

Dec 21, 2013



Chuck Watson, center, poses with helpers during a Christmas party Thursday night for children in the Reaching Out program at the Northwest Community Center. Watson, 77, will leave his position as director of the program at the end of this year.

FROM LEFT: Tyler and Robin Henderson; Watson; his assistant, Val Abington; and Rakiyah Taylor, a sophomore at Cowley College.

Photo by DONITA CLAUSEN

As a 16-year-old foster child and new Arkansas City resident, Robin Henderson hoped to find friends when she came to the Northwest Community Center one Thursday night eight years ago.

Instead, she felt coldness and rejection from the other young people who also participated in the Reaching Out program that night.

Just as she was losing hope that she would not find the positive community she longed for, the leaders of the Reaching Out program stepped in to help her, Henderson said Thursday night.

"He saved me from trouble," she said of Chuck Watson, who has directed the program with the assistance of Val Abington for the past 15 years.

Henderson, now 24 years old, said that with the encouragement of "Uncle Chuck" and "Sister Val," she did make friends at the center, and that it one of the few positive places she could go as a youngster.

She returned to the center Thursday night with her husband, Tyler, and their 4-year-old daughter, Tariyah.

They came to honor Watson and Abington during the Reaching Out program's annual Christmas party, attended by about 100 people — including more than 75 children.

It was Watson's next-to-last session as the program's leader.

City officials recently decided not to renew Watson's \$10,000 annual contract to run it. The contract expires at the end of the year.

The city announced last week that it plans to continue the program, making it a part of the city offerings, and to strengthen it during the next year with facility and equipment improvements, as well as new programming offerings and times.

Most of the kids enjoying pizza and snacks at the party Thursday seemed oblivious of the changes about to take place at the center.

They just were having fun.

About 6 p.m., many of the children — ranging in age from 4 to 17 — lined up for pizza and snacks in the center's west meeting room.

After being served by Watson and his assistants, they sat at four large tables or stood in the background to eat and talk with friends.

Conversations became louder as more and more kids filled the room.

Watson shouted to his assistants for more pizza as he dished out the last piece of a pizza large box.

'The 12 Days of Christmas'

Watson shouted again for kids to quiet down after Abington distributed cards with lyrics to the Christmas carol "The 12 Days of Christmas."

She handed different parts of the lyrics to various groups in the room.

The plan was for a group of leaders to start each verse, "On the first day of Christmas, my true love gave to me..." and for the different groups of kids to add the gifts that were given on each of the 12 days.

The first attempt to start the community singing didn't work. Some kids weren't paying attention and kept talking to their friends. Others missed their cue or didn't sing loud enough to be heard.

"Hey!" Watson shouted a second time to draw their attention.

Abington started the group off again, and this time, it worked.

The kids sang on cue and each time they repeated the list of gifts, they sang louder and with more spirit.

Perhaps a group seated at one particular table assigned to sing "five golden rings" sang with the most gusto.

The lead singers were seventh-grader Scotty Oliver and sixth-grader Chevy Sartin.

Sartin performed with dramatic flair, extending his arms as he sang and adding a just a hint of vibrato.

"I come here every Thursday," Oliver said.

In other rooms down narrow hallways from the meeting room, the noise level also increased as more kids showed up for the party.

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Watson discusses program

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"Sometimes we get high school and juco students who lead 3-on-3 basketball or round-robin shooting," he said.

They include pool and ping-pong tournaments.

"We average around 50 kids. This is closer to 100," he said, commenting on the size of the Christmas party crowd.

Watson, 77, was asked if he ever tired of conducting the Reaching Out program, which goes from 5 to 10 p.m. each Thursday.

"No, I really enjoy being around the kids," he said.

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Center 'grads' bring children

Jacob and Shaquita Folk attended the Reaching Out program when they were growing up, and they plan to have their three small children also attend, they said.

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"It is wonderful for the community, as far as holidays, because they have coloring contests and board games."

Another couple who attended the program when they were younger are Tyler and Robin Henderson.

Tyler said he started coming to the center when he was in middle school and returns from time to time as an adult volunteer.

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Watson taught youngsters, particularly boys, to be respectful of others, he said.

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"If you had a bad mouth, he would send you outside. He'd say, 'You go outside. You're not going to affect the rest of the guys. When you calm down, you can come back in.'"

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Facelift for Northwest Community Center

https://www.ctnewsonline.com/news/top_story/article_bae9c998-2dbe-5672-90f9-cc87de3b2e96.html

Christmas sendoff at the Northwest

By FOSS FARRAR reporter@arkcity.net

Dec 21, 2013



Chuck Watson, center, poses with helpers during a Christmas party Thursday night for children in the Reaching Out program at the Northwest Community Center. Watson, 77, will leave his position as director of the program at the end of this year.

FROM LEFT: Tyler and Robin Henderson; Watson; his assistant, Val Abington; and Rakiyah Taylor, a sophomore at Cowley College.

Photo by DONITA CLAUSEN

As a 16-year-old foster child and new Arkansas City resident, Robin Henderson hoped to find friends when she came to the Northwest Community Center one Thursday night eight years ago.

Instead, she felt coldness and rejection from the other young people who also participated in the Reaching Out program that night.

Just as she was losing hope that she would not find the positive community she longed for, the leaders of the Reaching Out program stepped in to help her, Henderson said Thursday night.

"He saved me from trouble," she said of Chuck Watson, who has directed the program with the assistance of Val Abington for the past 15 years.

Henderson, now 24 years old, said that with the encouragement of "Uncle Chuck" and "Sister Val," she did make friends at the center, and that it one of the few positive places she could go as a youngster.

She returned to the center Thursday night with her husband, Tyler, and their 4-year-old daughter, Tariyah.

They came to honor Watson and Abington during the Reaching Out program's annual Christmas party, attended by about 100 people — including more than 75 children.

It was Watson's next-to-last session as the program's leader.

City officials recently decided not to renew Watson's \$10,000 annual contract to run it. The contract expires at the end of the year.

The city announced last week that it plans to continue the program, making it a part of the city offerings, and to strengthen it during the next year with facility and equipment improvements, as well as new programming offerings and times.

Most of the kids enjoying pizza and snacks at the party Thursday seemed oblivious of the changes about to take place at the center.

They just were having fun.

About 6 p.m., many of the children — ranging in age from 4 to 17 — lined up for pizza and snacks in the center's west meeting room.

After being served by Watson and his assistants, they sat at four large tables or stood in the background to eat and talk with friends.

Conversations became louder as more and more kids filled the room.

Watson shouted to his assistants for more pizza as he dished out the last piece of a pizza large box.

'The 12 Days of Christmas'

Watson shouted again for kids to quiet down after Abington distributed cards with lyrics to the Christmas carol "The 12 Days of Christmas."

She handed different parts of the lyrics to various groups in the room.

The plan was for a group of leaders to start each verse, "On the first day of Christmas, my true love gave to me..." and for the different groups of kids to add the gifts that were given on each of the 12 days.

The first attempt to start the community singing didn't work. Some kids weren't paying attention and kept talking to their friends. Others missed their cue or didn't sing loud enough to be heard.

"Hey!" Watson shouted a second time to draw their attention.

Abington started the group off again, and this time, it worked.

The kids sang on cue and each time they repeated the list of gifts, they sang louder and with more spirit.

Perhaps a group seated at one particular table assigned to sing "five golden rings" sang with the most gusto.

The lead singers were seventh-grader Scotty Oliver and sixth-grader Chevy Sartin.

Sartin performed with dramatic flair, extending his arms as he sang and adding a just a hint of vibrato.

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Facelift for Northwest Community Center

EDITOR'S PICK

Behind the Name: Who is Lovie Watson?

By FOSS FARRAR CourierTraveler Correspondent
Feb 26, 2022

1 of 2



Lovie Watson Park in northwest Arkansas City is named after the matriarch of the well-known Watson family. She came to Ark City in 1929.

Photo by FOSS FARRAR

On a hot June day in 1971, Cowley College student Virgil Watson Jr. took a break from studies to attend the grand opening of a park in the northwest neighborhood of Arkansas City just a couple of blocks from his childhood home.

It was a special occasion for Virgil, scores of his relatives, a diverse group of Ark City people including city officials, the local band, members of the naval reserve, clergy, and officials from the meat cutters union.

They were there to honor Virgil's grandmother, Lovie Watson. The park was named for her as a tribute to her for raising 10 children, on her own during the Great Depression, under strict Christian principles and with the expectation that they respect and serve others as Jesus did.

The Watson family does not care to boast about its important role in advancing race relations in a positive way in Ark City, particularly for the African-American community in our town, Virgil Watson Jr. said Friday.

Among Lovie Watson's children and grandchildren are respected teachers, clergymen, coaches, medical care professionals, and the first and second black mayors to serve Ark City.

For example, one of Lovie Watson's grandsons, C. Edward Watson, is both a pastor and an attorney. He was elected the first African-American president of the Wichita Bar Association.

"It shows young African-American people what is possible," Virgil Jr. said. "We're a part of that history, that legacy and have left an impact on the community."

The Legacy

Lovie Watson died at age 78 in August 1981. She was born and raised in Arkansas. She was married in 1918 to James Watson, and came to Ark City in 1929. Her husband left home after several years, and Lovie, who had an eighth-grade education, was left alone to raise the children.

All but two of her 10 children — five boys and five girls — have since died. Survivors are Chuck Watson, former recreation director at Winfield State Hospital and Training Center, former assistant football coach at Cowley College, and local youth program coach; and Arceolla (Watson) Fields.

"She was everything to everybody," Arceolla Fields said Thursday. "She raised 10 of us and she loved us. She loved people, young people, everybody."

Chuck Watson said in a 1981 Traveler interview: "My mother's life was the church first. In her philosophy of life the church was not a building or something like that. It was a way of life and she brought us up to respond to and respect others and to try to exemplify Christ in our own lives. That was her whole philosophy."

Fields said that among her late siblings there were three ministers, two missionaries, and first black mayor, Virgil Watson Sr. Six of her brothers, including those who also served in the ministry, worked at Rodeo Meats for many years.

Lovie Watson was a member of the Church of God in Christ, and in 1931 she was installed as church mother, a position she retained until her death. She was president of the Youth Guild from 1943 until 1952. She was district missionary of the Wichita district for 10 years and state counselor for the women's department of Kansas Southwest.

Chuck Watson said Lovie worked hard raising her children. During World War II, when Strother Field was used as a military training base, she took in washing and ironing from the soldiers. But mostly, she raised her family on the proceeds of her eldest son's job. He had to quit school to help support the family.

Park is planned

Virgil Watson Jr. said the idea for a park in the northwest area of Ark City to be named in honor of his grandmother originated with Gwen Nelson, president of Cowley College. Nelson headed the Ark City Chamber of Commerce's park committee.

The local chamber endorsed the proposal during a meeting Dec. 17, 1969, according to Traveler archives. The board of directors unanimously approved to buy the site and to move ahead with a fund-raising drive to provide the \$5,000 purchase price.

By the early 1970s, Nelson served on the city's Community Relations Council, along with Virgil Watson Sr., and Watson helped him and other civic leaders make the plan for the park become a reality. Other members of the council at that time included Travis Morris, George Sybrant, Bob Spear, and Bob Reinkemeyer.

Virgil Watson Jr. recalled the mix of people attending park dedication in 1971.

"There was a good representation of the community, people from all walks of life — community groups, city commissioners, clergy, people from all over the town," he said.

Chuck Watson's son, C. Edward Watson grew up just a block away from the park named for his grandmother. Now the pastor of the neighborhood church, St. James Church of God in Christ, Watson said Lovie played an integral role in his upbringing.

"I went to her house every day, from kindergarten until I was 14," he said. "I certainly felt supported. She was a tough disciplinarian but never disciplined me because I did what she said."

Watson, who now lives in Wichita and commutes to Ark City to preach on weekends, said Lovie was a woman of great conviction and tenacity and passed those qualities on to her children and grandchildren.

"Can't do was not a part of her MO," he said.

Watson said his father, aunts and uncles grew up under Lovie's care during the Great Depression.

"They were poor growing up in the Depression and Lovie insisted they should be fruitful in community and church work," he said. "And they passed that on to us. They wanted us to be active and not just sit on the sidelines."

Edward, Virgil Jr., and another grandson, Ark City city commissioner and former mayor Charles Jennings recalled the frequent family gatherings at Lovie's home.

"The entire family used to get together every holiday at her house on Fifth Street," Virgil Watson said. "We all lived within several blocks of each other, all in the same neighborhood, and when something was going on, we all went to grandma's house."

Charles Jennings has fond childhood memories of those family gatherings.

"It was not unusual to see a toddler, a teen or old-timer together," he said. "She built families, and she advocated sibling love."

The most compelling thing Lovie Watson did was to call all 10 of her children together, regularly, to address the things that would preserve and promote family unity, Jennings said. The effect of those family meetings has definitely impacted three generations.

"Lovie Watson's image before me was that of one harmonious existence," Jennings said. "She was never slow to encourage and certainly not afraid to correct. But her words always challenged us to do better and to be better."

"Whether she spoke to a child, an adult or even her peers, the message was embraced because she lived with the same integrity that she taught and expected of others," Jennings said.

Virgil Watson Jr. said that the northwest community park today is used by a diverse group of people.

"It's one of our city parks," he said. "I was there in '71 when I was in college and I frequent it today. I go around the walking track on a bicycle with my eight-year old granddaughter. I see people walking, jogging, on bicycles. It's a great health benefit."

Arceolla Fields, 88, also frequents the park.

Fields said she takes walks in the park for 30 minutes every morning.



City Commission Agenda Item

Meeting Date: August 1, 2023
From: Tony Tapia, Public Services Superintendent
Item: Pickle Ball Courts

Purpose: A Resolution authorizing the City of Arkansas City to establish Wilson Park as the proposed location for pickle ball courts. **(Voice Vote)**

Background:

Staff has been working towards gathering proposals but need an established location for the quarts for budget proposal accuracy. Avid pickle ball players in and around the Arkansas City Community, along with support from city staff, recommend Wilson Park as being the ideal location for future pickle ball courts.

Commission Options:

1. Approve the Resolution
2. Disapprove the Resolution
3. Table the Resolution for further discussion

Fiscal Impact:

Amount:

Fund: Department: Expense Code:

Included in budget Grant Bonds Other Not Budgeted

Approved for Agenda by:

Randy Frazer, City Manager

RESOLUTION NO. 2023-08-_____

A RESOLUTION AUTHORIZING THE CITY OF ARKANSAS CITY TO ESTABLISH WILSON PARK AS THE PROPOSED LOCATION FOR PICKLE BALL COURTS.

BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF ARKANSAS CITY, KANSAS:

SECTION ONE: The Governing Body of the City of Arkansas City, Kansas, hereby authorizes the City of Arkansas City, Kansas, to establish Wilson Park as the proposed location for pickle ball courts.

SECTION TWO: The Governing Body of the City of Arkansas City, Kansas, hereby authorizes the mayor and/or city staff of the City of Arkansas City, Kansas, to take such further and other necessary actions that are required to effectuate the intent and purposes of this Legislative Enactment.

SECTION THREE: This Resolution shall be in full force and effect from and after its adoption by the Governing Body of the City of Arkansas City.

PASSED AND RESOLVED by the Governing Body of the City of Arkansas City, Kansas, on this 1st day of August 2023.

(Seal)

Diana L. Spielman, Mayor

ATTEST:

Tiffany Parsons, City Clerk

APPROVED AS TO FORM:

Larry R. Schwartz, City Attorney

CERTIFICATE

I hereby certify that the above and foregoing is a true and correct copy of Resolution No. 2023-08-_____ of the City of Arkansas City, Kansas, adopted by the Governing Body thereof on August 1, 2023, as the same appears of record in my office.

DATED: _____.

Tiffany Parsons, City Clerk



City Commission Agenda Item

Meeting Date: August 1, 2023
From: Randy Frazer, City Manager
Item: Executive Session – Acquisition of Real Property

Purpose: Recess into executive session to discuss the prior acquisition of real estate, pursuant to K.S.A. 75-4319(b)(6), for the preliminary discussion of the acquisition of real property.

Background:

Requesting to recess into executive session to discuss the acquisition of real property. A complete copy of K.S.A. 75-4319 is enclosed.

State Reference K.S.A. 75 -4319(b)(6) defined:

75-4319. Closed or executive meetings; conditions; authorized subjects for discussion; binding action prohibited; certain documents identified in meetings not subject to disclosure.

(a) Upon formal motion made, seconded, and carried, all public bodies and agencies subject to the open meetings act may recess, but not adjourn, open meetings for closed or executive meetings. Any motion to recess for a closed or executive meeting shall include: (1) A statement describing the subjects to be discussed during the closed or executive meeting; (2) the justification listed in subsection (b) for closing the meeting; and (3) the time and place at which the open meeting shall resume. The complete motion shall be recorded in the minutes of the meeting and shall be maintained as a part of the permanent records of the public body or agency. Discussion during the closed or executive meeting shall be limited to those subjects stated in the motion.

(b) Justifications for recess to a closed or executive meeting may only include the following, the need:

(6) for the preliminary discussion of the acquisition of real property

Commission Options:

1. Make a motion to recess into executive session, establishing a time to resume the open meeting.

To be in compliance with the Kansas Open Meetings Act, City Attorney Larry Schwartz recommends the following motion be stated when the City Commission requests an executive session:

Motion: "I move that the governing body recess into executive session, to discuss the prior acquisition of real estate, pursuant to K.S.A. 75-4319(b)(6), for the preliminary discussion of the acquisition of real property. The open meeting will resume in the commission chambers at ____:____ p.m." (Voice Vote)

Approved for Agenda by:

Randy Frazer, City Manager

2021 Kansas Statutes

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(b) Justifications for recess to a closed or executive meeting may only include the following, the need:

- (1) To discuss personnel matters of nonelected personnel;
- (2) for consultation with an attorney for the public body or agency which would be deemed privileged in the attorney-client relationship;
- (3) to discuss employer-employee negotiations whether or not in consultation with the representative or representatives of the public body or agency;
- (4) to discuss data relating to financial affairs or trade secrets of corporations, partnerships, trusts, and individual proprietorships;
- (5) to discuss matters relating to actions adversely or favorably affecting a person as a student, patient or resident of a public institution, except that any such person shall have the right to a public hearing if requested by the person;
- (6) for the preliminary discussion of the acquisition of real property;
- (7) to discuss matters relating to parimutuel racing permitted to be discussed in a closed or executive meeting pursuant to K.S.A. 74-8804, and amendments thereto;
- (8) to discuss matters relating to the care of children permitted to be discussed in a closed or executive meeting pursuant to K.S.A. 38-2212(d)(1) or 38-2213(e), and amendments thereto;
- (9) to discuss matters relating to the investigation of child deaths permitted to be discussed in a closed or executive meeting pursuant to K.S.A. 22a-243(j), and amendments thereto;
- (10) to discuss matters relating to patients and providers permitted to be discussed in a closed or executive meeting pursuant to K.S.A. 39-7,119(g), and amendments thereto;
- (11) to discuss matters required to be discussed in a closed or executive meeting pursuant to a tribal-state gaming compact;
- (12) to discuss matters relating to security measures, if the discussion of such matters at an open meeting would jeopardize such security measures, that protect: (A) Systems, facilities or equipment used in the production, transmission or distribution of energy, water or communications services; (B) transportation and sewer or wastewater treatment systems, facilities or equipment; (C) a public body or agency, public building or facility or the information system of a public body or agency; or (D) private property or persons, if the matter is submitted to the public body or agency for purposes of this paragraph. For purposes of this paragraph, security means measures that protect against criminal acts intended to intimidate or coerce the civilian population, influence government policy by intimidation or coercion or to affect the operation of government by disruption of public services, mass destruction, assassination or kidnapping. Security measures include, but are not limited to, intelligence information, tactical plans, resource deployment and

vulnerability assessments;

(13) to discuss matters relating to maternity centers and child care facilities permitted to be discussed in a closed or executive meeting pursuant to K.S.A. 65-525(d), and amendments thereto;

(14) to discuss matters relating to the office of inspector general permitted to be discussed in a closed or executive meeting pursuant to K.S.A. 75-7427, and amendments thereto; and

(15) for the governor's domestic violence fatality review board to conduct case reviews.

(c) No binding action shall be taken during closed or executive recesses, and such recesses shall not be used as a subterfuge to defeat the purposes of this act.

(d) Any confidential records or information relating to security measures provided or received under the provisions of subsection (b)(12), shall not be subject to subpoena, discovery or other demand in any administrative, criminal or civil action.

History: L. 1972, ch. 319, § 3; L. 1977, ch. 301, § 3; L. 1981, ch. 344, § 1; L. 1988, ch. 315, § 4; L. 1992, ch. 318, § 9; L. 1993, ch. 286, § 75; L. 1994, ch. 254, § 3; L. 1996, ch. 256, § 23; L. 1999, ch. 96, § 2; L. 2001, ch. 190, § 2; L. 2004, ch. 177, § 2; L. 2005, ch. 126, § 4; L. 2007, ch. 177, § 16; L. 2009, ch. 132, § 14; L. 2012, ch. 16, § 33; L. 2015, ch. 68, § 16; L. 2017, ch. 73, § 4; July 1.