

# **CITY COMMISSION MEETING AGENDA**

City Hall Commission Chambers

Monday, October 7, 2019

7:00 p.m.

MEETING #5136

## **CALL TO ORDER**

## **ROLL CALL**

**INVOCATION BY** Albert Shrock of Bible Baptist Church

## **PLEDGE OF ALLEGIANCE**

## **PUBLIC HEARING**

Nor-Am Taxable Industrial Revenue Bonds

## **APPROVAL OF AGENDA**

## **PETITIONS & PROCLAMATIONS**

**VISITORS** (Limit of five minutes per individual and fifteen minutes per topic. Final action may be deferred until the next City Commission meeting unless an emergency situation does exist).

Depot Theater Company Update

## **CONSENT CALENDAR**

1. Approval of City Commission Work Session, September 16, 2019;
2. Approval of City Commission Meeting Minutes, September 16, 2019;
3. Approval of Special City Commission Meeting, October 3, 2019;
4. Appropriation Ordinance No.18, October 7, 2019;
5. Cereal Malt Beverage License:
  - a. Mariscos Nayarit Restaurant, 509 N. 2<sup>nd</sup> Avenue
  - b. Kate's, 305 E. Trial Street
6. Approval of Change Order No. 2 for 2019 Asphalt Street Programs;
7. Approval of Change Order No. 1 for Sutherlands Entrance Paving;
8. Approval of Change Order No. 1 for Soule Street Sidewalk;

9. Approval of LAG Rentals, LLC Lease Agreement.

## **ORDINANCES & RESOLUTIONS**

**Ordinance No. 3725:** A Home Rule Ordinance of the City of Dodge City, Kansas, Authorizing a Grant to Fund Certain Improvements for Economic Development Purposes; and Authorizing the Issuance of General Obligation Bonds of the City to Pay the Cost Thereof. Report by Finance Director, Nicole May.

**Resolution No. 2019-20:** A Resolution of the City of Dodge City, Kansas, Amending Resolution No. 2019-03 Which Authorized Certain Public Improvements and Provided for the Payment of the Costs Thereof. Report by Finance Director, Nicole May.

**Resolution No. 2019-21;** A Resolution of the Governing Body of the City of Dodge City, Kansas Determining the Advisability of Issuing Taxable Industrial Revenue Bonds for the Purpose of Financing the Acquisition, Construction and Equipping of a Commercial Facility to be Located in Said City; and Authorizing Execution of Related Documents. Report by Finance Director, Nicole May.

**Resolution No. 2019-22:** A Resolution of the City of Dodge city, Kansas, Authorizing Certain Public Improvements and Providing for the Payment of the Costs Thereof. Report by Finance Director, Nicole May.

**Resolution No. 2019-23:** A Resolution of the City of Dodge City, Kansas Authorizing Certain Public Improvements and Providing for the Payment of the Costs Thereof. Report by Finance Director, Nicole May.

**Resolution No. 2019-24** A Resolution Authorizing the Offering for Sale of General Obligation Bonds, Series 2019-A. Taxable General Obligation Waterworks and Wastewater Utility System Refunding Bonds, Series 2019-B, General Obligation Temporary Notes, Series 2019-1, and Taxable General Obligation Temporary Notes, Series 2019-2, of the City of Dodge City, Kansas. Report by Finance Director, Nicole May.

## **UNFINISHED BUSINESS**

## **NEW BUSINESS**

1. Approval of Audit Engagement Letter for Years Ending December 31, 2019 and 2020 with Kennedy McKee & Co. Report by Finance Director, Nicole May.
2. Approval of Change Order No. 3 for Central Avenue Reconstruction Project. Report by Director of Engineering, Ray Slattery.

3. Approval of Bids for Circle Lake Drainage Improvements. Report by City Engineer, Tanner Rutschman.
4. Approval of Nor-Am Development Agreement. Report by City Manager, Cherise Tieben.

## **OTHER BUSINESS**

## **EXECUTIVE SESSION.**

Personnel Matters of Non-Elected Personnel

## **ADJOURNMENT**

(Published in the *Dodge City Daily Globe*, September 27, 2019)

**NOTICE OF PUBLIC HEARING  
AND OF  
ISSUANCE OF TAXABLE INDUSTRIAL REVENUE BONDS**

Public notice is hereby given that the City Commission of the City of Dodge City, Kansas (the "Issuer"), will conduct a public hearing on October 7, 2019 at 7:00 p.m., or as soon thereafter as may be heard at City Hall in the Commission Chambers, 806 N. 2nd Ave., Dodge City, KS 67801 in regard to the issuance by the Issuer of its Taxable Industrial Revenue Bonds (Nor-Am Ice and Cold, LLC), in the approximate principal amount of \$27,000,000 (the "Bonds") and in regard to an exemption from ad valorem taxation of property constructed or purchased with the proceeds of such Bonds. The Bonds are proposed to be issued by the Issuer under authority of K.S.A. 12-1740 *et seq.*, as amended, to pay the costs of the acquisition, construction and equipping of a commercial facility to be located at 2101 East Trail Street in the City of Dodge City. The Issuer further intends to lease such facility to Nor-Am Ice and Cold, LLC, an Iowa Limited Liability Company (the "Tenant"). The governing body of the Issuer will not pass an ordinance authorizing the issuance of such revenue bonds until said public hearing has been concluded.

Notice is further given, in accordance with K.S.A. 12-1744e, that the Issuer intends to issue the Bonds and lease the facility to the Tenant as set out above.

A copy of this Notice, together with a copy of the inducement resolution of the Issuer adopted to be considered for adoption on October 7, 2019, indicating the intent of the governing body of the Issuer to issue such Bonds and a report analyzing the costs and benefits of such property tax exemption are on file in the office of the Clerk, or will be as soon as completed, and available for public inspection during normal business hours.

All persons having an interest in this matter will be given an opportunity to be heard at the time and place above specified.

Dated: September 27, 2019

CITY OF DODGE CITY, KANSAS

Connie Marquez, Clerk

**CITY COMMISSION WORK SESSION MINUTES**  
City Hall Commission Chambers  
Monday, September 16, 2019  
6:30 p.m.

**CALL OR ORDER**

**ROLL CALL:** Mayor Brian Delzeit, Commissioners, Jan Scoggins, Joyce Warshaw, Rick Sowers, Kent Smoll reported absent.

**WORK SESSION**

John Hendrickson, Kennedy McKee & Company LLP presented the City of Dodge City's Annual Audited Financial Statements for year ending December 2018.

**ADJOURNMENT**

Commissioner Joyce Warshaw moved to adjourn the meeting; Commissioner Jan Scoggins seconded the motion. The motion carried 4 – 0.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

**CITY COMMISSION MEETING MINUTES**  
City Hall Commission Chambers  
Monday, September 16, 2019  
7:00 p.m.  
MEETING #5134

**CALL TO ORDER**

**ROLL CALL:** Mayor Brian Delzeit, Commissioners, Jan Scoggins, Joyce Warshaw, Rick Sowers, Kent Smoll reported absent.

**INVOCATION**

**PLEDGE OF ALLEGIANCE**

**APPROVAL OF AGENDA**

Commissioner Joyce Warshaw made a motion to approve the agenda as presented. Commissioner Jan Scoggins seconded the motion. The motion carried 4 – 0.

**PETITIONS & PROCLAMATIONS**

Mayor Brian Delzeit read the Manufacturing Day Proclamation and proclaimed Friday, October 4, 2019 as National Manufacturing Day and urge all Dodge City residents to join in recognizing the value of our manufacturers and the importance they serve within our community.

Joann Knight spoke – This is the second year they held an event on Manufacturing Day which will be celebrated on October 4, 2019.. Dodge City/Ford County Development Corporation is partnering with the High School and Dodge City Community College to take 140 students to manufacturing businesses here in Dodge City. Would like to show appreciation for the four manufactures, they will be touring, Broce Manufacturing Co., Curtis Machine Co., Kitchens Inc. and Roto-Mix LLC. Following will be a luncheon at the college with presentations of career paths for High School students.

**VISITORS (Limit of five minutes per individual and fifteen minutes per topic. Final action may be deferred until the next City Commission meeting unless an emergency situation does exist).**

Troy Brown Representative of Horse Thief Reservoir introduced Josh Hobbs Representative of the reservoir and Josh gave the update on the Horse Thief Reservoir

**CONSENT CALENDAR**

1. Approval of City Commission Meeting Minutes, September 3, 2019;
2. Appropriation Ordinance No.17, September 16, 2019;

3. Cereal Malt Beverage License:
  - a. Boot Hill Museum Inc., 500 W Wyatt Earp Blvd.
4. Approval of Change Order No. 1 for Linn Street Reconstruction & Drainage Improvements.
5. Memorandum of Understanding with Ford County.
6. Approval of Supplemental Agreement No.2 with PEC for Design of Sampling Basin Force Main.

Commissioner Jan Scoggins moved to approve the consent calendar as presented. Commissioner Joyce Warshaw seconded the motion. The motion carried 4 -0.

#### **ORDINANCES & RESOLUTIONS**

#### **UNFINISHED BUSINESS**

#### **NEW BUSINESS**

1. Commissioner Jan Scoggins moved to accept the 2018 Audited Financial Statement. Commissioner Joyce Warshaw seconded the motion. The motion carried 4 – 0.
2. Commissioner Jan Scoggins moved to approve the appointment of Troy Brown to the Horse Thief Reservoir Board of Directors. Commissioner Delzeit seconded the motion. The motion carried 4 - 0.

#### **OTHER BUSINESS**

#### **EXECUTIVE SESSION**

At 7:35 pm, Commissioner Rick Sowers moved that the city commission recess into Executive Session pursuant to the exception found in K.S.A. 75-4319(b)(4). For discussion of data relating to financial affairs or trade secrets to third parties, the justification is for financial information of a private entity to be discussed and that information to be considered confidential by that entity. will need 15 minutes to include City Manager, Cherise Tieben, City Attorney, Brad Ralph, Finance Director, Nicole May, Assistant City Managers, Ernestor DeLaRosa and Melissa McCoy. The Commission will take no action upon returning to the open session and prior to adjournment. Commissioner Jan Scoggins seconded the motion. The motion carried 4 – 0.

The regular meeting was reconvened at 7:50 p.m.

#### **ADJOURNMENT**

Commissioner Rick Sowers moved to adjourn the meeting. Commissioner Joyce Warshaw seconded the motion. The motion carried 4 - 0.

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Brian Delzeit, Mayor

ATTEST:

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Connie Marquez, City Clerk

**CITY COMMISSION SPECIAL MEETING MINUTES**  
City Hall Commission Chambers  
Thursday, October 3, 2019  
8:00 a.m.  
MEETING #5135

**CALL TO ORDER**

**ROLL CALL** Mayor Brian Delzeit, Commissioners, Kent Smoll, Jan Scoggins, Joyce Warshaw, Rick Sowers present.

**New Business**

Cherise Tieben, City Manager discussed the Nor-Am Development Agreement

**EXECUTIVE SESSION**

At 8:16 am Commissioner Warshaw made a motion that the city commission recess into Executive Session pursuant to the exception found in K.S.A. 75-4319(b)(4) for discussion of data relating to financial affairs or trade secrets of third parties. The justification for closing the meeting is the financial information of two private entities to be discussed and that information will be considered confidential by each of these entities. The open meeting will resume in the City Commission Chambers at 8:31 am. The Commission will not take action upon returning to open session and prior to adjournment and those in attendance will be Commissioners, City Manager, Cherise Tieben, Assistant City Managers, Melissa McCoy, Ernestor Delarosa, Director of Engineering, Ray Slattery, City Attorney, Brad Ralph, Finance Director, Nicole May. Commissioner Kent Smoll moved to second the motion. The motion carried unanimously. Commissioner Kent Smoll made a motion to extend the executive session for 10 minutes to 8:42 am. Commissioner Jan Scoggins seconded.

**EXECUTIVE SESSION**

At 8:43 am Commissioner Rick Sowers moved to recess into executive session pursuant to the preliminary discussion prior to acquisition of real estate exception found in K.S.A. 75-4319(b)(6). The justification for closing the meeting is to protect the privacy of the real estate to be discussed. The executive session will include the City Manager, Cherise Tieben, Assistant City Managers, Melissa McCoy, Ernestor Delarosa, Director of Engineering, Ray Slattery, City Attorney, Brad Ralph, Finance Director, Nicole May. The open meeting will resume in the City Commission Chamber in 15 minutes at 8:59 am. The Commission will not take action upon returning to open session and prior to adjournment. Commissioner Kent Smoll seconded the motion. The motion carried 5 – 0.

**ADJOURNMENT**

Commissioner Joyce Warshaw moved to adjourn the meeting. Commissioner Rick Sowers seconded. The motion carried 5 – 0.

ATTEST:

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Mayor, Brian Delzeit

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City Clerk, Connie Marquez

**INDIVIDUAL/SOLE PROPRIETOR  
APPLICATION FOR LICENSE TO SELL CEREAL MALT BEVERAGES**

(This form has been prepared by the Attorney General's Office)

City or  County of Dodge City Ford

<b>SECTION 1 - LICENSE TYPE</b>	
Check One: <input type="checkbox"/> New License <input checked="" type="checkbox"/> Renew License <input type="checkbox"/> Special Event Permit	
Check One: <input checked="" type="checkbox"/> License to sell cereal malt beverages for consumption on the premises. <input type="checkbox"/> License to sell cereal malt beverages in original and unopened containers and not for consumption on the licenses premises.	
<b>SECTION 2 - APPLICANT INFORMATION</b>	
Kansas Sales Tax Registration Number (required): <u>004-481236736</u>	
I have registered as an Alcohol Dealer with the TTB. <input checked="" type="checkbox"/> Yes (required for new application)	
Name <u>Riley E. Skaggs</u>	Phone No. <u>620-225-9466</u> Date of Birth <u>Feb. 21, 48</u>
Residence Street Address <u>305 E. Trail St.</u>	City <u>Dodge City, KS</u> Zip Code <u>67801</u>
<b>Applicant Spousal Information</b>	
Spouse Name	Phone No. Date of Birth
Residence Street Address	City Zip Code
<b>SECTION 3 - LICENSED PREMISE</b>	
Licensed Premise (Business Location or Location of Special Event)	Mailing Address (If different from business address)
DBA Name <u>Kates</u>	Name <u>Kates</u>
Business Location Address <u>305 E. Trail St.</u>	Address <u>305 E. Trail St.</u>
City <u>Dodge City, KS</u> State <u>KS</u> Zip <u>67801</u>	City <u>Dodge City, KS</u> State <u>KS</u> Zip <u>67801</u>
Business Phone No. <u>620-225-9466</u>	<input checked="" type="checkbox"/> I own the proposed business location. <input type="checkbox"/> I do not own the proposed business location.
Business Location Owner Name(s) <u>Riley E. Skaggs</u>	
<b>SECTION 4 - APPLICANT QUALIFICATION</b>	
I am a U.S. Citizen	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
I have been a resident of Kansas for at least one year prior to application.	<input type="checkbox"/> Yes <input type="checkbox"/> No
I have resided within the state of Kansas for <u>74</u> years.	
I am at least 21 years old.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
I have been a resident of this county for at least 6 months.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Within 2 years immediately preceding the date of this application, neither I nor my spouse* have been convicted of, released from incarceration for or released from probation or parole for any of the following crimes: (1) Any felony; (2) a crime involving moral turpitude; (3) drunkenness; (4) driving a motor vehicle while under the influence of alcohol (DUI); or (5) violation of any state or federal intoxicating liquor law.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
My spouse has previously held a CMB license.	<input type="checkbox"/> Yes <input type="checkbox"/> No
My spouse has never been convicted of one of the crimes mentioned above while licensed.	<input type="checkbox"/> Yes <input type="checkbox"/> No

**INDIVIDUAL/SOLE PROPRIETOR  
APPLICATION FOR LICENSE TO SELL CEREAL MALT BEVERAGES**  
(This form has been prepared by the Attorney General's Office)

City or  County of Dodge City Ford County

<b>SECTION 1 - LICENSE TYPE</b>			
Check One: <input checked="" type="checkbox"/> New License <input type="checkbox"/> Renew License <input type="checkbox"/> Special Event Permit			
Check One: <input checked="" type="checkbox"/> License to sell cereal malt beverages for consumption on the premises. <input type="checkbox"/> License to sell cereal malt beverages in original and unopened containers and not for consumption on the licenses premises.			
<b>SECTION 2 - APPLICANT INFORMATION</b>			
Kansas Sales Tax Registration Number (required): <u>004-742828097F-02</u>			
I have registered as an Alcohol Dealer with the TTB. <input checked="" type="checkbox"/> Yes (required for new application)			
Name	Phone No.	Date of Birth	
<u>RAMON PRECIADO</u>	<u>620 408-8559</u>	<u>9-4-1977</u>	
Residence Street Address	City	Zip Code	
<u>806 CENTRAL</u>	<u>DODGE CITY, KS.</u>	<u>67801</u>	
<b>Applicant Spousal Information</b>			
Spouse Name	Phone No.	Date of Birth	
Residence Street Address	City	Zip Code	
<b>SECTION 3 - LICENSED PREMISE</b>			
Licensed Premise (Business Location or Location of Special Event)		Mailing Address (If different from business address)	
DBA Name <u>MARISCOS NAYAAIT RESTAURANT</u>		Name	
Business Location Address <u>509 N. 2ND.</u>		Address	
City	State	City	State
<u>DODGE CITY</u>	<u>KANSAS</u>		
Business Phone No. <u>620 227-9899</u>	<input type="checkbox"/> I own the proposed business location. <input type="checkbox"/> I do not own the proposed business location.		
Business Location Owner Name(s) <u>DR. KIRCK GRUSS</u>			
<b>SECTION 4 - APPLICANT QUALIFICATION</b>			
I am a U.S. Citizen			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
I have been a resident of Kansas for at least one year prior to application.			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
I have resided within the state of Kansas for <u>24</u> years.			
I am at least 21 years old.			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
I have been a resident of this county for at least 6 months.			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Within 2 years immediately preceding the date of this application, neither I nor my spouse* have been convicted of, released from incarceration for or released from probation or parole for any of the following crimes: (1) Any felony; (2) a crime involving moral turpitude; (3) drunkenness; (4) driving a motor vehicle while under the influence of alcohol (DUI); or (5) violation of any state or federal intoxicating liquor law.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
My spouse has previously held a CMB license.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
My spouse has never been convicted of one of the crimes mentioned above while licensed.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

# Memorandum

*To: City Manager  
City Commissioners*  
*From: Ray Slattery, P.E. *  
*Director of Engineering Services*  
*Date: September 27, 2019*  
*Subject: 2019 Asphalt Street Projects  
ST 1904*  
*Agenda Item: Consent Calendar*

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**Recommendation:** Approve Change Order #2 for 2019 Asphalt Street Projects.

**Background:** 2019 Asphalt Street Projects was approved on April 1, 2019

**Justification:** Sub-Grade Repair - The 50 C.Y. decrease in quantity is due to the project locations not requiring as much repair as estimated.  
Paving Fabric - The 4,710 S.Y. increase is due to adding paving fabric to 9th Ave. Staff felt this was needed due to the lack of thickness of the base course.  
4" HMA Base Course - The 4 Ton decrease in quantity is due to the project locations not requiring as much base course material as estimated.  
2" HMA Surface Course - The 116 Ton decrease increase in quantity is a result of adding surface material to sections of 9th Ave. and not overlaying Kirk St. Kirk St. had to be deleted from the project to keep the project within budget.  
Asphalt Patching - The 45 Ton increase in quantity is due to the addition of asphalt patching on 11th Ave. & Ash St.  
30" Curb & Gutter - The increase of 13 L.F. is a result of adding a section of curb & gutter adjacent to those that were planned to be replaced..

**Financial Considerations:** Change Order No. 2 is for a increase of \$4,050.66.

**Purpose/Mission:** The completion of this project will adhere to our core value of 'Safety' and 'Ongoing Improvement' by maintaining our street infrastructure in an acceptable condition.

**Legal Considerations:** By approving this change order to APAC Kansas, Inc. contract, the City will be responsible for the additional payments to APAC Kansas Inc. for completed work.

**Attachments:** The Change Order #2



## 2019 ASPHALT STREET PROJECTS (ST1904)

### CHANGE ORDER #2 – EXPLANATION

**Sub-Grade Repair** - The 50 C.Y. decrease in quantity is due to the project locations not requiring as much repair as estimated.

**Paving Fabric** - The 4,710 S.Y. increase is due to adding paving fabric to 9<sup>th</sup> Ave. Staff felt this was needed due to the lack of thickness of the base course.

**4" HMA Base Course** - The 4 Ton decrease in quantity is due to the project locations not requiring as much base course material as estimated.

**2" HMA Surface Course** - The 116 Ton decrease increase in quantity is a result of adding surface material to sections of 9<sup>th</sup> Ave. and not overlaying Kirk St. Kirk St. had to be deleted from the project to keep the project within budget.

**Asphalt Patching** - The 45 Ton increase in quantity is due to the addition of asphalt patching on 11<sup>th</sup> Ave. & Ash St.

**30" Curb & Gutter** - The increase of 13 L.F. is a result of adding a section of curb & gutter adjacent to those that were planned to be replaced.

# Memorandum

*To: City Manager  
City Commissioners*  
*From: Ray Slattery, P.E.*   
*Director of Engineering Services*  
*Date: September 27, 2019*  
*Subject: Sutherlands Entrance Paving  
CA 1703 - CO #1*  
*Agenda Item: Consent Calendar*

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**Recommendation:** Approve Change Order #1 for Sutherland Entrance Paving.

**Background:** Sutherlands Entrance Paving was approved on May 6, 2019

**Justification:** Embankment (95%)(VRF=1.1) - This item was removed from the project.  
8" NRDJ concrete Pavement - The increase of 3 SY represent the measurement of the 8" concrete placed with the project.  
30" Standard Curb & Gutter - The decrease of 6 LF represent the measurement of the actual curb & gutter placed.  
5'-0"x6" Concrete Sidewalk - The decrease of 2 SY represent the measurement of the actual sidewalk placed. This was due to the rerouting of the sidewalk.  
Concrete Skirt or Landscape Rock - This item was removed from the project.  
Silt Fence - The decrease of 148 LF represent the actual measurement of silt fence installed on the job.  
Inlet Protection - This item was removed from the project. The inlets in questions were up stream of the project.  
Temporary Seeding - The increase of 0.3 Ac. represent the actual amount of temporary seeding on the job site related to the project.

**Financial Considerations:** Change Order No. 1 is for a increase of \$1,187.50.

**Purpose/Mission:** The completion of this project would align with the City's Core Value of Ongoing Improvements and Working toward Excellence.

**Legal Considerations:** By approving the Change Order No, additional payment will need to be made to Building Solutions, Inc.

**Attachments:** The Change Order #1



**SUTHERLANDS ENTRANCE PAVING  
CA 1703, PHASE II  
CHANGE ORDER #1 – EXPLANATION**

**Embankment (95%)(VRF=1.1)** - This item was removed from the project.

**8" NRDJ concrete Pavement** - The increase of 3 SY represent the measurement of the 8" concrete placed with the project.

**30" Standard Curb & Gutter** - The decrease of 6 LF represent the measurement of the actual curb & gutter placed.

**5'-0"x6" Concrete Sidewalk** - The decrease of 2 SY represent the measurement of the actual sidewalk placed. This was due to the rerouting of the sidewalk.

**Concrete Skirt or Landscape Rock** - This item was removed from the project.

**Silt Fence** - The decrease of 148 LF represent the actual measurement of silt fence installed on the job.

**Inlet Protection** - This item was removed from the project. The inlets in questions were up stream of the project.

**Temporary Seeding** - The increase of 0.3 Ac. represent the actual amount of temporary seeding on the job site related to the project.

# Memorandum

*To: City Manager  
City Commissioners*  
*From: Ray Slattery, P.E.*   
*Director of Engineering Services*  
*Date: September 27, 2019*  
*Subject: Sutherlands Entrance Paving  
CA 1703 - CO #1*  
*Agenda Item: Consent Calendar*

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**Recommendation:** Approve Change Order #1 for Sutherland Entrance Paving.

**Background:** Sutherlands Entrance Paving was approved on May 6, 2019

**Justification:** Embankment (95%)(VRF=1.1) - This item was removed from the project.  
8" NRDJ concrete Pavement - The increase of 3 SY represent the measurement of the 8" concrete placed with the project.  
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Temporary Seeding - The increase of 0.3 Ac. represent the actual amount of temporary seeding on the job site related to the project.

**Financial Considerations:** Change Order No. 1 is for a increase of \$1,187.50.

**Purpose/Mission:** The completion of this project would align with the City's Core Value of Ongoing Improvements and Working toward Excellence.

**Legal Considerations:** By approving the Change Order No, additional payment will need to be made to Building Solutions, Inc.

**Attachments:** The Change Order #1



**SUTHERLANDS ENTRANCE PAVING  
CA 1703, PHASE II  
CHANGE ORDER #1 – EXPLANATION**

**Embankment (95%)(VRF=1.1)** - This item was removed from the project.

**8" NRDJ concrete Pavement** - The increase of 3 SY represent the measurement of the 8" concrete placed with the project.

**30" Standard Curb & Gutter** - The decrease of 6 LF represent the measurement of the actual curb & gutter placed.

**5'-0"x6" Concrete Sidewalk** - The decrease of 2 SY represent the measurement of the actual sidewalk placed. This was due to the rerouting of the sidewalk.

**Concrete Skirt or Landscape Rock** - This item was removed from the project.

**Silt Fence** - The decrease of 148 LF represent the actual measurement of silt fence installed on the job.

**Inlet Protection** - This item was removed from the project. The inlets in questions were up stream of the project.

**Temporary Seeding** - The increase of 0.3 Ac. represent the actual amount of temporary seeding on the job site related to the project.

## Memorandum

*To: City Manager  
City Commissioners*

*From: Corey Keller*

*Date: October 2, 2019*

*Subject: LAG Rentals, LLC Lease Agreement*

*Agenda Item: Consent Calendar*

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**Recommendation:** To enter into agreement with LAG Rentals, LLC to lease counter space and eighteen parking stalls at the airport terminal building.

**Justification:** Attached is the signed lease agreement with LAG Rentals, LLC. They have agreed to the terms, to lease forty (40) square feet of counter space and eighteen (18) parking stalls at the airport terminal building for a period of five years. The amount of the lease is \$1,285.00 annual fee for the terminal space and parking stalls. In addition LAG Rentals will pay a \$2.50 per vehicle rented each month. The lease has been compared to other airports such as Garden City, Liberal, and Hays. The fees are in line with what other airports in this area are charging.

The lease will become effective as of September 3, 2019 and end on September 3, 2024. Signatures of both parties will activate the lease. LAG Rentals and I have already agreed to the terms and have signed the document. The signature of the Mayor and Connie Marquez will complete the process.

**Financial Considerations:** LAG Rentals, LLC will pay the City \$1,285.00 annual fee and the \$2.50 per rental monthly fee for the five year term.

**Legal Considerations:** Legal has reviewed the documents and is in agreement with the terms.

CITY OF DODGE CITY AIRPORT LEASE WITH LAG RENTALS, LLC

LEASE. This lease is made and entered into by and between the City of Dodge City, Kansas, a municipal corporation (the "City") and LAG Rentals, LLC, a Kansas limited liability company (the "Lessee"):

1. PREMISES. The City, in consideration of the rent, agreements and conditions as set forth herein to be paid and performed by the Lessee, does hereby provide to the Lessee, subject to the terms and conditions set forth herein, the rental car parking rights and use of facilities located at the Dodge City Regional Airport, to wit:

Leased counter space in the Dodge City Regional Airport Terminal and eighteen (18) parking spaces as designated by the Airport Manager. One thousand, two hundred eighty-five dollars (\$1,285.00) basic annual rent paid in a single payment each year.

\$10.00 per square foot of counter space (40 sq ft x \$10) =	\$400.00
\$62.50 for six (6) front row parking spaces =	\$375.00
\$42.50 for twelve (12) back row parking spaces =	\$510.00

Fee per Vehicle Rental \$ 2.50

In addition to the basic annual rent for counter space and parking spaces, the Lessee shall also pay the City the designated fee for each vehicle rented during the year at the Dodge City Regional Airport at a rate of \$ 2.50 per vehicle. The Lessee shall provide a written report of the number of vehicles rented for the previous month by the 20<sup>th</sup> of each month with an annual report due prior to September 3rd of each year. The fee for each vehicle rented shall be paid by the Lessee to the City on a monthly basis. Said Vehicle Rental fee shall be due and payable on the 5<sup>th</sup> day of each month of this Lease. The Vehicle Rental Fee shall be identified when making payment to the City.

Parking of all Hertz rental vehicles, whether having been returned or awaiting rental, shall be within the 18 designated parking stalls marked for Hertz Rentals. Any returned Hertz rental vehicles parked outside of the marked designated parking stalls shall be moved to the overflow parking area designated by the City, within 24 hours of arriving at the airport. All 18 parking stalls will be marked with signs provided by the Lessee from Hertz.

2. RENTAL FEE:

A. The sum of \$ 1,285.00 is the basic annual rent and shall commence on September 3, 2019. The payment for basic annual rent for the first lease year shall be payable on the 3rd day of September, 2019. Each October 1, the basic annual rent will change in proportion to the CPI-U Midwest Urban Cities (Consumer Price Index) of the most recent calendar year of its calculation. Consumer price index shall be determined based upon the most recent consumer price index reflected in the Bureau of Labor and Statistics and found at the web link

[http://data.bls.gov/servlet/SurveyOutputServlet?series\\_id=CUURA214SA0.CUUSA214SA0](http://data.bls.gov/servlet/SurveyOutputServlet?series_id=CUURA214SA0.CUUSA214SA0).

This change will affect the basic annual rent for all subsequent years of the lease, including those resulting from any renewals, until its expiration. The City, as a courtesy, will provide written notice of this change at the end of the 1<sup>st</sup> quarter of each calendar year however this is not a requirement for the implementation of these annual fee changes.

B. All rent shall be paid without prior demand therefore at the City's business office, Dodge City Regional Airport, P.O. Box 880, Dodge City, KS 67801.

3. LATE CHARGES. In the event the Lessee has failed to pay the rent and other amounts due to the City, on or before the fifth (5th) day of the month due, the Lessee shall owe, as additional rent, a late charge equal to five percent (5%) of the amount of the monthly payment(s) then due.

4. TERM. This lease commences on September 3, 2019 and expires on September 3, 2024 inclusive, a period of five (5) years. This lease may be extended by mutual agreement of the parties or in compliance with any option for renewal provided in Paragraph 5 of this lease.

5. OPTION TO RENEW:

A. The Lessee will have the option to renew this lease for an additional five (5) year term unless the lease has been terminated as a result of voluntary withdrawal, destruction of premises, or the Lessee's default or breach.

B. The Lessee shall deliver to the City written notice of its intent to renew at least sixty (60) days prior to the expiration of the original or renewal term then in effect.

C. The rent shall be adjusted each year during the renewal term of this lease in proportion to the change in the CPI-U Midwest Urban Cities (Consumer Price Index) over the previous year.

D. Except for rental fee, all agreements and conditions in this lease will remain in full force and effect for the renewal term unless the parties otherwise agree in writing.

6. USE OF PREMISES.

A. The Lessee shall comply with all Federal, State and Local laws, ordinances and administrative regulations applicable to the airport premises and the Lessee's use and occupation thereof. The Lessee shall also comply with all policies and use restrictions of the City, including subsequent modifications or changes thereto, which are applicable to the leased premises, the Lessee's use thereof, and all of the City's property.

B. The Lessee shall not use the airport premises for any unlawful purpose or for any purpose which constitutes a nuisance, is harmful to, or interferes unreasonably with the rights of any other person including the City and its tenants.

7. NO MECHANICS' LIENS, NO AGENCY CREATED. The Lessee is not the agent, partner or trustee of the City. The City is not, and shall not, be liable for any labor, services or material furnished to the Lessee, its officers, employees, agents or anybody claiming under this lease. No materialmen or persons furnishing labor or other services to the Lessee shall have the right to file any lien upon the leased premises, and no mechanics lien filed by any such materialmen, workers or other persons shall attach to said premises or affect the City's interest as owner of the leased premises. The Lessee shall not, at any time, hold him/herself out as having any authority to act for and on behalf of the City or create a lien on the provided usage rights. Should any lien be filed against the lease by reason of any services, materials or work furnished for and on behalf of the Lessee, the same shall constitute a breach of this lease by the Lessee, and the Lessee shall immediately cause the discharge of any such lien.

8. CONTEST OF LIENS:

A. Notwithstanding provisions of Paragraph 7 of this lease, the Lessee shall have the right to contest any mechanics lien or other similar lien if the Lessee notifies the City in writing of its intention to do so.

B. On demand of the City, the Lessee shall provide a bond in the City's favor, the face amount of which shall be at least twice the amount of the lien claim contested to indemnify and protect the City against liability, loss, damage an expense of any nature resulting from said asserted lien and the contest thereof; if Lessee diligently prosecutes such contest, prevents any judicial sale of any part of airport premises and pays or otherwise satisfies a final judgment enforcing such contested lien claim and thereafter promptly procures record releases or satisfaction thereof, the Lessee shall be discharged and the bond released.

9. INDEMNITY:

A. The Lessee shall indemnify, protect, defend and save the City harmless from and against all claims, demands, liabilities and costs, including attorneys fee arising from damage or injury, actual or claimed, of whatever kind or character to property or persons allegedly occurring on or about the airport premises during this lease term or the Lessee's period of actual possession of premises, whichever is longer. Upon notice from the City, the Lessee shall defend the City in any action or proceeding brought in connection with such claims and demands.

B. Nothing in this paragraph shall require the Lessee to indemnify, protect, defend and save the City harmless against claims, demands, liabilities and costs arising from negligence of the City, its officers, employees, and agents.

#### 10. INSURANCE:

A. The Lessee, at its sole expense, shall maintain public liability insurance to protect against any liability which may arise from accident or injury on or about the airport premises; such liability insurance coverage shall have the following minimum requirements:

- 1) This policy shall be on a Comprehensive General Liability form.
- 2) The City shall be an additional insured as Lessor of the premises.
- 3) Policy limits shall be at least: \$ 500,000 per occurrence, \$1,000,000 aggregate.
- 4) The Lessee shall also maintain workers compensation insurance for its employees and agents as required by Kansas law.

B. The City reserves the right to require additional insurance if, in its sole discretion, the City deems such additional coverage to be necessary because of a substantial change in the Lessee's operations or for any other reason. The Lessee shall pay the cost of any such additional insurance coverage.

C. The Lessee shall procure any insurance coverage required by this lease through companies authorized to write insurance in Kansas as selected by the Lessee and approved in writing by the City. The Lessee may include the required insurance coverage under its existing insurance policy, provided each insurance requirement of this lease is fulfilled thereby and the City approves thereof.

D. All insurance policies described in subparagraph A. and B. of this paragraph and renewals thereof shall name the City and the Lessee as insured parties and shall contain a provision prohibiting cancellation by the insurer without at least ten (10) days prior written notice to the City and the Lessee. The Lessee shall deliver to the City a certificate of such insurance within ten (10) days after this agreement is executed between the City and the Lessee.

E. In the event the Lessee fails or neglects to procure and maintain require insurance coverage and pay premiums thereon, the City, at its option, either may treat such failure as a default and breach of this lease or procure such insurance and pay the premiums thereon, and add the cost thereof to basic rent due in the month following the date such costs are incurred.

11. ASSIGNMENT AND SUBLEASES. The Lessee shall neither assign, mortgage, pledge, sell nor in any manner transfer, convey or dispose of this lease or any interest therein or part thereof whether voluntary, involuntary or by operation of law, and the Lessee shall neither sublet usage rights or any part thereof nor permit any licensee or concessionaire to operate thereon without prior written consent of the City in each instance. In the event the City gives such consent, neither sublease nor assignment of this lease by the Lessee shall release the Lessee from it obligations under this lease.

12. TAXES. The Lessee shall pay to the proper governmental agencies as they become due all taxes, assessments and similar charges which, at any time during the term of this lease, may be taxed, assessed or imposed upon the Lessee whether such taxes arise from this lease, the leased premises and any permanent improvements thereto or from any other levy or assessment. The City shall not be liable to pay any such taxes.

13. RULES AND REGULATIONS. The Lessee, its officers, agents and employees shall comply with all rule and regulations issued from time to time by the City in connection with the management and operation of the Dodge City Regional Airport properties, including land use restrictions.

#### 14. NONDISCRIMINATION ASSURANCES.

A. The Lessee for itself, its heirs, personal representatives, successor in interest, and assignees, as a part of the consideration hereof does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property

described in this lease for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

B. The Lessee, for itself, its personal representatives, successors interest, and assignees, as part of the consideration hereof, does hereby covenant and agree as a covenant running with the provided rights that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said rights, (2) that the Lessee shall use the rights compliant with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

C. The Lessee shall furnish service on a fair, equal and not unjustly discriminatory basis to all users thereof and shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, the Lessee may make reasonable nondiscriminatory discounts, rebates and similar price reductions to volume purchasers. The City may take action directed by the United States Government to enforce this paragraph.

#### 15. SUBORDINATION CLAUSE.

A. This lease shall be subordinate to provisions of any existing or future agreement between the City and the United States of America or any agency thereof relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the airport.

B. During time of war or national emergency, the City shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly owned air navigation facilities and/or other areas or facilities of the airport. If any such agreement is executed, the provisions of this instrument, insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.

16. NO EXCLUSIVE USE. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 40103, Chapter 401, Subpart I, Part A, Subtitle VII, Title 49 of the US Code, found at <http://www4.law.cornell.edu/uscode/49/40103.html>.

#### 17. DEFAULT AND BREACH:

A. The Lessee shall be in default of this lease whenever the Lessee:

- 1) Fails to perform any duty, agreement or condition required by this lease;
- 2) Fails in the due and punctual payment of rent or any other monies due the City;
- 3) Files a voluntary petition under the bankruptcy act or an involuntary petition under such act is filed against the Lessee, and the Lessee, after full hearing, is adjudged to be bankrupt, insolvent or unable to pay its debts as they mature;
- 4) Makes an assignment for the benefit of its creditors;
- 5) A trustee or receiver, after full hearing, is appointed or retained to take charge of and manage any substantial part of the assets of the Lessee;
- 6) Any execution or attachment shall issue against the Lessee whereupon any part either of the provided rights or of the Lessee's interest therein shall be taken or an attempt is made to take the same in contemplation of a judicial sale thereunder (except that Lessee shall have the right to contest any such attachment or execution in the same manner and to the same extent as the Lessee's right to contest liens as set forth in paragraph 8 hereof); or;

B. The Lessee's default in performance of required duties, agreements and conditions shall constitute a breach of this lease. The City may, at its option, terminate this lease in the manner provided in paragraph 18 on the Lessee's default or at any time thereafter while the Lessee continues in default.

C. Any waiver by the City of any default or breach of this lease shall neither be construed as a continuing waiver nor as a waiver of a subsequent default or breach and in no event shall imply further indulgence by the City.

#### 18. TERMINATION:

A. This lease shall terminate:

1) Automatically at the expiration of its original or any renewal term;  
2) Immediately upon the City exercising its option to terminate provided in paragraph 17 of this lease;

3) Upon the occurrence of any default by the Lessee as more particularly set forth in paragraph 17. This lease shall terminate, at the City's option, upon the City serving upon the Lessee, a written notification entitled "Notice to Terminate Lease in Ten (10) Days and Right to Cure." Such right to cure notice shall specify the amount of past due rent and/or the nature of the Lessee's other default and breach and shall state that the lease shall not terminate should the Lessee pay such past due rent and/or cure such other default and breach to the City's satisfaction prior to the expiration of the ten (10) days; but that the lease shall terminate automatically on the date specified in the notice unless such rent has been paid or other breach has been cured by such date.

B. In the event of termination by the City pursuant to the terms hereof, the Lessee shall remain liable for payment of the full unpaid balance of all rent due for the remaining term of the lease, but shall upon such termination be obligated to forthwith relinquish provided rights to the City. The remedies conferred upon the City herein shall not be considered exclusive of any other remedy, but shall be in addition to every other remedy available to the City as landlord under this lease and as matter of law. The failure of the City to insist upon a strict performance of any term or condition of this lease shall not be deemed a waiver of any right or remedy that the City may have and shall not be deemed a waiver or any subsequent breach of such term or condition.

#### 19. SURRENDER OF POSSESSION.

A. Upon termination, the Lessee shall forthwith peacefully surrender provided rights to the City. The Lessee shall remain liable to the City for all rent due and owing through the entire term of the lease.

B. In the event that the Lessee's lease term has expired and the Lessee retains the provided rights on the airport premises, even with the concurrence of the City, such acts shall not constitute a renewal of this lease nor require the City to forfeit any of its rights under this lease. In such event, the Lessee shall be considered a tenant at will. No payment of money by the Lessee to the City subsequent to the termination of this lease shall reinstate, continue or extend the terms of this lease, but the Lessee shall remain in full compliance with all such terms and conditions of this lease during such extended possession.

20. ATTORNEY FEES. If in the sole determination of the City, the services of an attorney are required to enforce any provision of this lease, the Lessee shall fully indemnify the City for any and all attorney fees and expenses so incurred.

21. USE OF PREMISES. The Lessee shall provide a high standard of customer services consistent with good customer relations for the benefit of the public and adequate to meet the demands for such services at the Dodge City Regional Airport.

22. SERVICE OF NOTICE:

A. All notices and other written documents required or described to under this lease shall be served and delivered for all purposes:

B. Upon the City by delivery to the office of the Airport Manager or by mailing certified or registered mail, postage prepaid, addressed to

Dodge City Regional Airport  
P.O. Box 880  
Dodge City, KS 67801

or at such other place as the City may designate in writing;

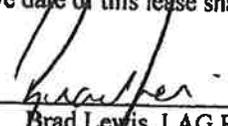
C. Upon the Lessee by delivery in person to the Lessee or any of its executive officers or by mailing by certified or registered mail, postage prepaid, addressed to the Lessee at or such other place as the Lessee may designate in writing to the City.

D. All notices sent by certified or registered mail shall be presumed delivered as of the day following the date they are mailed.

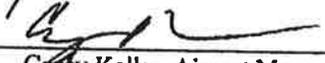
THIS LEASE shall be binding among heirs, executors, administrators, successors and assignees of the respective parties hereto. This lease constitutes the entire agreement between the parties and shall be modified only upon execution by all parties of a written document setting forth any change or additions and bearing the effective date thereof. Two copies of this lease are executed; each shall be deemed an original.

IN WITNESS WHEREOF the respective parties hereto have caused this instrument to be executed on their behalf by their duly authorized officers of the dates indicated below. The lease shall become binding when properly executed by both parties hereto, and the effective date of this lease shall be the date specified in the first paragraph of this lease.

10/1/19  
Date \_\_\_\_\_

By:   
Brad Lewis, LAG Rentals, LLC

10-1-19  
Date \_\_\_\_\_

By:   
Corey Keller, Airport Manager

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
Brian Delzeit, Mayor

Attest: \_\_\_\_\_  
Connie Marquez, City Clerk

STATE OF KANSAS, CITY OF DODGE CITY, ss:

BE IT REMEMBERED, that on this \_\_\_\_\_ day of \_\_\_\_\_, 2019, before me, the undersigned Notary Public in and for the County and State aforesaid came, Brian Delzeit, Mayor and Connie Marquez, Clerk of the City of Dodge City, KS who are personally known to me to be the same persons who executed the above lease, and duly acknowledged the execution of the same.

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

(SEAL)

\_\_\_\_\_  
Notary Public

My appointment expires: \_\_\_\_\_

STATE OF KANSAS, CITY OF DODGE CITY, ss:

BE IT REMEMBERED, that on this 1<sup>st</sup> day of October, 2019, before me, the undersigned Notary Public in and for the County and state aforesaid came, Brad Lewis of LAG Rentals LLC, who is personally known to me to be the same person who executed the above lease, and duly acknowledged the execution of the same.

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



Stacy R. Milford  
Notary Public

(SEAL)

My appointment expires: 3-14-2023

## Preliminary Financing Information Presented to the:



### **Dustin Avey**

MANAGING DIRECTOR

Tel: +1 913.345.3375

Email: [dustin.j.avey@pjc.com](mailto:dustin.j.avey@pjc.com)

### **Clayton Kelley**

VICE PRESIDENT

Tel: +1 913-345-3377

Email: [john.c.kelley@pjc.com](mailto:john.c.kelley@pjc.com)

### **Hannah Draper**

ANALYST

Tel: +1 913-345-3302

Email: [hannah.m.draper@pjc.com](mailto:hannah.m.draper@pjc.com)

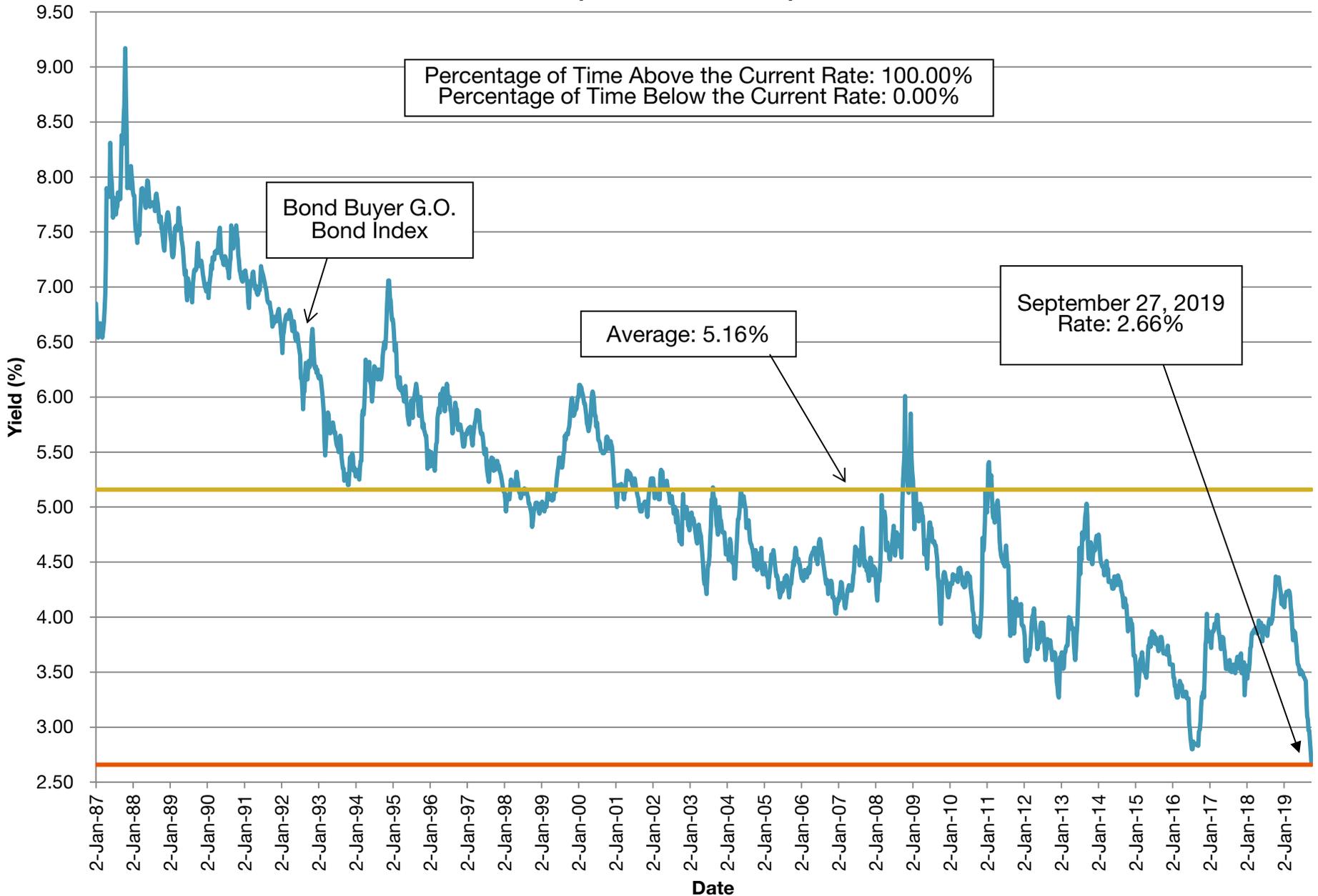
### **Bethany Duckworth**

INVESTMENT BANKING ASSISTANT

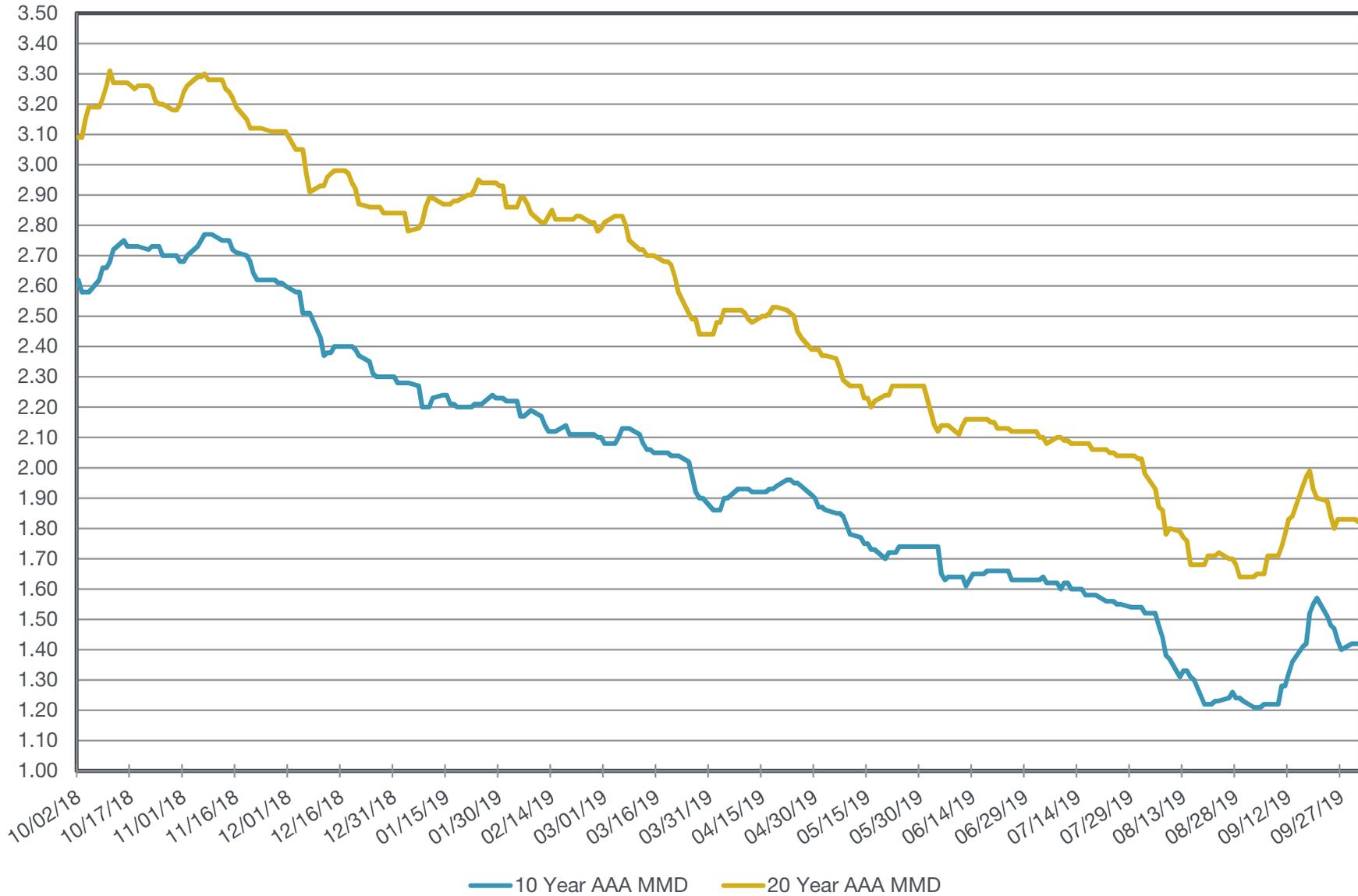
Tel: +1 913-345-3351

Email: [bethany.b.duckworth@pjc.com](mailto:bethany.b.duckworth@pjc.com)

# BOND BUYER 20 G.O. BOND INDEX (1987 TO PRESENT)



## Municipal Market Data 10 and 20 Year AAA MMD October 2, 2018 - October 2, 2019



# FINANCING SUMMARY

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## ***Series 2019-A General Obligation Bonds***

1. Bonds will finance various internal street improvement projects that are included in the City's capital improvement plan.
2. Bonds will be financed for 20 years.
3. The estimated interest rate is 2.50%
4. Refinancing a portion of the 2009 KDHE Loan: Outstanding Rate is 2.58%
  - a. The term of the existing obligation will remain the same.
  - b. The estimated interest rate after refinancing is 2.05%.
  - c. The estimated savings as a result of refinancing is \$668,056.44.

## ***Series 2019-B Taxable General Obligation Refunding Bonds***

1. Refinance the outstanding Series 2012-A Bonds.
2. Refinancing due to tax analysis related to use of proceeds/project.
3. Based on use of the project, bonds should be taxable rather than tax-exempt.
4. Conversion to taxable bonds prevents any future issues with meeting federal requirements.
5. The current interest rate is 2.91%.
6. The estimated interest rate after refinancing is 2.50%.

### ***Series 2019-1 General Obligation Temporary Notes***

1. Notes will finance internal improvements for Candletree # 8.
2. Upon completion of the project, the Notes will be financed with long term Bonds and will be assessed to properties benefiting from the improvements.
3. The estimated interest rate on the Notes is 2.30%

### ***Series 2019-2 Taxable General Obligation Temporary Notes***

1. Notes will finance the sampling basin project.
2. Notes are taxable due to tax analysis and use of the project.
3. Upon completion of the project, the City's portion will be financed with long term Bonds.
4. The estimated interest rate on the Notes is 2.40%

**CITY OF DODGE CITY, KANSAS  
GENERAL OBLIGATION BONDS, SERIES 2019-A  
TAXABLE GENERAL OBLIGATION WATERWORKS AND  
WASTEWATER UTILITY SYSTEM REFUNDING BONDS, SERIES 2019-B  
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2019-1  
TAXABLE GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2019-2**

**Timetable of Events**

September 25, 2019	Distribute initial drafts of Sale Resolution and KDHE partial prepayment documents; initial drafts of Project Authorizations (KDHE loan project, Sampling Basin project)
October 1, 2019	Distribute initial draft of Preliminary Official Statement and disclosure undertakings; Rating Packet to S&P
October 3, 2019	Distribute revised draft of Preliminary Official Statement, Sale Resolution, and Project Authorizations
<b>October 7, 2019</b>	<b>Governing Body Meeting</b> – Adopt Project Authorizations (KDHE loan project, Sampling Basin project), Adopt Sale Resolution authorizing the sale of the Series 2019-A and Taxable 2019-B Bonds and Series 2019-1 and Taxable 2019-2 Notes
October 8, 2019	Distribute RFP for underwriter services; Mail Notice of Partial Prepayment of KDHE Loan; Rating call with S&P this week
October 14, 2019	Distribute initial drafts of Bond Ordinance/Resolution x2, Bond Purchase Agreement, Closing Documents and Federal Tax Certificate for both series of the Bonds
October 16, 2019	Distribute initial drafts of Note Resolution, Note Purchase Agreement, Closing Documents and Federal Tax Certificate for both series of the Notes
October 17, 2019	Receive RFP Responses for underwriter services; Select Underwriter
October 18, 2019	Receive Bond Rating
October 21, 2019	Distribute Final Preliminary Official Statement
October 28-31, 2019	Time period for pricing of Bonds and Notes, final interest rates determined, Bond Purchase Agreement and Note Purchase Agreement executed by Purchaser and City Bond Ordinance/Resolutions, Note Resolution, and other financing documents revised and distributed to City for approval Distribute draft Official Statement
<b>November 4, 2019</b>	<b>Governing Body Meeting (7:00 P.M.)</b> – Adopt Bond Ordinances, Bond Resolutions and Note Resolutions

November 5, 2019	Forward summary of Bond Ordinances to <i>Dodge City Daily Globe</i> ; Order Bond Printing x2 Distribute final Official Statement
November 7, 2019	Print Notes x2, assemble Note Transcript and forward to Attorney General for review
November 8, 2019	Publish Bond Ordinance in <i>Dodge City Daily Globe</i>
November 12, 2019	Proof Bonds x2, assemble Bond Transcript and forward to Attorney General for review
November 18, 2019	Distribute IRS Forms 8038-G for the Bonds x1 and Notes x1
November 21, 2019	Paying Agent/Registrar registers Bonds x2 and Notes x2 and forwards the same to DTC for Closing; final Closing Memo distributed
<b>December 5, 2019</b>	<b>CLOSINGS</b> ; Purchase price for Bonds and Notes deposited with the Issuer and Bonds and Notes delivered to the Purchaser
December 10, 2019	Partial Prepayment of KDHE Loan KWPCRF C20 1792 01
March 1, 2020	Partial payment of refunded interest, if necessary

## *Memorandum*

*To: Cherise Tieben, City Manager*  
*From: Nicole May*  
*Date: October 2, 2019*  
*Subject: Resolution No. 2019-23 and Ordinance 3725*

*Agenda Item: Ordinances and Resolutions*

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**Recommendation:** I recommend the approval of Resolution No. 2019-23 and Ordinance 3725.

**Background:** At the September 3, 2019 City Commission meeting the Proposal and Change Order #1 with Nowak Construction Company for the National Beef Sampling Basin was approved. So that the City can obtain financing for this projects in the form of temporary notes, the project first needs to be authorized by Resolution of the City of Dodge City. Due to the public/private partnership with this project the financing will be unique. The City will issue temporary notes for the entire amount of the project. Then the City, using a Home Rule Ordinance will issue an economic development grant to National Beef to fund the portion of the improvements that will be owned by National Beef at the end of the project. This is required due to these improvements being considered private improvements. When the project is completed, National Beef will still be responsible for paying for their respective half of the project that has been previously agreed to. Resolution No. 2019-23 formalizes the approval process for bond financing and Ordinance 3725 formalized the approval of the economic development grant.

**Justification:** To issue temporary notes for projects, the project needs to be authorized by Resolution.

**Financial Considerations:** Once the projects are authorized, funding will be issued to fund these projects.

**Purpose/Mission:** To maintain and improve the infrastructure in Dodge City.

**Legal Considerations:** None

**Attachments:** Resolution No. 2019-23 and Ordinance 3725.

(Published in *The Dodge City Daily Globe* on October 11, 2019)

**ORDINANCE NO. 3725**

**A HOME RULE ORDINANCE OF THE CITY OF DODGE CITY, KANSAS, AUTHORIZING A GRANT TO FUND CERTAIN IMPROVEMENTS FOR ECONOMIC DEVELOPMENT PURPOSES; AND AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE CITY TO PAY THE COSTS THEREOF.**

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**WHEREAS**, the governing body of the City of Dodge City, Kansas (the “City”) hereby finds it necessary and advisable for the City to provide for the construction of a portion of certain wastewater improvements, including a sampling basin, force main, and improvements related thereto, and make an economic development grant to pay a portion of the costs thereof (collectively the “Project”) for the stimulation and fostering of economic development in the City and its environs in order to enhance and provide for the general and economic development and welfare of the City and its citizens; and

**WHEREAS**, K.S.A. 12-1617h (the “Act”) authorizes the City to levy a tax and expend public funds for economic development purposes, but by its terms, the Act is not the exclusive means of providing such funds and recognizes and acknowledges that the City may, in its discretion, exercise any other lawful authority to provide funds for such purposes; and

**WHEREAS**, Article 12, Section 5 of the Constitution of the State of Kansas (the “Home Rule Amendment”) empowers cities to determine their local affairs and government and provides that such power and authority granted thereby to cities shall be liberally construed for the purpose of giving to cities the largest measure of self-government; and

**WHEREAS**, the City is a city within the meaning of the Home Rule Amendment; and

**WHEREAS**, there is no enactment of the Kansas legislature which prohibits a city from issuing general obligation bonds to provide funds to finance the Project for economic development purposes; and

**WHEREAS**, the governing body of the City hereby further finds and determines that it is necessary and advisable and in the interest of the public health, safety and welfare, including economic development, of the City, to authorize by home rule ordinance the issuance of general obligation bonds of the City to finance the Project.

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

**Section 1. Economic Development.** The governing body of the City hereby finds and determines that the Project will stimulate and foster economic development in the City and its environs in order to enhance and provide for the general and economic development and welfare of the City and its citizens. It is hereby authorized, ordered and directed that the City proceed with the Project at an estimated cost of \$713,013.

**Section 2. Financing Authorization.** It is further authorized, ordered and directed that the costs of the Project, costs of issuance and interest on temporary financing may be paid, in whole or in part, from the proceeds of general obligation bonds of the City (the “Bonds”), which are hereby authorized to be issued for such purposes pursuant to the authority of the Act and the Home Rule Amendment. The Bonds

may be issued to reimburse expenditures made on or after the date which is 60 days before the date of this Ordinance, pursuant to Treasury Regulation §1.150-2.

**Section 3. Further Authority.** The officials of the City, the City Attorney, Bond Counsel and other consultants are authorized to proceed with such action as is necessary in order to comply with the intent of this ordinance, subject to final approval of such documents by the governing body.

**Section 4. Effective Date.** This Home Rule Ordinance shall be effective from and after final passage by the governing body, signature by the Mayor and publication once in the official City newspaper.

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**PASSED** by the governing body and **SIGNED** by the Mayor of the City of Dodge City, Kansas,  
on October 7, 2019.

(SEAL)

\_\_\_\_\_

Mayor

ATTEST:

\_\_\_\_\_

Clerk

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## *Memorandum*

*To: Cherise Tieben, City Manager*  
*From: Nicole May*  
*Date: October 2, 2019*  
*Subject: Resolution No. 2019-20*

*Agenda Item: Ordinances and Resolutions*

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**Recommendation:** I recommend the approval of Resolution No. 2019-20

**Background:** So that the City can obtain financing for construction projects in the form of general obligation bonds or temporary notes, the project first needs to be authorized by Resolution of the City of Dodge City. At the January 22, 2019 City Commission meeting the Commission approved the 2019 street program and then at the February 18, 2019 City Commission meeting the City Commission approved Resolution 2019-03 authorizing bond financing for those projects. Since the approval of the street program and approval of the projects for bond financing there have been two changes that have come about. The first is the removal of the Kirk St. Overlay (Sycamore St. to Willow St), the maximum project funding had been reached prior to working on this street. The second change is Brier St. Mill & Inlay (13<sup>th</sup> Ave. to 10<sup>th</sup> Ave) was replaced with 11<sup>th</sup> Ave (Comanche St. to Brier St.), it was determined that 11<sup>th</sup> Ave was in worse condition than Brier St. at the time of the work being done. Resolution No. 2019-20 formalizes the changes in the project authorization.

**Justification:** To issue General Obligation Bonds the specific street projects need to be authorized by Resolution.

**Financial Considerations:** Once the projects are authorized, funding will be issued to fund these projects.

**Purpose/Mission:** To maintain and improve the infrastructure in Dodge City.

**Legal Considerations:** None

**Attachments:** Resolution No. 2019-20.

**RESOLUTION NO. 2019-20**

**A RESOLUTION OF THE CITY OF DODGE CITY, KANSAS, AMENDING RESOLUTION NO. 2019-03 WHICH AUTHORIZED CERTAIN PUBLIC IMPROVEMENTS AND PROVIDED FOR THE PAYMENT OF THE COSTS THEREOF.**

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**WHEREAS**, K.S.A. 13-1024a, as amended by Charter Ordinance No. 41 (the “Act”) of the City of Dodge City, Kansas (the “City”), provides that for the purpose of paying for any bridge, viaduct, street, sidewalk or pedestrian way improvement, airport, public building or structure, parking improvement, or other public utility or works, including any appurtenances related thereto and the land necessary therefor, for lands for public parks and recreation facilities, including golf courses, stadiums and community centers, and developing and making improvements to the same, within or without the City, for the establishment, development and construction of crematories, desiccating or reduction works, including any appurtenances related thereto and the land necessary therefor, within or without the City, or for the improvement, repair or extension of any waterworks, sanitary sewer facilities, sewage treatment or disposal plant, sewerage system, storm water improvement, electric light plant, crematory, desiccating or reduction works or other public utility plant or works owned by the City, and for the purpose of rebuilding, adding to or extending to the same or acquiring land necessary therefor from time to time, as the necessities of the City may require, or for the acquisition of equipment, vehicles and other personal property to be used in relation to any of the improvements authorized herein, the City may borrow money and issue its general obligation bonds and/or temporary notes for the same; and

**WHEREAS**, the City may issue such general obligation bonds when authorized to do so by the adoption of a resolution by the City Commission (the “Governing Body”) describing the purpose to be provided for and the amount of general obligation bonds to be issued, such bonds to be issued, sold, delivered and retired in accordance with the provisions of the general bond law; and

**WHEREAS**, the City has previously adopted Resolution No. 2019-03 on February 18, 2019 (the “Prior Resolution”), which authorized certain public improvements and the financing thereof by the issuance of general obligation bonds of the City pursuant to the Act, and the City desires to amend **Section 1** of the Prior Resolution to revise the list of public improvements to be financed, as hereinafter set forth.

**THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DODGE CITY, KANSAS:**

**Section 1. Amendments.** *Section 1* of the Prior Resolution is hereby amended to read as follows:

**Section 1. Public Improvements; Bond Authorization.** The Governing Body hereby authorizes the issuance of general obligation bonds of the City (the “Bonds”) for the following described public improvements (collectively the “Improvements”):

<u>Description</u>	<u>Estimated Cost</u>
US 50 Highway & Gary Avenue intersection design	\$505,000
6 <sup>th</sup> Ave & Soule Street intersection Improvement design	80,800

Asphalt Street projects:	505,000
- Reconstruct Hillcrest Drive (Division Street to Linn Street)	
- Reconstruct Military Avenue (Avenue L to Avenue M)	
- 2" mill and inlay of 9 <sup>th</sup> Avenue (Wyatt Earp Boulevard to Division Street)	
- 2" mill and inlay of West Spruce Street (Westlawn Avenue to Greenwood Avenue)	
- 2" mill and inlay on 11 <sup>th</sup> Avenue (Comanche to Briar)	
- 2" mill and inlay on West Park Street (17 <sup>th</sup> Avenue to 16 <sup>th</sup> Avenue)	
- 2" mill and inlay on Wright Avenue (Wyatt Earp Boulevard to Division Street)	
- 2" mill and inlay on West Ash Street (13 <sup>th</sup> to 12 <sup>th</sup> Avenue)	
- 2" mill and inlay on East Magnolia Street (Avenue E to Avenue F)	
- 2" mill and inlay on East Magnolia Street (Avenue G to Avenue H)	
- 2" mill and inlay on East Mulberry Street (Avenue C to Avenue D)	
- 2" mill and inlay on East Mulberry Street (Avenue F to Avenue G)	
- 2" mill and inlay on East Oak Street (Avenue F to Avenue G)	
Second Avenue Bridge repair design	101,000
Replacement of Avenue K Bridge – construction	454,500

The costs of the Improvements, interest on interim financing and associated financing costs shall be payable from the proceeds of the Bonds issued under authority of the Act.

**Section 2. Repealer; Ratification.** *Section 1* of the Prior Resolution is hereby repealed, and the rest and remainder thereof is hereby ratified and confirmed.

**Section 3. Effective Date.** This Resolution shall take effect and be in full force from and after its adoption by the Governing Body.

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**ADOPTED AND APPROVED** by the governing body of the City of Dodge City, Kansas, on October 7, 2019.

(Seal)

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Clerk

**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of the Resolution of the City adopted by the governing body on October 7, 2019, as the same appears of record in my office.

DATED: October 7, 2019.

\_\_\_\_\_  
Clerk

## *Memorandum*

*To: Cherise Tieben, City Manager*  
*From: Nicole May, Finance Director*  
*Date: October 2, 2019*  
*Subject: Resolution No. 2019-21 and Public Hearing*  
*Agenda Item: Ordinances and Resolutions*

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**Recommendation:** The Tax Abatement Review Committee consisting of representatives from the affected taxing entities recommends approval of the intent to issue Industrial Revenue Bonds and a pro-rated ten-year tax exemption for Nor-Am Ice and Cold, LLC and approval of Resolution No. 2019-21.

**Background:** IRB's are an economic development tool that is statutorily permitted to provide funds to pay the costs of acquisition, construction and equipping a commercial business. They are special revenue bonds. Businesses typically utilize IRB's for the sales tax exemption of materials and equipment or other favorable tax and financing issues. The first step in this process is to issue a letter of intent for the City to issue IRB's. The next step will be an Ordinance approved by the Governing Body to issue these bonds. Nor-Am is asking the City of Dodge City to issue an amount not to exceed \$27,000,000 in Industrial Revenue Bonds to provide funds to pay the costs of the acquisition, construction and equipping of a cold storage facility.

This resolution is a resolution of intent and the conditions to actual issuance of the bonds is subject to the passage of an ordinance authorizing the issuance of the bonds.

When the Industrial Revenue Bonds are issued, the City of Dodge City will have no financial obligation, as the bonds are not backed by the City. Nor-Am will repay the bonds.

Nor-Am submitted a IRB and tax abatement application. The capital investment by Nor-Am is \$27,500,000 in building and improvements \$63,000 in land and \$6,500,000 in furniture, fixtures and equipment. The abatement is for the building and improvements in the amount of \$27,500,000. The equipment is already exempt.

The committee, consisting of Dr. Fred Dierksen with USD \$443, Debbie Cox, Patti Israel, and JD Gilbert with Ford County, Dr. Harold Nolte, Dodge City Community College and Nicole May, City of Dodge City met to consider this request. The committee voted unanimously to recommend to the City Commission to grant a 10 year exemption with a declining schedule with one hundred percent 100% the first year and declining ten percent 10% each year thereafter.

A notice was published in the Dodge City Daily Globe on September 27, 2019, notifying the public that a Public Hearing will be held on October 7, 2019 to consider the Nor-Am Tax Exemption request. A notice was also sent to Ford County, USD 443 and Dodge City Community College.

**Justification:** Tax exemptions are eligible for up to 100% for ten years under the constitution property tax exemption laws of the State of Kansas.

**Financial Considerations:** The prorated ten year scenario offers new tax revenues to the taxing entities in year 1 of the project. The cost benefit for each local taxing entity shows in excess of a 1.6 – 2.26 rate of return. It also shows a 2.63 rate of return to the State of Kansas. This indicates a favorable project to the local community as well as the State of Kansas

**Purpose/Mission:** On going community improvement allowed jobs to be retained and grow in Dodge City.

**Legal Considerations:** Allowed by the Kansas Constitution.

**Attachments:** Resolution No. 2019-21 and Cost Benefit Study

**RESOLUTION NO. 2019-21**

**A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF DODGE CITY, KANSAS DETERMINING THE ADVISABILITY OF ISSUING TAXABLE INDUSTRIAL REVENUE BONDS FOR THE PURPOSE OF FINANCING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A COMMERCIAL FACILITY TO BE LOCATED IN SAID CITY; AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS**

**WHEREAS**, the City of Dodge City, Kansas (the "Issuer") desires to promote, stimulate and develop the general economic welfare and prosperity of the City of Dodge City, and thereby to further promote, stimulate and develop the general economic welfare and prosperity of the State of Kansas; and

**WHEREAS**, pursuant to the provisions of the Kansas Economic Development Revenue Bond Act, as amended and codified in K.S.A. 12-1740 *et seq.* (the "Act"), the Issuer is authorized to issue revenue bonds for such purposes, and it is hereby found and determined to be advisable and in the interest and for the welfare of the Issuer and its inhabitants that revenue bonds of the Issuer in the approximate principal amount of \$27,000,000 be authorized and issued, in one or more series, to provide funds to pay the costs of the acquisition, construction and equipping of a commercial facility (the "Project") to be located in the Issuer and to be leased by the Issuer to Nor-Am Ice and Cold, LLC, an Iowa Limited Liability Company, or another legal entity formed by the principals of Nor-Am Ice and Cold, LLC (the "Tenant").

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

Section 1. **Public Purpose.** The governing body of the Issuer hereby finds and determines that the Project will promote, stimulate and develop the general economic welfare and prosperity of the Issuer, and thereby further promote, stimulate and develop the general economic welfare and prosperity of the State of Kansas.

Section 2. **Authorization to Acquire Project; Intent to Issue Bonds.** The Issuer is hereby authorized to proceed with the acquisition, construction and equipping of the Project and to issue its revenue bonds, in one or more series, in the approximate principal amount of \$27,000,000 (the "Bonds") to pay the costs thereof, subject to satisfaction of the conditions of issuance set forth herein.

Section 3. **Conditions to Issuance of Bonds.** The issuance of the Bonds is subject to: (a) the passage of an ordinance authorizing the issuance of the Bonds; (b) the successful negotiation of a Bond Agreement, Site Lease, Lease or other legal documents necessary to accomplish the issuance of the Bonds, the terms of which shall be in compliance with the Act and mutually satisfactory to the Issuer and the Tenant; (c) the successful negotiation and sale of the Bonds to a purchaser or purchasers yet to be determined (the "Purchaser"), which sale shall be the responsibility of the Tenant and not the Issuer; (d) the receipt of the approving legal opinion of Gilmore & Bell, P.C. ("Bond Counsel") in form acceptable to the Issuer, the Tenant and the Purchaser; (e) the obtaining of all necessary governmental approvals to the issuance of the Bonds; (f) the commitment to and payment by the Tenant or Purchaser of all expenses relating to the issuance of the Bonds, including, but not limited to: (i) expenses of the Issuer and the Issuer Attorney; (ii) any underwriting or placement fees and expenses; (iii) all legal fees and expenses of Bond Counsel; and (iv) all recording and filing fees, including fees of the Kansas Board of Tax Appeals; and (g) the execution and delivery by

the Tenant of an agreement for payment in lieu of taxes in substantially the form presented to the governing body of the Issuer with this Resolution.

**Section 4. Property Tax Exemption and Payment in Lieu of Taxes.** The Issuer hereby determines that pursuant to the provisions of K.S.A. 79-201a *Twenty-Fourth*, the Project, to the extent purchased or constructed with the proceeds of the Bonds, should be exempt from payment of ad valorem property taxes for ten years commencing with the year following the year in which the Bonds are issued, provided proper application is made therefor; provided no exemption may be granted from the ad valorem property tax levied by a school district pursuant to the provisions of K.S.A. 72-53,113, and amendments thereto. In making such determination the governing body of the Issuer has conducted the public hearing and reviewed the analysis of costs and benefits of such exemption required by K.S.A. 12-1749d. The Tenant is responsible for preparing such application and providing the same to the Issuer for its review and submission to the State Board of Tax Appeals. The tax exemption granted is subject to the execution and delivery by the Tenant of an agreement for payment in lieu of taxes in substantially the form presented to the governing body of the Issuer with this Resolution.

**Section 5. Sales Tax Exemption.** The Governing Body hereby determines that pursuant to the provisions of K.S.A. 79-3601 *et seq.* (the "Sales Tax Act"), particularly 79-3606(b) and (d) and other applicable laws, sales of tangible personal property or services purchased in connection with construction of the Project and financed with proceeds of the Bonds are entitled to exemption from the tax imposed by the Sales Tax Act; provided proper application is made therefore. In the event that the Bonds are not issued for any reason, the Tenant will not be entitled to a sales tax exemption under the terms of the Sales Tax Act and will remit to the State Department of Revenue all sales taxes that were not paid due to reliance on the sales tax exemption certificate granted hereunder.

**Section 6. Reliance by Tenant; Limited Liability of Issuer.** It is contemplated that in order to expedite acquisition of the Project and realization of the benefits to be derived thereby, the Tenant may incur temporary indebtedness or expend its own funds to pay costs of the Project prior to the issuance of the Bonds. Proceeds of Bonds may be used to reimburse the Tenant for such expenditures made not more than 60 days prior to the date this Resolution is adopted. The Bonds herein authorized and all interest thereon shall be paid solely from the revenues to be received by the Issuer from the Project and not from any other fund or source. The Issuer shall not be obligated on such Bonds in any way, except as herein set out. In the event that the Bonds are not issued, the Issuer shall have no liability to the Tenant.

**Section 7. Further Action.** The Clerk is hereby authorized to deliver an executed copy of this Resolution to the Tenant. The Mayor, Clerk and other officials and employees of the Issuer, including the Issuer's counsel and Bond Counsel, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this Resolution, including, but not limited to: (a) cooperate with the Tenant in filing an application for a sales tax exemption certificate with the Kansas Department of Revenue with respect to Bond-financed property; and (b) execution on behalf of the Issuer of the information statement regarding the proposed issuance of the Bonds to be filed with the State Board of Tax Appeals pursuant to the Act.

**Section 8. Effective Date.** This resolution shall become effective upon adoption by the Governing Body and shall remain in effect until December 31, 2020 unless extended by affirmative vote of a majority of the Governing Body.

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**ADOPTED** by the governing body of the City of Dodge City, Kansas on October 7, 2019.

[SEAL]

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Mayor

Attest:

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Clerk

**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of the Resolution of the Issuer adopted by the governing body on October 7, 2019, as the same appears of record in my office.

DATED: October 7, 2019.

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Clerk

**AGREEMENT FOR PAYMENT IN LIEU OF TAXES**

**This Agreement**, entered into as of October 7, 2019 between the City of Dodge City, Kansas (the "Issuer") and Nor-Am Ice and Cold, LLC (the "Tenant");

**WITNESSETH THAT:**

1. **Tax Exemption; Payment in Lieu of Taxes.** In consideration of (i) the issuance by the Issuer of its Taxable Industrial Revenue Bonds (Nor-Am Ice and Cold, LLC), in the principal amount of approximately \$27,000,000 (the "Bonds") to finance the acquisition, construction and equipping of a commercial facility (the "Project") to be leased by the Issuer to the Tenant, (ii) the Tenant's execution of the lease of the Project financed with the proceeds of the Bonds, (iii) the laws of the State of Kansas affording exemption from *ad valorem* property taxation for the portion of the Project acquired, purchased or constructed with the proceeds of the Bonds for a period commencing with the year after calendar year in which bonds are issued, and (iv) the agreement by the Issuer to apply for such exemption if the payments provided for herein are made, the Tenant agrees to make payments in lieu of *ad valorem* property taxes in the amounts specified herein, in the manner provided for herein.

2. **Amount of Payments; Place of Payment.** In lieu of general *ad valorem* property taxes on the Project for the ten (10) calendar years following the year in which the Bonds are issued, other than special assessments levied on account of special benefits, the Tenant shall pay by separate check to the Treasurer of Ford County, Kansas, or other appropriate office as directed by the Issuer, on or before December 20 in each of such years, with the privilege of half payment as provided by law for general *ad valorem* taxes, a payment in lieu of taxes, the total amount of which is specified below, to be distributed as and for a part of the general *ad valorem* tax collections for all taxing subdivisions in which the Project is located. The total amount of such payments shall be determined as follows:

Calendar Year	Payment in Lieu of Taxes
1	0%
2	10%
3	20%
4	30%
5	40%
6	50%
7	60%
8	70%
9	80%
10	90%

(expressed as a percentage of *ad valorem* tax otherwise payable in respect of the Project)

The amount of such payment in lieu of taxes will be determined in the same manner and according to the same statutory procedure as general *ad valorem* taxes, real and personal, as the case may be, are determined, using the valuations determined by the Ford County Appraiser's office. Such payments shall be distributed to all applicable taxing subdivisions in Ford County as provided in K.S.A. 12-1742.

3. **Reduction of Payment for Actual Taxes Paid.** The annual amount to be paid pursuant to Paragraph 2 above shall be reduced (but not below zero) by any actual *ad valorem* tax payments paid in respect of the real property constituting a part of the Project by or on behalf of the Tenant for any given year (other than special assessments).

4. **Special Assessments.** Any special assessments levied against the real property portion of the Project, if any, shall not abate and shall continue to be the obligation of the Tenant, payable in the manner provided by law.

5. **Failure to Make Payment in Lieu of Taxes.** Should the Tenant fail to make the payments required above, penalties and/or interest will be assessed against the Tenant by the Ford County Treasurer in accordance with applicable state laws relating to late tax payments. If the Tenant fails to make a payment required by this Agreement and such failure shall continue for one year, this Agreement shall be deemed terminated effective as of December 20 in the year such payment was originally due, and Tenant agrees that from and after such termination date, it shall pay in full the regular amount of *ad valorem* real estate and personal property taxes on the property constituting the Project.

6. **Approval of Exemption.** This Agreement is conditioned on the issuance by the Board of Tax Appeals of the State of Kansas of an order exempting the bond-financed portion of the Project from *ad valorem* taxation in accordance with Kansas law, including particularly K.S.A. 79-201a *Twenty-Fourth*.

7. **Counterparts.** This Agreement may be executed simultaneously and several counterparts, each of which shall be deemed to be an original and all of which shall constitute the same instrument.

8. **Transferability.** The benefits of this Agreement may be transferred to any assignee of the Lease of the Project made in accordance with the provisions of the Lease between the Issuer and the Tenant.

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**IN WITNESS WHEREOF**, the Issuer has caused this Agreement to be signed by a duly authorized official, such signature to be attested by a duly authorized officer and its official seal to be applied, and the Tenant has caused this Agreement to be signed on its behalf by a duly authorized officer, such signature attested by a duly authorized officer, and its corporate seal (if any) to be applied, as of the day and year first above written.

**CITY OF DODGE CITY, KANSAS**

By: \_\_\_\_\_  
Brian Delzeit, Mayor

[SEAL]

ATTEST:

\_\_\_\_\_  
Connie Marquez, City Clerk

**NOR-AM ICE AND COLD, LLC**

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

## A Tax Abatement Cost-Benefit Analysis of Nor-Am LogisticsSouth, LLC

The firm is located in: **City of Dodge City**

Report Printed: 9/16/2019

Description of the firm's location or expansion in the community:

Firm plans to build a 148,000 sq. ft. cold storage and processing facility at 2101 E. Trail Street, Dodge City, KS 67801

**This report includes an analysis of costs and benefits from the firm for the following taxing entities where the firm is or will be located. These taxing entities are considering tax abatements or incentives for the firm:**

<b>City:</b>	<b>Dodge City</b>
<b>County:</b>	<b>Ford</b>
<b>School District:</b>	<b>USD 443</b>
<b>Special Taxing District:</b>	<b>DCCC</b>
<b>State of Kansas</b>	

Contents of this report:

About this Cost-Benefit Analysis Report	Page 2	
Summary of Costs and Benefits for all Taxing Entities	Page 5	
The Economic Impact that the Firm will have on the Community	Page 6	
Costs and Benefits for:		
City:	Dodge City	Page 7
County:	Ford	Page 8
School District:	USD 443	Page 9
Special Taxing District:	DCCC	Page 10
State of Kansas		Page 11

This Kansas Tax Abatement Cost Benefit Analysis (CBA) is prepared by the Kansas Department of Commerce for the benefit and use of the State of Kansas and its local units of government. This model was developed to assess the costs and benefits property tax abatement and economic development incentives have on state revenues. The Department of Commerce makes no representations, guarantees, or warranties as to the accuracy, completeness, or suitability of the analysis or information contained in this CBA. The Kansas Department of Commerce specifically disclaims any and all liability for any claims or damages that may result from other uses of the analysis in this CBA.

## **About this Cost-Benefit Analysis Report**

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This cost-benefit analysis report was prepared using a computer program that analyzes economic and fiscal impact. The report shows the impact that the firm, its employees and workers in spin-off jobs will have on the community and the state.

The economic impact over the next ten years is calculated along with the accompanying public costs and benefits for the State of Kansas and the taxing entities included in this analysis.

The analysis also shows the effect of tax abatements and incentives that may be considered for the firm.

Here is how the analysis was performed:

1. Data was entered for the state and community's tax and other rates; the firm and its employees; tax abatements and other incentives being considered for the firm; construction activity; and expected visitors.
2. Using the data entered, as well as some rates built into the computer program, calculations were made of the economic impact of the firm along with the related costs and benefits.

The calculations of impact include direct, indirect and induced impact. Regional economic multipliers, specific to the firm's industry group, were used by the program to calculate the direct and induced or spin-off jobs and earnings in the community.

These are the report sections:

### **Summary of Costs and Benefits for all Taxing Entities**

This report page summarizes the costs and benefits for all taxing entities resulting from the firm and from new direct, indirect and induced jobs.

### **The Economic Impact that the Firm will have on the Community**

This report page shows the number of direct, indirect and induced jobs that will be created in the community, the number of new residents and additional school children, and increases in local personal income, retail sales, economic activity and the property tax base in the first year and over the next ten years.

### **Benefits and Costs for Each Taxing Entity**

These report pages summarize the costs and benefits for the State of Kansas and for each taxing entity as a result of the firm locating or expanding in the Kansas community.

The public benefits include additional revenues from the firm and employees for the taxing entities - -sales taxes, property taxes, utilities, utility franchise fees, other payments by new residents, Payments in lieu of taxes (PILOT) by the firm and additional school funding. Public costs include the additional costs of public services for new residents and the firm, costs of educating new students that move to the school district, along with tax abatements and incentives provided to the firm.

In addition to a presentation of public costs and benefits, this report also computes the present value of net benefits to be received by each taxing entity; the payback period for incentives and taxes to be abated; the rate of return on investment for each entity, and, cost benefit ratios.

### **Payback Period**

The investment payback period for each taxing entity was computed. This analysis views the financial incentives, including tax abatement, that the taxing entities are considering for the firm as an investment that the public will be making in the company. The payback period, therefore, is the number of years that it will take each taxing entity to recover the cost of incentives from the net annual benefits that they will receive. This payback period also shows the point in time where the cost and benefits are equal for the level and length of tax abatements and incentives being granted. The payback period is a basis for judging the appropriateness of providing incentives to a firm. Generally, the shorter the payback period the better the investment.

### Present Value

The present value of the expected cash flow over the next ten years for each entity was computed. Present value is a way of expressing in today's dollars, dollars to be paid or received in the future. Today's dollar and a dollar to be received or paid at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. The analysis uses a discount rate that is entered to make the dollars comparable—by expressing them in today's dollars (present value). Generally, a positive present value indicates an acceptable investment.

### Rate of Return on Investment

The rate of return on investment for each taxing entity was also computed. As with the computation of payback, the rate of return analysis views the incentives that each taxing entity is considering as an investment that the public will be making in the company. The rate of return, therefore, is the compound rate of return, over the next ten years, on each taxing entity's investment in the firm. Generally, a positive compound rate of return is considered desirable.

### Benefit to Cost Ratio

The benefit to cost ratio for each taxing entity was also computed. This ratio compares public benefits over a ten year period from the new or expanding firm to public costs during the same period. For example, a benefit to cost ratio of 1.55 (or 1.55 to 1) shows that ten year benefits are 155 percent of public costs. Conversely, a benefit to cost ratio of .75 shows that public benefits are only 75 percent of public costs --costs exceed benefits. Generally, a benefit to cost ratio of 1.30 to 1 is considered acceptable for a taxing entity to grant tax abatements and other financial incentives to a firm.

## How were the benefits and costs determined?

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### City, County, Special Taxing District and State Benefits and Costs

The Cost Benefit Analysis (CBA) operates with the assumption that 70% of the jurisdiction's revenues and expenditures supports its citizens, and 30% supports its businesses. Therefore, 70% of the revenues/costs (divided by number of residents) are calculated as the average revenue/cost per resident; 30% of these revenues/costs (divided by the number of workers in the jurisdiction) are calculated as the average revenue/cost per worker.

The CBA predicts potential benefits and costs from residents by multiplying the number of new employees moving to the jurisdiction by the average revenue/cost per resident. Benefits and costs from the business expansion are predicted by multiplying the average revenue/cost per worker.

Collection of sales taxes, transient guest taxes and property taxes as well as utility enterprises and franchise fees are potential benefits from an expansion.. Other revenues include fees, permits, license, and other charges.

The program predicts costs by removing utility enterprise expenditures and internal transfers from the general operating budget, and reducing the result to a cost per resident and a cost per worker.

### School District Benefits and Costs

Property taxes as well as state and federal payments per full time student are used to predict benefits a school district may realize. The Kansas Department of Education condenses the school district's budget to a cost per student. One new student will not cause the addition of a new classroom or the hiring of another teacher, so it would not be fair to estimate the impact of new students using the average cost per student. The program utilizes a marginal cost per student (10% of the average cost per student, unless a different percentage is requested) to predict the cost to the district when a new student is added. Revenue per student is calculated from the amount of state and federal payment per student that the district receives.

The business predicts the average family size of new employees moving to the jurisdiction and the number of school age children in the family. The CBA can work with percentages, as in a family size of 2.5.

### Indirect Jobs

The ripple or spin-off economic activity created by an expansion generates indirect or induced benefits. The number of jobs this activity generates depends largely on the type of business that is expanding and what types of jobs will be needed to support not only the business, but the new employees and their families. The program uses a default of 10% of the number of new employees to predict these jobs. The percentage can be adjusted, depending on community conditions, which also determine whether the indirect workers will be moving from out of state or out of county.

### Formulas used in this analysis

- Present Value = (Total Benefits (for the year) ÷ 1+Discount Rate (5.5%))<sup>Number of Years Abated</sup>
- Compound Rate of Return = ((Present Value of Total Costs ÷ Present Value of Total Benefits)<sup>(1/Number of Years Abated)</sup>)-1
- Benefit to Cost Ratio = Present Value of Total Benefits ÷ Present Value of Total Costs
- Payback Period = The point where total benefits equal or surpass total costs.

K.S.A. 79-213 (g) allows governmental bodies to seek assistance provided by the Kansas Department of Commerce (COMMERCE) in preparing an application requesting exemption from property taxes. COMMERCE prepared this cost benefit analysis as a service under this statute utilizing data gathered by the requesting governmental body, and makes no recommendation to the Board of Tax Appeals either for or against approval of a request for tax abatement.

**Summary of Costs and Benefits for all Taxing Units**

**Benefits:**

	Sales Taxes	Property Taxes	Utilities and Utility Franchise Fees	Corporate and Personal Income Taxes	Additional School Funding	Other Revenues (Including PILOT)	Total Benefits
City: Dodge City	\$98,614	\$4,248,150	\$594,073			\$1,049,133	\$5,989,970
County: Ford	\$87,614	\$4,188,573				\$161,286	\$4,437,473
USD 443		\$5,183,949			\$1,372,827		\$6,556,776
DCCC		\$2,938,136				\$407,262	\$3,345,398
State of Kansas	\$505,276	\$136,066		\$2,553,671		\$2,098,150	\$5,293,163

**Costs, Incentives and Taxes Abated:**

	Costs of Services for the Firm and New Residents	Costs of Educating New Students	Taxes Abated	Incentives	Total Taxes Abated & Incentives	Total Costs
City: Dodge City	\$680,580		\$2,081,113	\$45,625	\$2,126,738	\$2,807,318
County: Ford	\$410,983		\$2,051,249	\$56,625	\$2,107,874	\$2,518,857
USD 443		\$162,450	\$2,539,129		\$2,539,129	\$2,701,579
DCCC	\$262,748		\$1,443,109		\$1,443,109	\$1,705,857
State of Kansas	\$1,094,757	\$378,963	\$66,662	\$422,813	\$489,475	\$1,963,196

**Net Benefits:**

	Total Benefits	Present Value of Total Benefits	Total Costs (Includes Taxes Abated and Incentives)	Present Value of Total Costs	Benefit to Cost Ratio (Over 10 Years)
City: Dodge City	\$5,989,970	\$4,471,729	\$2,807,318	\$2,288,991	1.95 : 1
County: Ford	\$4,437,473	\$3,331,589	\$2,518,857	\$2,081,064	1.6 : 1
USD 443	\$6,556,776	\$4,890,145	\$2,701,579	\$2,164,527	2.26 : 1
DCCC	\$3,345,398	\$2,494,254	\$1,705,857	\$1,353,701	1.84 : 1
State of Kansas	\$5,293,163	\$4,072,169	\$1,963,196	\$1,550,353	2.63 : 1

**Other**

	Net Benefits	Present Value of Net Benefits	Taxes Abated & Incentives	Present Value of Taxes Abated and Incentives	Payback Period for Taxes Abated and Incentives and	Compound Rate of Return (Over 10 Yrs)
City: Dodge City	\$3,182,651	\$2,190,938	\$2,126,738	\$1,723,938	4 Years	6.93%
County: Ford	\$1,918,616	\$1,250,524	\$2,107,874	\$1,671,975	5 Years	4.82%
USD 443	\$3,855,197	\$2,725,618	\$2,539,129	\$2,047,680	4 Years	8.49%
DCCC	\$1,639,541	\$1,140,553	\$1,646,361	\$1,163,795	5 Years	6.30%
State of Kansas	\$3,329,966	\$2,499,989	\$489,475	\$53,760	1 Year	10.14%

**The Economic Impact of this expansion by Nor-Am LogisticsSouth, LLC**

NAICS Code 493120 - Warehousing and storage

	<u>In the first year</u>	<u>Over the next ten years</u>
*Number of new direct and indirect jobs to be created	77	176
Number of new residents in the community	3	8
Number of additional students in the local school district	5	16
**Increase in local personal income	\$3,418,038	\$72,430,873
***Increase in local retail sales	\$1,196,313	\$25,350,806
Increase in the community's property tax base	\$63,563,000	\$77,963,819
Land	\$63,000	\$82,201
Buildings	\$29,500,000	\$38,490,809
Furniture, fixtures & Equipment	\$4,500,000	\$900,000
Residential Property	\$3,718	\$38,807

\*The Employment Multiplier for NAICS Code 493120 is 1.4883. The Employment Multiplier is used to estimate the total change in the number of direct and indirect jobs as a result of the expansion.

\*\*The Earnings Multiplier for NAICS Code 493120 is 1.4607. The Earnings Multiplier is used for estimating to what degree more personal income will be generated.

\*\*\*The Percentage of Gross Salaries expected to be spent on retail sales is 0.35

Property taxes to be abated by the following taxing entities:

City	<input checked="" type="checkbox"/>	Special Taxing District 1	<input checked="" type="checkbox"/>
County	<input checked="" type="checkbox"/>	Special Taxing District 2	<input type="checkbox"/>
School District	<input checked="" type="checkbox"/>	The State	<input checked="" type="checkbox"/>

Percent of property taxes to be abated on:

	Land	Buildings and Improvements	Furniture, Fixtures & Equipment
Year 1	0.00%	100.00%	0.00%
Year 2	0.00%	90.00%	0.00%
Year 3	0.00%	80.00%	0.00%
Year 4	0.00%	70.00%	0.00%
Year 5	0.00%	60.00%	0.00%
Year 6	0.00%	50.00%	0.00%
Year 7	0.00%	40.00%	0.00%
Year 8	0.00%	30.00%	0.00%
Year 9	0.00%	20.00%	0.00%
Year 10	0.00%	10.00%	0.00%

**City of: Dodge City**

**Benefits:**

Year	Sales Taxes	Property Taxes	Utilities and Utility Franchise Fees	Other Municipal Revenues (Including PILOT)	Total
Construction Period	\$45,625	\$0	\$13,100	\$0	\$58,725
1	\$23,774	\$398,950	\$49,310	\$50,678	\$522,712
2	\$2,556	\$403,568	\$51,178	\$75,986	\$533,287
3	\$3,005	\$408,846	\$53,061	\$90,859	\$555,770
4	\$3,097	\$413,871	\$54,788	\$95,068	\$566,823
5	\$3,190	\$419,541	\$56,579	\$100,196	\$579,507
6	\$3,288	\$425,370	\$58,440	\$106,338	\$593,436
7	\$3,387	\$425,454	\$60,373	\$112,773	\$601,986
8	\$3,491	\$437,901	\$62,381	\$120,286	\$624,059
9	\$3,598	\$450,722	\$64,470	\$128,175	\$646,965
10	\$3,603	\$463,928	\$70,395	\$168,775	\$706,700
Total	\$98,614	\$4,248,150	\$594,073	\$1,049,133	\$5,989,970

**Costs:**

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	City Costs for the firm and Municipal Services for New Residents	Total Costs, Taxes Abated & Incentives
Construction Period	\$0	\$45,625	\$45,625	\$264,024	\$309,649
1	\$345,357	\$0	\$345,357	\$20,080	\$365,436
2	\$320,145	\$0	\$320,145	\$30,150	\$350,296
3	\$293,111	\$0	\$293,111	\$36,077	\$329,188
4	\$264,166	\$0	\$264,166	\$37,763	\$301,929
5	\$233,221	\$0	\$233,221	\$39,829	\$273,050
6	\$200,181	\$0	\$200,181	\$42,305	\$242,486
7	\$164,949	\$0	\$164,949	\$44,893	\$209,843
8	\$127,423	\$0	\$127,423	\$47,939	\$175,363
9	\$87,497	\$0	\$87,497	\$51,127	\$138,624
10	\$45,061	\$0	\$45,061	\$66,393	\$111,454
Total	\$2,081,113	\$45,625	\$2,126,738	\$680,580	\$2,807,318

**Net Benefits (or Costs)**

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$58,725	\$309,649	(\$250,924)	(\$250,924)	\$45,625
1	\$522,712	\$365,436	\$157,275	\$157,275	\$327,352
2	\$533,287	\$350,296	\$182,992	\$164,409	\$287,635
3	\$555,770	\$329,188	\$226,582	\$192,960	\$249,617
4	\$566,823	\$301,929	\$264,894	\$213,827	\$213,239
5	\$579,507	\$273,050	\$306,457	\$234,480	\$178,445
6	\$593,436	\$242,486	\$350,949	\$254,525	\$145,181
7	\$601,986	\$209,843	\$392,143	\$269,573	\$113,392
8	\$624,059	\$175,363	\$448,697	\$292,370	\$83,029
9	\$646,965	\$138,624	\$508,341	\$313,966	\$54,041
10	\$706,700	\$111,454	\$595,246	\$348,475	\$26,380
Total	\$5,989,970	\$2,807,318	\$3,182,651	\$2,190,938	\$1,723,938

Discounted payback period for taxes abated and incentives .....	4 Years
Compound rate of return over the next ten years on the city's investment of taxes abated and incentives for the firm .....	6.93%
Benefit/Cost Ratio (Over 10 Years).....	1.95 : 1

**Ford County**

**Benefits:**

Year	Sales Taxes	Property Taxes	Other County Revenues (Including PILOT)	Total
Construction Period	\$56,625	\$0	\$0	\$56,625
1	\$1,774	\$393,244	\$7,788	\$402,805
2	\$2,556	\$397,824	\$11,679	\$412,059
3	\$3,005	\$403,092	\$13,968	\$420,065
4	\$3,097	\$408,048	\$14,614	\$425,760
5	\$3,190	\$413,675	\$15,403	\$432,268
6	\$3,288	\$419,438	\$16,346	\$439,073
7	\$3,387	\$419,530	\$17,333	\$440,250
8	\$3,491	\$431,805	\$18,491	\$453,786
9	\$3,598	\$444,447	\$19,703	\$467,749
10	\$3,603	\$457,469	\$25,961	\$487,033
Total	\$87,614	\$4,188,573	\$161,286	\$4,437,473

**Costs:**

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	County Costs for the firm and County Services for New Residents	Total
Construction Period	\$0	\$56,625	\$56,625	\$264,024	\$320,649
1	\$340,401	\$0	\$340,401	\$7,096	\$347,497
2	\$315,551	\$0	\$315,551	\$10,642	\$326,193
3	\$288,905	\$0	\$288,905	\$12,727	\$301,632
4	\$260,375	\$0	\$260,375	\$13,316	\$273,691
5	\$229,874	\$0	\$229,874	\$14,035	\$243,909
6	\$197,309	\$0	\$197,309	\$14,894	\$212,203
7	\$162,582	\$0	\$162,582	\$15,793	\$178,375
8	\$125,595	\$0	\$125,595	\$16,848	\$142,443
9	\$86,242	\$0	\$86,242	\$17,953	\$104,195
10	\$44,415	\$0	\$44,415	\$23,655	\$68,070
Total	\$2,051,249	\$56,625	\$2,107,874	\$410,983	\$2,518,857

**Net Benefits (or Costs)**

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$56,625	\$320,649	(\$264,024)	(\$264,024)	\$0
1	\$402,805	\$347,497	\$55,309	\$52,426	\$340,401
2	\$412,059	\$326,193	\$85,866	\$77,147	\$283,508
3	\$420,065	\$301,632	\$118,433	\$100,859	\$246,035
4	\$425,760	\$273,691	\$152,068	\$122,752	\$210,179
5	\$432,268	\$243,909	\$188,359	\$144,120	\$175,885
6	\$439,073	\$212,203	\$226,870	\$164,536	\$143,097
7	\$440,250	\$178,375	\$261,874	\$180,022	\$111,765
8	\$453,786	\$142,443	\$311,343	\$202,871	\$81,837
9	\$467,749	\$104,195	\$363,554	\$224,542	\$53,265
10	\$487,033	\$68,070	\$418,963	\$245,274	\$26,002
Total	\$4,437,473	\$2,518,857	\$1,918,616	\$1,250,524	\$1,671,975

Discounted payback period for taxes abated and incentives .....	5 Years
Compound rate of return over the next ten years on the county's investment of taxes abated and incentives for the firm.....	4.82%
Benefit/Cost Ratio (Over 10 Years).....	1.6 : 1

School District: USD 443

**Benefits:**

Year	Property Taxes	Additional State, Federal and Other School Funding (Including PILOT)	Total
1	\$486,763	\$78,285	\$565,048
2	\$492,415	\$112,887	\$605,303
3	\$498,895	\$132,885	\$631,780
4	\$505,029	\$136,871	\$641,900
5	\$511,970	\$140,977	\$652,948
6	\$519,093	\$145,207	\$664,299
7	\$519,201	\$149,563	\$668,764
8	\$534,392	\$154,050	\$688,441
9	\$550,038	\$158,671	\$708,709
10	\$566,153	\$163,431	\$729,584
Total	\$5,183,949	\$1,372,827	\$6,556,776

**Costs:**

Year	Additional Costs	Property Taxes Abated	Total
1	\$8,278	\$421,363	\$429,641
2	\$11,937	\$390,604	\$402,541
3	\$14,052	\$357,619	\$371,671
4	\$14,907	\$322,305	\$336,778
5	\$15,355	\$284,549	\$299,456
6	\$15,355	\$244,238	\$259,592
7	\$15,815	\$201,252	\$217,067
8	\$16,290	\$155,467	\$171,757
9	\$16,778	\$106,754	\$123,533
10	\$34,564	\$54,978	\$89,542
Total	\$162,450	\$2,539,129	\$2,701,579

**Net Benefits (or Costs)**

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$565,048	\$429,641	\$135,407	\$128,348	\$399,396
2	\$605,303	\$402,541	\$202,762	\$182,172	\$350,939
3	\$631,780	\$371,671	\$260,109	\$221,512	\$304,554
4	\$641,900	\$336,778	\$305,122	\$246,300	\$260,170
5	\$652,948	\$299,456	\$353,491	\$270,468	\$217,718
6	\$664,299	\$259,592	\$404,707	\$293,512	\$177,132
7	\$668,764	\$217,067	\$451,697	\$310,513	\$138,348
8	\$688,441	\$171,757	\$516,684	\$336,671	\$101,302
9	\$708,709	\$123,533	\$585,176	\$361,422	\$65,934
10	\$729,584	\$89,542	\$640,042	\$374,700	\$32,186
Total	\$6,556,776	\$2,701,579	\$3,855,197	\$2,725,618	\$2,047,680

Discounted payback period for taxes abated and incentives .....	4 Years
Compound rate of return over the next ten years on the school district's investment of taxes abated and incentives for the firm .....	8.49%
Benefit/Cost Ratio (Over 10 Years).....	2.26 : 1

**Special Taxing District: DCCC**

**Benefits:**

Year	Property Taxes	Additional Revenues	Total
1	\$276,523	\$19,596	\$296,119
2	\$279,586	\$29,463	\$309,049
3	\$282,881	\$35,274	\$318,154
4	\$286,347	\$36,941	\$323,288
5	\$290,070	\$38,990	\$329,060
6	\$294,013	\$41,453	\$335,465
7	\$294,017	\$44,028	\$338,045
8	\$302,618	\$47,063	\$349,681
9	\$311,478	\$50,240	\$361,718
10	\$320,603	\$64,215	\$384,818
Total	\$2,938,136	\$407,262	\$3,345,398

**Costs:**

Year	Additional Costs	Property Taxes Abated	Total
1	\$12,642	\$239,481	\$252,123
2	\$19,008	\$221,999	\$241,007
3	\$22,757	\$203,252	\$226,009
4	\$23,833	\$183,181	\$207,014
5	\$25,155	\$161,723	\$186,878
6	\$26,744	\$138,812	\$165,556
7	\$28,405	\$114,381	\$142,786
8	\$30,363	\$88,359	\$118,722
9	\$32,413	\$60,673	\$93,086
10	\$41,429	\$31,247	\$72,675
Total	\$262,748	\$1,443,109	\$1,705,857

**Net Benefits (or Costs)**

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$296,119	\$252,123	\$43,996	\$41,702	\$226,996
2	\$309,049	\$241,007	\$68,042	\$61,133	\$199,455
3	\$318,154	\$226,009	\$92,145	\$78,472	\$173,092
4	\$323,288	\$207,014	\$116,274	\$93,858	\$147,867
5	\$329,060	\$186,878	\$142,182	\$108,789	\$123,740
6	\$335,465	\$165,556	\$169,910	\$123,226	\$100,673
7	\$338,045	\$142,786	\$195,259	\$134,228	\$78,630
8	\$349,681	\$118,722	\$230,959	\$150,493	\$57,575
9	\$361,718	\$93,086	\$268,632	\$165,915	\$37,474
10	\$384,818	\$72,675	\$312,142	\$182,738	\$18,293
Total	\$3,345,398	\$1,705,857	\$1,639,541	\$1,140,553	\$1,163,795

Discounted payback period for taxes abated and incentives .....	5 Years
Compound rate of return over the next ten years on the taxing district's investment of taxes abated and incentives for the firm .....	6.30%
Benefit/Cost Ratio (Over 10 Years).....	1.84 : 1

**State of Kansas**

**Benefits:**

Year	Sales Taxes	Property Taxes	Corporate and Personal Income Taxes	Other State Revenues (Including PILOT)	Total
Construction Period	\$422,813		\$418,700	\$0	\$841,513
1	\$4,951	\$12,779	\$99,123	\$105,004	\$221,858
2	\$7,618	\$12,927	\$151,182	\$160,711	\$332,438
3	\$7,860	\$13,087	\$182,007	\$185,889	\$388,842
4	\$8,109	\$13,257	\$191,633	\$194,691	\$407,691
5	\$8,352	\$13,439	\$204,928	\$205,516	\$432,235
6	\$8,617	\$13,625	\$221,439	\$218,526	\$462,207
7	\$8,876	\$13,628	\$238,756	\$232,131	\$493,391
8	\$9,157	\$14,027	\$259,662	\$248,172	\$531,017
9	\$9,447	\$14,437	\$281,607	\$264,966	\$570,457
10	\$9,475	\$14,860	\$304,635	\$282,544	\$611,514
Total	\$505,276	\$136,066	\$2,553,671	\$2,098,150	\$5,293,163

**Costs:**

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	State Costs for the firm and Services for New Residents	Cost of Educating New Students	Total
Construction Period	\$0	\$422,813	\$422,813	\$0	\$0	\$422,813
1	\$11,063	\$0	\$11,063	\$53,152	\$22,698	\$86,913
2	\$10,255	\$0	\$10,255	\$81,206	\$35,069	\$126,530
3	\$9,389	\$0	\$9,389	\$95,876	\$36,121	\$141,385
4	\$8,462	\$0	\$8,462	\$100,691	\$37,204	\$146,357
5	\$7,471	\$0	\$7,471	\$106,706	\$38,320	\$152,497
6	\$6,412	\$0	\$6,412	\$114,021	\$39,470	\$159,903
7	\$5,284	\$0	\$5,284	\$121,678	\$40,654	\$167,616
8	\$4,082	\$0	\$4,082	\$130,783	\$41,874	\$176,738
9	\$2,803	\$0	\$2,803	\$140,324	\$43,130	\$186,257
10	\$1,443	\$0	\$1,443	\$150,321	\$44,424	\$196,188
Total	\$66,662	\$422,813	\$489,475	\$1,094,757	\$378,963	\$1,963,196

**Net Benefits (or Costs)**

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$841,513	\$422,813	\$418,700	\$396,872	\$422,813
1	\$221,858	\$86,913	\$134,945	\$127,910	\$10,486
2	\$332,438	\$126,530	\$205,908	\$184,999	\$9,214
3	\$388,842	\$141,385	\$247,457	\$210,738	\$7,996
4	\$407,691	\$146,357	\$261,334	\$210,953	\$6,831
5	\$432,235	\$152,497	\$279,738	\$214,037	\$5,716
6	\$462,207	\$159,903	\$302,304	\$219,245	\$4,650
7	\$493,391	\$167,616	\$325,775	\$223,950	\$3,632
8	\$531,017	\$176,738	\$354,279	\$230,848	\$2,660
9	\$570,457	\$186,257	\$384,200	\$237,293	\$1,731
10	\$611,514	\$196,188	\$415,326	\$243,145	\$845
Total	\$5,293,163	\$1,963,196	\$3,329,966	\$2,499,989	\$53,760

Discounted payback period for taxes abated and incentives .....	1 Year
Compound rate of return over the next ten years on the state's investment of taxes abated and incentives for the firm .....	10.14%
Benefit/Cost Ratio (Over 10 years).....	2.63 : 1

## *Memorandum*

*To: Cherise Tieben City Manager*  
*From: Nicole May*  
*Date: October 2, 2019*  
*Subject: Resolution No. 2019-22*

*Agenda Item Ordinances and Resolutions*

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**Recommendation:** I recommend the approval of Resolution No. 2019-22

**Background:** In prior Commission meetings approval was given for the construction and financing of the North Wastewater Treatment Plant. The construction was originally financed with a KDHE loan. Due to the favorable interest rates at this time, our financial advisor has determined that there would be a cost savings for the City to refinance the KDHE loan with GO Bonds. This Resolution is only approving that the improvements are eligible to be financed with General Obligation Bonds. If perhaps interest rates increase in the next few weeks and this is not favorable then we would not refinance this project.

**Justification:** To approve the improvements so that the GO Bonds may be issued.

**Financial Considerations:** The City of Dodge City stands to realize a net present value benefit from this refinancing.

**Purpose/Mission:** We strive for high service and performance standards.

**Legal Considerations:** Legal obligations fulfilled by authorizing resolution and notifying KDHE of potential prepayment of a portion of the loan.

**Attachments:** Resolution No. 2019-22

**RESOLUTION NO. 2019-22**

**A RESOLUTION OF THE CITY OF DODGE CITY, KANSAS, AUTHORIZING CERTAIN PUBLIC IMPROVEMENTS AND PROVIDING FOR THE PAYMENT OF THE COSTS THEREOF.**

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**WHEREAS**, K.S.A. 13-1024a, as amended by Charter Ordinance No. 41 (the “Act”) of the City of Dodge City, Kansas (the “City”), provides that for the purpose of paying for any bridge, viaduct, street, sidewalk or pedestrian way improvement, airport, public building or structure, parking improvement, or other public utility or works, including any appurtenances related thereto and the land necessary therefor, for lands for public parks and recreation facilities, including golf courses, stadiums and community centers, and developing and making improvements to the same, within or without the City, for the establishment, development and construction of crematories, desiccating or reduction works, including any appurtenances related thereto and the land necessary therefor, within or without the City, or for the improvement, repair or extension of any waterworks, sanitary sewer facilities, sewage treatment or disposal plant, sewerage system, storm water improvement, electric light plant, crematory, desiccating or reduction works or other public utility plant or works owned by the City, and for the purpose of rebuilding, adding to or extending to the same or acquiring land necessary therefor from time to time, as the necessities of the City may require, or for the acquisition of equipment, vehicles and other personal property to be used in relation to any of the improvements authorized herein, the City may borrow money and issue its general obligation bonds and/or temporary notes for the same; and

**WHEREAS**, the City may issue such general obligation bonds when authorized to do so by the adoption of a resolution by the City Commission (the “Governing Body”) describing the purpose to be provided for and the amount of general obligation bonds to be issued, such bonds to be issued, sold, delivered and retired in accordance with the provisions of the general bond law; and

**WHEREAS**, the Governing Body desires to authorize the issuance of general obligation bonds of the City to finance all or a portion of the public improvements set forth below.

**THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DODGE CITY, KANSAS:**

**Section 1. Public Improvements; Bond Authorization.** The Governing Body hereby authorizes the construction of the public portion of certain wastewater improvements, including a sampling basin, force main, and improvements related thereto (collectively the “Project”) at an estimated cost of \$514,285. The costs of the Project, interest on interim financing and associated financing costs shall be payable from the proceeds of general obligation bonds of the City issued under authority of the Act (the “Bonds”).

**Section 2. Reimbursement.** The Bonds may be issued to reimburse expenditures made on or after the date which is 60 days before the date of this Resolution, pursuant to Treasury Regulation § 1.150-2.

**Section 3. Effective Date.** This Resolution shall take effect and be in full force from and after its adoption by the Governing Body.

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**ADOPTED** by the City Commission on October 7, 2019.

(SEAL)

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Mayor

ATTEST:

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Clerk

**RESOLUTION NO. 2019-23**

**A RESOLUTION OF THE CITY OF DODGE CITY, KANSAS, AUTHORIZING CERTAIN PUBLIC IMPROVEMENTS AND PROVIDING FOR THE PAYMENT OF THE COSTS THEREOF.**

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**WHEREAS**, K.S.A. 13-1024a, as amended by Charter Ordinance No. 41 (the “Act”) of the City of Dodge City, Kansas (the “City”), provides that for the purpose of paying for any bridge, viaduct, street, sidewalk or pedestrian way improvement, airport, public building or structure, parking improvement, or other public utility or works, including any appurtenances related thereto and the land necessary therefor, for lands for public parks and recreation facilities, including golf courses, stadiums and community centers, and developing and making improvements to the same, within or without the City, for the establishment, development and construction of crematories, desiccating or reduction works, including any appurtenances related thereto and the land necessary therefor, within or without the City, or for the improvement, repair or extension of any waterworks, sanitary sewer facilities, sewage treatment or disposal plant, sewerage system, storm water improvement, electric light plant, crematory, desiccating or reduction works or other public utility plant or works owned by the City, and for the purpose of rebuilding, adding to or extending to the same or acquiring land necessary therefor from time to time, as the necessities of the City may require, or for the acquisition of equipment, vehicles and other personal property to be used in relation to any of the improvements authorized herein, the City may borrow money and issue its general obligation bonds and/or temporary notes for the same; and

**WHEREAS**, the City may issue such general obligation bonds when authorized to do so by the adoption of a resolution by the City Commission (the “Governing Body”) describing the purpose to be provided for and the amount of general obligation bonds to be issued, such bonds to be issued, sold, delivered and retired in accordance with the provisions of the general bond law; and

**WHEREAS**, the Governing Body desires to authorize the issuance of general obligation bonds of the City to finance all or a portion of the public improvements set forth below.

**THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DODGE CITY, KANSAS:**

**Section 1. Public Improvements; Bond Authorization.** The Governing Body hereby authorizes and ratifies the construction of the following wastewater treatment improvements (collectively the “Project”) at an original estimated cost of \$29,532,000:

(a) A 1.25 MGD hollow fiber membrane bioreactor wastewater treatment plant. The treatment plant will include a lift station; fine drum screen; biological treatment activated sludge basins including anaerobic basins, anoxic basins and aerobic basins; membrane basin which will contain the hollow fiber membrane cassettes for mixed liquor filtration; effluent pumps and a closed chamber medium pressure ultraviolet effluent disinfection facility. Additionally, the treatment plant will include aerobic sludge digestion tanks, a centrifuge to produce dewatered biosolids and a covered biosolids storage bay.

(b) A beneficial re-use wastewater effluent distribution line (12-inch diameter approximately 4 miles long) which will convey the effluent to a golf course and other potential irrigation sites.

(c) Sanitary sewer interceptor lines to convey raw sewage to a pump station. These interceptor lines are located south and east of the new treatment plant and will discharge sewage to a pump station to be constructed in the fourth project which will be located approximately 4,600 feet east of the new treatment plant.

(d) A submersible pump station and 8-inch diameter force main to convey the raw sewage from the gravity interceptor sewer line to the new wastewater treatment plant.

The Governing Body passed Ordinance No. 3482 on November 2, 2009, authorizing the execution of a Loan Agreement for KWPCRF Project No. C20 1792 01, effective as of September 22, 2009, with the Kansas Department of Health and Environment (“KDHE”) to provide initial financing for the Project in the original principal amount of \$29,532,000 (as subsequently amended, the “Loan”).

The costs of the Project, interest on interim financing and the Loan and associated financing costs shall be payable from the proceeds of general obligation bonds of the City issued under authority of the Act (the “Bonds”).

**Section 2. Reimbursement.** The Bonds may be issued to reimburse expenditures made on or after the date which is 60 days before the date of this Resolution, pursuant to Treasury Regulation § 1.150-2.

**Section 3. Effective Date.** This Resolution shall take effect and be in full force from and after its adoption by the Governing Body.

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**ADOPTED** by the City Commission on October 7, 2019.

(SEAL)

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Mayor

ATTEST:

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Clerk

## *Memorandum*

*To: Cherise Tieben City Manager*  
*From: Nicole May*  
*Date: October 2, 2019*  
*Subject: Resolution No. 2019-24*  
*Agenda Item: Ordinances and Resolutions*

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**Recommendation:** I recommend the City Commission approve Resolution No. 2019-24

**Background:** Resolution No. 2019-24 is a resolution authorizing the offering for sale of General Obligation Bonds, Series 2019-A, Taxable General Obligation Waterworks and Wastewater Utility System Refunding Bonds, Series 2019-B, General Obligation Temporary Notes, Series 2019-1, and Taxable General Obligation Temporary Notes, Series 2019-2 of the City of Dodge City, Kansas.

Included in this offering will be: General Obligation Bonds Series 2019-A to finance US 50 Highway & Gary Avenue intersection design, 6<sup>th</sup> Ave & Soule Street intersection improvement design, 2019 asphalt street projects, Second Ave bridge repair design, replacement of Ave K Bridge construction, Comanche Street reconstruction and refinancing of the North Wastewater Treatment Plant currently financed with a KDHE loan; Taxable General Obligation Waterworks and Wastewater Utility System Refunding Bonds, Series 2019-B to refund the Series 2012-A GO Waterworks and Wastewater Utility System Refunding Bonds. This is necessary due to the refinancing of the KDHE loan. Temporary Notes Series 2019-1 to finance Candle Tree 8 Phase 2 infrastructure; and Taxable General Obligation Temporary Notes Series 2019-2 to finance the National Beef Sampling Basin project.

These improvements were previously approved by the City Commission by Resolutions.

The Resolution states the Mayor and Director of Finance in conjunction with the Financial Advisor and Bond Counsel are hereby authorized to cause to be prepared a Preliminary Official Statement and to such document to sell the bonds.

The Resolution also states the Director of Finance, in conjunction with the Financial Advisor and Bond Counsel, is hereby authorized and directed to give notice of the bond sale by publishing a summary of the Notice of Bond Sale not less than 6 days before the date of the bond sale in a newspaper of general circulation in Ford County, Kansas, and the *Kansas Register*. In addition, the Director of Finance and the Financial Advisor are authorized and directed to distribute copies of the Notices and Preliminary Official Statement to prospective purchasers of the Securities.

The resolution also authorizes the Mayor, Director of Finance and the other officers and representatives of the Issuer, the Financial Advisor and Bond Counsel to take such other action

as may be necessary to: (a) carry out the sale of the Securities; and (b) make provision for payment and/or redemption of the Refunded Bonds and KDHE Loan from proceeds of the Bonds, and other available funds, if necessary.

**Justification:** The City is offering for sale General Obligation Bonds, Refunding Bonds, temporary notes and taxable temporary notes, approving the Preliminary Official Statement and providing for notice of sale for the bonds and notes

**Financial Considerations:** The payment schedule will most likely be a 20 year schedule and payments made from the Bond and Interest Fund and also the Wastewater fund for the KDHE loan refinancing portion.

**Purpose/Mission:** We strive for high service and performance standards

**Legal Considerations:** Legal obligations fulfilled by authorizing resolution.

**Attachments:** Resolution No. 2019-24. Preliminary Official Statement is available in Office of the Finance Director for review.

**RESOLUTION NO. 2019-24**

**A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION BONDS, SERIES 2019-A, TAXABLE GENERAL OBLIGATION WATERWORKS AND WASTEWATER UTILITY SYSTEM REFUNDING BONDS, SERIES 2019-B, GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2019-1, AND TAXABLE GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2019-2, OF THE CITY OF DODGE CITY, KANSAS.**

**WHEREAS**, the City of Dodge City, Kansas (the “Issuer”), has previously authorized certain public improvements described as follows (collectively the “Bond Improvements”):

<u>Project Description</u>	<u>Ord./Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Amount</u>
US 50 Highway & Gary Avenue intersection design	Res. 2019-03/2019-[_]	13-1024a/Charter 41	\$ 505,000
6 <sup>th</sup> Ave & Soule Street intersection improvement design	Res. 2019-03/2019-[_]	13-1024a/Charter 41	80,800
Various asphalt street projects	Res. 2019-03/2019-[_]	13-1024a/Charter 41	505,000
Second Avenue Bridge repair design	Res. 2019-03/2019-[_]	13-1024a/Charter 41	101,000
Replacement of Avenue K Bridge – construction	Res. 2019-03/2019-[_]	13-1024a/Charter 41	454,500
Comanche Street reconstruction	Ord. 3038/Res. 2013-31	12-685 <i>et seq.</i>	15,150
North Wastewater Treatment Plant improvements	Res. 2019-[_]	13-1024a/Charter 41	<u>16,379,702</u>
<b>Total:</b>			<b><i>\$18,041,152</i></b>

**WHEREAS**, the Issuer proposes to issue its general obligation bonds in order to permanently finance the costs of the Bond Improvements and associated financing costs, and retire a portion of the following loan agreement of the Issuer, which was entered into in order to temporarily finance a portion of the costs of the Bond Improvements (the “Loan”):

<u>Loan Description</u>	<u>Loan Number</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Final Loan Amount</u>	<u>Outstanding Amount</u>
KDHE – KWPCRF	C20 1792 01	09/22/09	09/01/31	\$36,097,446	\$25,244,143

**WHEREAS**, the Issuer has previously issued and has outstanding general obligation bonds and due to the current interest rate environment and to release itself from certain burdensome covenants, the Issuer has the opportunity and proposes to issue its taxable general obligation refunding bonds pursuant to K.S.A. 10-427 *et seq.* to restructure the debt payments on the debt described as follows Refunded Bonds and provide for an orderly plan of finance for the Issuer (the “Refunded Bonds”):

<u>Description</u>	<u>Series</u>	<u>Dated Date</u>	<u>Years</u>	<u>Amount</u>
G.O. Waterworks and Wastewater Utility System Refunding Bonds	2012-A	08/01/12	2020 to 2024	\$6,085,000

**WHEREAS**, the Issuer has previously authorized certain public improvements described as follows (collectively the “Note Improvements”):

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Amount</u>
Candletree Addition, Unit 8, Phase 2 – internal improvements	2019-01	12-6a01 <i>et seq.</i>	\$550,000

**WHEREAS**, the Issuer is authorized by law to issue general obligation bonds to pay the costs of the Note Improvements, and it is necessary for the Issuer to provide cash funds (from time to time) to meet its obligations incurred in constructing the Note Improvements prior to the completion thereof and the issuance of the Issuer's general obligation bonds, and it is desirable and in the interest of the Issuer that such funds be raised by the issuance of temporary notes of the Issue; and

**WHEREAS**, none of such general obligation bonds or temporary notes previously authorized have been issued and the Issuer proposes to issue its temporary notes to pay the costs of the Note Improvements; and

**WHEREAS**, the Issuer has previously authorized certain sewer and economic development projects described as follows (collectively the “Taxable Note Projects”):

<u>Project Description</u>	<u>Ord./Res. No.</u>	<u>Authority</u>	<u>Amount</u>
Sampling basin improvements	Res. 2019-[ ]	K.S.A. 13-1024a/Charter 41	\$514,285
Economic development grant – sewer and lift station improvements	Ord. [ ]	Const. Art. 12, Section 5/ K.S.A. 12-1617h	<u>713,013</u>
<b>Total</b>			<b>\$1,227,298</b>

**WHEREAS**, the Issuer is authorized by law to issue general obligation bonds to pay the costs of the Taxable Note Projects, and it is necessary for the Issuer to provide cash funds (from time to time) to meet its obligations incurred in constructing the Taxable Note Projects prior to the completion thereof and the issuance of the Issuer's general obligation bonds, and it is desirable and in the interest of the Issuer that such funds be raised by the issuance of temporary notes of the Issue; and

**WHEREAS**, none of such general obligation bonds or temporary notes previously authorized have been issued and the Issuer proposes to issue its temporary notes to pay the costs of the Taxable Note Projects; and

**WHEREAS**, the Issuer has selected the firm of Piper Jaffray & Co., Leawood, Kansas (the “Municipal Advisor”), as municipal advisor for one or more series of general obligation bonds and temporary notes of the Issuer to be issued for the purposes previously set forth; and

**WHEREAS**, the Issuer desires to authorize the Municipal Advisor to proceed with the offering for sale of said general obligation bonds and temporary notes and related activities; and

**WHEREAS**, one of the duties and responsibilities of the Issuer is to prepare and distribute a preliminary official statement relating to said general obligation bonds and temporary notes; and

**WHEREAS**, the Issuer desires to authorize the Municipal Advisor, in conjunction with the Director of Finance and Gilmore & Bell, P.C., Wichita, Kansas, the Issuer’s bond counsel (“Bond Counsel”), to proceed with the preparation and distribution of a preliminary official statement and all other preliminary action necessary to sell said general obligation bonds and temporary notes; and

**WHEREAS**, due to the volatile nature of the municipal bond market and the desire of the Issuer to achieve maximum benefit of timing of the sale of said general obligation bonds and temporary notes, the Governing Body desires to authorize the Mayor (or member of the Governing Body authorized to exercise the power and duties of the Mayor in the Mayor's absence) (the "Mayor"), to confirm the sale of such general obligation bonds and temporary notes, if necessary, prior to the next meeting of the Governing Body to adopt the necessary ordinances and resolutions providing for the issuance thereof.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF DODGE CITY, KANSAS, AS FOLLOWS:**

**Section 1.** The Municipal Advisor, in conjunction with the Director of Finance, is hereby authorized to proceed with the offering for sale of the Issuer's General Obligation Bonds, Series 2019-A (the "Series 2019-A Bonds"), Taxable General Obligation Waterworks and Wastewater Utility System Refunding Bonds, Series 2019-B (the "Series 2019-B Bonds," and collectively with the Series 2019-A Bonds, the "Bonds"), General Obligation Temporary Notes, Series 2019-1 (the "Series 2019-1 Notes"), and Taxable General Obligation Temporary Notes, Series 2019-2 (the "Series 2019-2 Notes," collectively with the Series 2019-1 Notes, the "Notes," and the Notes and Bonds are collectively the "Securities"). The Securities shall be sold, subject to the approving opinions of Bond Counsel, on a negotiated basis to a purchaser or purchasers (collectively the "Purchaser") to be designated by the Director of Finance, in consultation with the City Manager, Bond Counsel and the Municipal Advisor, after evaluating proposals submitted by prospective purchasers based on a request for proposals prepared by the Municipal Advisor. The timing of offering for sale, the pricing, the determination of the structuring and repayment terms of the Securities and the selection of various other professionals necessary to complete the issuance of the Securities shall be determined by the Director of Finance, in consultation with the City Manager, the Municipal Advisor, and Bond Counsel.

The confirmation of the sale of the Securities shall be subject to the execution of purchase agreements between the Purchaser and the Issuer (collectively the "Purchase Agreements") in forms approved by Bond Counsel and the Issuer's legal counsel, the passage of one or more ordinances and adoption of resolutions by the Governing Body authorizing the issuance of the Securities and the execution of various documents necessary to deliver the Securities. The Mayor is hereby authorized to execute the Purchase Agreements for the Bonds and the Notes subject to the following parameters:

**Series 2019-A Bonds:** (a) the principal amount of the Series 2019-A Bonds shall not exceed \$19,000,000; and (b) the true interest cost of the Series 2019-A Bonds shall not exceed 3.75%.

**Series 2019-B Bonds:** (a) the principal amount of the Series 2019-B Bonds shall not exceed \$7,000,000; and (b) the true interest cost of the Series 2019-B Bonds shall not exceed 3.75%.

**Series 2019-1 Notes:** (a) the principal amount of the Series 2019-1 Notes shall not exceed \$750,000; and (b) the true interest cost of the Series 2019-1 Notes shall not exceed 3.25%.

**Series 2019-2 Notes:** (a) the principal amount of the Series 2019-2 Notes shall not exceed \$1,500,000; and (b) the true interest cost of the Series 2019-2 Notes shall not exceed 3.50%.

**Section 2.** The Preliminary Official Statement, dated October 7, 2019 (the "Preliminary Official Statement") is hereby approved in substantially the form presented to the Governing Body this date, with such changes or additions as the Mayor and Director of Finance shall deem necessary and appropriate. The Issuer hereby consents to the use and public distribution by the Purchaser of the Preliminary Official Statement in connection with the offering for sale of the Securities.

**Section 3.** For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the Mayor and Director of Finance or other appropriate officers of the Issuer are hereby authorized: (a) to approve the form of the Preliminary Official Statement, and to execute the “Certificate Deeming Preliminary Official Statement Final” in substantially the form attached hereto as *Exhibit A* as approval of the Preliminary Official Statement, such official’s signature thereon being conclusive evidence of such official’s and the Issuer’s approval thereof; (b) covenant to provide continuous secondary market disclosure by annually transmitting certain financial information and operating data and other information necessary to comply with the Rule to the Municipal Securities Rulemaking Board, as applicable; and (c) take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of the Rule.

**Section 4.** The Issuer agrees to provide to the Purchaser within seven business days of the date of the Purchase Agreements or within sufficient time to accompany any confirmation that requests payment from any customer of the Purchaser, whichever is earlier, sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of the Rule and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

**Section 5.** The Mayor, City Manager, City Attorney, Clerk, Director of Finance, and the other officers and representatives of the Issuer, the Municipal Advisor, the Purchaser and Bond Counsel are hereby authorized and directed to take such other action as may be necessary to: (a) determine how best to proceed with and carry out the sale of each series of the Securities; (b) determine the amounts of the Loan and the Refunded Bonds to be refunded or prepaid, and provide for giving notice thereof; and (c) purchase or subscribe for the securities to be deposited in the escrow for the Refunded Bonds.

**Section 6.** This Resolution shall be in full force and effect from and after its adoption.

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**ADOPTED** by the City Commission on October 7, 2019.

(SEAL)

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Mayor

ATTEST:

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Clerk

## *Memorandum*

*To: Cherise Tieben, City Manager*  
*From: Nicole May*  
*Date: October 1, 2019*  
*Subject: Audit Engagement Letter*  
*Agenda Item: New Business*

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**Recommendation:** Approve the engagement letter for the audit of the City of Dodge City for the years ending December 31, 2019 and 2020

**Background:** This proposal from Kennedy McKee & Company LLP is to audit the City of Dodge City's financial statements for the years ending December 31, 2019 and 2020. The fees for these services will be based on actual time spent, plus other out-of-pocket costs not exceeding \$49,225 plus \$95 per hour for the audit of Federal financial assistance programs. The fee in 2017 for the years ending 2017 and 2018 was \$46,850 plus \$90 per hour for the audit of Federal financial assistance programs. The detailed audit objectives, management responsibilities and audit procedures are outlined in the attached audit engagement letter. Kennedy McKee & Company has been conducting the City's audit for the past several years. They have extensive background information on the City of Dodge City, know our organization and the financial policies and procedures, work well with the city employees and have done an excellent job.

**Justification:** Municipalities of our size are required to have an annual audit.

**Financial Considerations:** This is an annually budgeted item. Each year, the proposed fee is not to exceed \$49,225 plus \$95.00 per hour for federal financial assistance programs.

**Purpose/Mission:** To promote open communications.

**Legal Considerations:** None

**Attachments:** Proposed engagement letter.

*Kennedy*  
*McKee & Company LLP* Certified Public Accountants

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JAMES W. KENNEDY, CPA  
ROBERT C. NEIDHART, CPA  
PATRICK M. FRIESS, CPA  
JOHN W. HENDRICKSON, CPA

September 17, 2019

City of Dodge City  
City Commission  
Dodge City, Kansas 67801

We are pleased to confirm our understanding of the services we are to provide City of Dodge City, Kansas for the years ended December 31, 2019 and 2020. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of City of Dodge City as of and for the years ended December 31, 2019 and 2020. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City of Dodge City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to City of Dodge City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies City of Dodge City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of expenditures of federal awards.
- 2) Combining and individual fund financial statements.

## Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the basic financial statements as a whole. The objective also includes reporting on –

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the City Commission of the City of Dodge City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

**Audit Procedures – General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

**Audit Procedures – Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

**Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of City's major programs. The purpose of these procedures will be to express an opinion on City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

### **Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the City in conformity with U.S. generally accepted accounting principles and Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for (1) designing, implementing, and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review when fieldwork begins.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

**Audit Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Kennedy McKee & Company LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a Cognizant of Oversight Agency for Audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Kennedy McKee & Company LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release or for any additional period requested by the Cognizant Agency, Oversight Agency for Audit, or Pass-through Entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our fees for these services will be \$49,225 for each year plus \$95 per hour for the audit of Federal financial assistance programs. This fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

City of Dodge City  
City Commission  
September 17, 2019  
Page Nine

We appreciate the opportunity to be of service to City of Dodge City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

KENNEDY MCKEE & COMPANY LLP



John W. Hendrickson  
Partner

RESPONSE:

This letter correctly sets forth the understanding of City of Dodge City.

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

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

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

## Memorandum

*To: City Manager  
City Commissioners*

*From: Tanner Rutschman, P.E.  
City Engineer*

*Date: October 7, 2019*

*Subject: Central Ave. Reconstruction from  
Vine St. to Comanche St. –  
Paving, Water, & Sanitary Sewer,  
ST 1508 – CO #3*

*Agenda Item: New Business*

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**Recommendation:** Approve Change Order #3 for the Central Ave. Reconstruction Project in the amount \$108,225.00 for additional work to be completed at the intersection of Central Ave. and Comanche St.

**Background:** The work to be completed with this change order comprises what is necessary to widen Central Ave. north of the Comanche St. intersection. This improvement was not included in the design completed by BHC Rhodes and was drawn up in house. Without this additional work, the alignment of the Central Ave. and Comanche St. intersection will only have one northbound lane of traffic up to Aspen St. It is the belief of staff that this single lane has the potential to back northbound traffic up to the intersection in the event that a vehicle wants to turn left or right into the commercial drives between Comanche St. and Aspen St. By adding this second northbound lane on Central Ave. north of the intersection, through traffic will have the ability to change lanes and bypass any turning traffic. This additional work was budgeted for in the bond and will allow the intersection to operate more efficiently.

**Financial Considerations:** The total cost of this change order is \$108,225.00. A total of \$100,000.00 was budgeted for this addition in the bond and the remaining \$8,225.00 can be paid out of contingencies.

**Purpose/Mission:** The completion of this project would align with the City's Core Values of Ongoing Improvement and Working Towards Excellence.

**Legal Considerations:** By approving the Change Order, additional payment will need to be made to Building Solutions, Inc.

**Attachments:** Change Order #3



## Memorandum

*To: City Manager  
City Commissioners*  
*From: Tanner Rutschman, P.E.  
City Engineer*  
*Date: October 7, 2019*  
*Subject: Circle Lake Drainage  
Improvements, SD 1902*  
*Agenda Item: New Business*

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**Recommendation:** Approve the bid from Huber Land and Water, LLC in the amount of \$173,335.00. This bid was 4.9% below the Engineer's Estimate of \$182,260.00.

**Background:** Over the past several years, the existing storm sewer in the Circle Lake neighborhood has been showing signs of its age. There are two components of the storm sewer in particular that are in need of immediate attention. The first is the storm sewer line that conveys water between houses from Cactus Rd. to Windsong Way in an easement. This corrugated metal arch-pipe has collapsed in several locations including under Cactus Rd. The sections that have collapsed in the easement are thought to be the result of an old tree row whose roots found their way into the pipe. The second issue are the inlets and pipe at Windsong Way and the fact that they hold water. This issue stemmed from the construction of the head wall at the north end of the lake that has an elevation above the inlet pipes. This project will repair and line the failed metal pipe, install new concrete pipe under the roadways, and provide a way for the inlets on Windsong Way to drain after a rain event.

**Financial Considerations:** The total cost of this project will be \$173,335.00 and it will be funded out of the Storm Drainage Fund.

**Purpose/Mission:** The completion of this project would align with the City's Core Values of Ongoing Improvement and Working Towards Excellence.

**Legal Considerations:** By approving this bid from Huber Land and Water, LLC, the City will enter into a contract with Huber Land and Water, LLC, and be responsible to make payments to Huber Land and Water, LLC.

**Attachments:** Bid Tab with the Engineer's Estimate.

