

**CITY OF CHERRYVALE  
MEETING OF THE CITY COUNCIL  
REGULAR MEETING  
MARCH 21, 2016  
7:00 PM**

*Working for a better tomorrow... today.*

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**ORDER OF BUSINESS**

**CALL MEETING TO ORDER**

**INVOCATION**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**PUBLIC FORUM**

No action will be taken relative to items presented during the public forum other than referral for information. Requests to appear will be placed on a "first-come, first-served" basis. This portion of the meeting is limited to thirty minutes and shall be subject to a limitation of five minutes for each presentation with no extension of time permitted. No speaker shall be allowed to appear more frequently than once every fourth meeting.

Members of the public desiring to present matters to the Council during the public forum must submit a request in writing to the office of the city clerk prior to twelve noon on the date of the meeting. Matters pertaining to personnel, litigation, and violations of laws and ordinances are excluded from the agenda. Rules of decorum as provided in city code will be observed.

**GOVERNING BODY COMMENTS**

Mayor John Wright  
Council Member Chad Wickham  
Council Member Don King  
Council Member Randy Wagoner  
Council Member Lew Forman, Jr.

**UNFINISHED COUNCIL BUSINESS**

NONE

**NEW COUNCIL BUSINESS**

**A. BID REVIEW & SELECTION OF CONTRACTOR FOR CEMETERY MOWING**

Presented by Joel Pile, City Administrator

**RECOMMENDED ACTION:** Receive bids and select contractor for 2016 cemetery mowing.

**B. BID REVIEW & SELECTION OF CONTRACTOR FOR SIDEWALK PROJECT**

Presented by Joel Pile, City Administrator

**RECOMMENDED ACTION:** Receive bids and award contract to lowest qualified bidder (RFB Construction Co. for an amount not to exceed \$258,669.00); authorize the Mayor to sign the Notice of Award and Construction Agreement.

**C. CONSIDERATION OF RESOLUTION NO. 16-4 AUTHORIZING IMPROVEMENTS TO THE PUBLIC WATER SUPPLY SYSTEM**

Presented by Joel Pile, City Administrator

**RECOMMENDED ACTION:** Approve Resolution No. 16-4 and authorize the Mayor to sign.

**D. CONSIDERATION OF RESOLUTION NO. 16-5 AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS**

Presented by Joel Pile, City Administrator

**RECOMMENDED ACTION:** Approve Resolution No. 16-5 and authorize the Mayor to sign.

**E. CONSIDERATION OF RESOLUTION NO. 16-6 ADOPTION OF TAX AND SECURITIES COMPLIANCE PROCEDURES**

Presented by Joel Pile, City Administrator

**RECOMMENDED ACTION:** Approve Resolution No. 16-6 and authorize the Mayor to sign.

**F. CONSIDERATION OF RESOLUTION NO. 16-7 ADOPTION OF AN OMNIBUS CONTINUING DISCLOSURE UNDERTAKING**

Presented by Joel Pile, City Administrator

**RECOMMENDED ACTION:** Approve Resolution No. 16-7 and authorize the Mayor to sign.

**G. CONSENT AGENDA**

Presented by John Wright, Mayor

**RECOMMENDED ACTION:** Approve the consent agenda as presented

- |   |             |
|---|-------------|
| 1. Appropriations and Payroll Ord. No. 16-03-21:                              | \$38,471.84 |
| a. Approval of Purchases over \$5,000   |             |
| i. Westar Energy  | \$6,179.75  |
| ii. People's State Bank (FICA)  | \$7,958.76  |
| iii. Public Wholesale Water   | \$24,333.33 |
| 2. Proclamation recognizing April 5, 2016 as National Service Recognition Day |             |
| 3. Consideration of the minutes for March 7, 2016 Regular Meeting             |             |

**H. EXECUTIVE SESSION (NON-ELECTED PERSONNEL)**

**RECOMMENDED ACTION:** Enter into executive session pursuant to the nonelected personnel matters exception in order to discuss employee matters related to nonelected personnel for a period of 15 minutes to include the City Administrator.

**INFORMATIONAL ITEMS**

1. Next Council Meeting April 4<sup>th</sup>

**ADJOURNMENT**

# CITY COUNCIL ACTION REPORT

**Proposed Agenda Date:** March 21, 2016

**Subject:** Contractual Mowing Bids & Contractor Selection

**Guest:** None

**Background:** The Governing Body made a request for proposals in order to select a contractor to provide mowing services in the cemetery. The RFP requested bids for cemetery mowing and specified rates for nuisance mowing beginning April 4<sup>th</sup> through October 31<sup>st</sup> 2016 (approx. 30 weeks). Ads were placed in local newspapers and RFPs were mailed to identified contractors. Bids were due at City Hall on March 18, 2016.

**Financial Consideration:** \$35,000 has been appropriated in the FY 16 budget for cemetery mowing.

**Legal Consideration:** None

**Policy Consideration:** Bid solicitation and review of bids has been done in accordance with city policy.

BIDDER NAME	BID AMOUNT
Ryan Hixon dba: Cutting Edge Grounds Keeping	\$27,500
Edward Kelemen	\$31,000
Israel Gomez dba: BG & Sons Lawn Care	\$34,000

**Recommendation:** Review submitted bids and select a contractor to conduct cemetery mowing for the 2016 mowing season.

# CITY COUNCIL ACTION REPORT

**Proposed Agenda Date:** March 21, 2016

**Subject:** CDBG Sidewalk Project Bids & Contractor Selection

**Guest:** None

**Background:** The City has secured a Community Development Block Grant to construct sidewalk in an area generally bounded by Carson Street from Main Street to 7<sup>th</sup> Street; along 6<sup>th</sup> Street from Carson Street to Liberty. Bids were opened March 17, 2016 at City Hall.

**Financial Consideration:** The project has an estimated construction cost of \$451,998.75, the grant award was \$350,000. Any cost above the grant award amount of \$350,000 is 100% the financial responsibility of the City. A total of five bids were submitted for the project.

**Legal Consideration:** None

**Policy Consideration:** Bid solicitation and review of bids has been done in accordance with city policy.

BIDDER NAME	BID AMOUNT
<i>TranSystems (Engineers Estimate)</i>	<i>\$451,998.75</i>
<b>B&amp;B Bridge Company, LLC</b>	<b>\$328,560.25</b>
<b>Mission Construction, Co.</b>	<b>\$377,917.00</b>
<b>RFB Construction, Co.</b>	<b>\$258,669.00</b>
<b>Jeff Graham Construction, LLC</b>	<b>\$416,452.10</b>
<b>Muller Construction, Inc.</b>	<b>\$496,866.00</b>

**Recommendation:** Review submitted bids and award the sidewalk contract to the lowest qualified bidder (RFB Construction Co. for an amount not to exceed \$258,669.00).

**Project Letting Construction Cost  
Project No. P125150010  
City of Cherryvale  
Cherryvale CDBG Sidewalk Project  
6th Street, Carson Street to Liberty Street  
Carson Street, Main Street to 7th Street**

**Engineers Estimate**

ITEM NO.	PARTICIPATING BID ITEM	UNIT	UNIT BID PRICE	QUANTITY	COST
1	Mobilization	LSUM	\$27,500.00	1	\$ 27,500.00
2	Contractor Construction Staking	LSUM	\$5,500.00	1	\$ 5,500.00
3	Site Clearing & Restoration	LSUM	\$5,500.00	1	\$ 5,500.00
4	Clearing & Grubbing	LSUM	\$11,000.00	1	\$ 11,000.00
5	Rock Excavation	C.Y.	\$16.50	215	\$ 3,540.90
6	Common Excavation	C.Y.	\$11.00	760	\$ 8,357.80
7	Topsoil	C.Y.	\$16.50	172	\$ 2,842.95
8	Tree Removal	EACH	\$550.00	5	\$ 2,750.00
9	Curb & Gutter, Combined (AE)	L.F.	\$24.75	1755	\$ 43,438.73
10	Aggregate Base (AB-3)(4")	S.Y.	\$16.50	3577	\$ 59,015.55
11	Aggregate Base (AB-3)(6")	S.Y.	\$19.80	765	\$ 15,145.02
12	Sidewalk Construction (4")(AE)	S.Y.	\$55.00	2265	\$ 124,553.00
13	Sidewalk Construction (6")(AE)	S.Y.	\$60.50	121	\$ 7,314.45
14	Sidewalk Construction (8")(AE)	S.Y.	\$71.50	27	\$ 1,909.05
15	Sidewalk Ramp	S.Y.	\$165.00	250	\$ 41,316.00
16	Concrete Pavement (6" Uniform)(AE)	S.Y.	\$55.00	352	\$ 19,376.50
17	Concrete Pavement (8" Uniform)(AE)	S.Y.	\$66.00	130	\$ 8,566.80
18	Storm Sewer (12") (RCP)	L.F.	\$55.00	18	\$ 990.00
19	Storm Sewer (15") (RCP)	L.F.	\$66.00	58	\$ 3,828.00
20	End Section (12") (RC)	EACH	\$275.00	1	\$ 275.00
21	End Section (15") (RC)	EACH	\$385.00	4	\$ 1,540.00
22	Concrete Collar	EACH	\$220.00	3	\$ 660.00
23	Manhole (Reinforced Concrete)	EACH	\$4,950.00	1	\$ 4,950.00
24	Retaining Wall	S.F.	\$110.00	91	\$ 10,054.00
25	Adjustment of Valve Box (Water)	EACH	\$275.00	2	\$ 550.00
26	Adjustment of Existing Structures (Fire Hydrant)	EACH	\$1,650.00	2	\$ 3,300.00
27	Project Sign	EACH	\$275.00	1	\$ 275.00
28	Seeding	LSUM	\$11,000.00	1	\$ 11,000.00
29	Sign (Remove and Reset)	LSUM	\$2,200.00	1	\$ 2,200.00
30	Traffic Control	LSUM	\$8,250.00	1	\$ 8,250.00
31	Transportation of Excavated Material	LSUM	\$11,000.00	1	\$ 11,000.00
32	Temporary Erosion Control	LSUM	\$5,500.00	1	\$ 5,500.00

Total Project= \$ 451,998.75

**RFB Construction Co., Inc.**

CONTRACTOR UNIT BID PRICE	QUANTITY	TOTAL COST	(Engr. - Contr.)
\$22,150.00	1	\$ 22,150.00	\$ 5,350.00
\$2,000.00	1	\$ 2,000.00	\$ 3,500.00
\$850.00	1	\$ 850.00	\$ 4,650.00
\$850.00	1	\$ 850.00	\$ 10,150.00
\$10.00	215	\$ 2,150.00	\$ 1,390.90
\$3.50	760	\$ 2,660.00	\$ 5,697.80
\$7.00	172	\$ 1,204.00	\$ 1,638.95
\$830.00	5	\$ 4,150.00	\$ (1,400.00)
\$17.50	1755	\$ 30,712.50	\$ 12,726.23
\$6.00	3577	\$ 21,462.00	\$ 37,553.55
\$8.50	765	\$ 6,502.50	\$ 8,642.52
\$37.00	2265	\$ 83,805.00	\$ 40,748.00
\$45.00	121	\$ 5,445.00	\$ 1,869.45
\$55.00	27	\$ 1,485.00	\$ 424.05
\$79.00	250	\$ 19,750.00	\$ 21,566.00
\$55.00	352	\$ 19,360.00	\$ 16.50
\$65.00	130	\$ 8,450.00	\$ 116.80
\$70.00	18	\$ 1,260.00	\$ (270.00)
\$50.00	58	\$ 2,900.00	\$ 928.00
\$500.00	1	\$ 500.00	\$ (225.00)
\$530.00	4	\$ 2,120.00	\$ (580.00)
\$350.00	3	\$ 1,050.00	\$ (390.00)
\$3,600.00	1	\$ 3,600.00	\$ 1,350.00
\$33.00	91	\$ 3,003.00	\$ 7,051.00
\$100.00	2	\$ 200.00	\$ 350.00
\$950.00	2	\$ 1,900.00	\$ 1,400.00
\$600.00	1	\$ 600.00	\$ (325.00)
\$1,800.00	1	\$ 1,800.00	\$ 9,200.00
\$500.00	1	\$ 500.00	\$ 1,700.00
\$500.00	1	\$ 500.00	\$ 7,750.00
\$850.00	1	\$ 850.00	\$ 10,150.00
\$4,900.00	1	\$ 4,900.00	\$ 600.00

Total Project= \$ 258,669.00

\$ 193,329.75

**AGREEMENT****00500**

THIS AGREEMENT, made this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by and between **The City of Cherrvyle, Kansas**, hereinafter called "OWNER" and \_\_\_\_\_ doing business as a \_\_\_\_\_ hereinafter called "CONTRACTOR".

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned:

1. The CONTRACTOR will commence and complete the construction of **Cherrvyle CDBG Sidewalk Project P125150010**.
2. The CONTRACTOR will furnish all of the materials, supplies, tools, equipment, labor and other services necessary for the construction and completion of the PROJECT described herein.
3. The CONTRACTOR will commence the work required by the CONTRACT DOCUMENTS on the date as stipulated in the NOTICE TO PROCEED and will complete all work necessary to open the project to unrestricted traffic on or before July 29, 2016 unless the period for completion is extended otherwise by the CONTRACT DOCUMENTS; the CONTRACTOR shall complete the permanent seeding, incidental work, final cleanup, and final punch list on or before August 26, 2016.
4. The CONTRACTOR agrees to pay, without condition or recourse, as liquidated damages to the Owner the sum of One Thousand and 00/100 dollars (\$1000.00) for each consecutive calendar day after the stated DATE OF COMPLETION or extension thereto that the CONTRACTOR shall be in default as provided in SECTION 15 of the General Conditions. CONTRACTOR further agrees to reimburse the subcontractors, suppliers, engineers, inspectors, and other contractors of the OWNER for costs incurred and/or damages suffered by reason or reasons attributable to the CONTRACTOR's failure to complete the CONTRACT by the completion date, or extensions thereof, as provided by Section 15 of the General Conditions. Said liquidated damages and payments shall be withheld from the payments due the contractor. The CONTRACTOR agrees to perform all of the WORK described in the CONTRACT DOCUMENTS and comply with the terms therein for the sum of **\$258,669.00**.
5. The term "CONTRACT DOCUMENTS" means and includes the following:
  - (A) Invitation to Bid
  - (B) Instructions to Bidders
  - (C) Bid
  - (D) Agreement Form
  - (E) General Conditions of the Contract
  - (F) Supplementary Conditions
  - (G) Payment Bond
  - (H) Performance Bond
  - (I) Notice of Award
  - (J) Notice to Proceed
  - (K) Drawings prepared by TranSystems
  - (L) Specifications prepared by TranSystems
  - (M) Addenda:

6. The OWNER will pay to the CONTRACTOR in the manner and at such times as set forth in the General Conditions such amounts as required by the Contract Documents.

7. This Agreement shall be binding upon all parties hereto and their respective heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in three (3) copies each of which shall be deemed an original on the date first above written.

OWNER: **City of Cherryvale**

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

Name: \_\_\_\_\_

(SEAL)  
ATTEST: \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

CONTRACTOR:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By  
Name: \_\_\_\_\_  
(Please type)

(SEAL)  
ATTEST: \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

**NOTICE OF AWARD.....00501**

TO: RFB Construction Co., Inc.  
565 E. 520<sup>th</sup> Ave.  
Pittsburg, KS 66762

PROJECT Description: **Cherryvale CDBG Sidewalk Project P125150010**

The OWNER has considered the BID submitted by you for the above described WORK. You are hereby notified that your BID in the amount of **\$258,669.00** has been accepted.

You are required by the Instructions to Bidders to execute the Agreement and furnish the required CONTRACTOR'S PERFORMANCE BOND, PAYMENT BOND and CERTIFICATES OF INSURANCE within fourteen (14) consecutive calendar days from the date of this Notice to you.

If you fail to execute said Agreement and to furnish said BONDS and INSURANCE CERTIFICATES within fourteen (14) consecutive calendar days from the date of this Notice, said OWNER will be entitled to consider all your rights arising out of the OWNER'S acceptance of your BID as abandoned and as a forfeiture of your BID BOND. The OWNER will be entitled to such other rights as may be granted by law.

You are required to return an acknowledged copy of this NOTICE OF AWARD to the OWNER.

Dated this \_\_\_\_\_

**City of Cherryvale, Kansas**

By \_\_\_\_\_

\_\_\_\_\_

ACCEPTANCE OF NOTICE:

Receipt of the above NOTICE OF AWARD is hereby acknowledged by \_\_\_\_\_

this the \_\_\_\_\_ day of \_\_\_\_\_, 2016.

By \_\_\_\_\_

Title \_\_\_\_\_



**RESOLUTION NO. 16-4**

**A RESOLUTION OF THE CITY OF CHERRYVALE, KANSAS, AUTHORIZING IMPROVEMENTS TO THE CITY PUBLIC WATER SUPPLY SYSTEM; AND PROVIDING FOR THE PAYMENT OF THE COSTS THEREOF.**

**WHEREAS**, K.S.A. 65-163d through 65-163u, as amended (the "Act"), authorizes any municipality to acquire, construct, reconstruct, improve, equip, rehabilitate or extend all or any part of a public water supply system and to issue general obligation bonds to pay all or part of any costs thereof; and

**WHEREAS**, the City of Cherryvale, Kansas (the "City") is a municipality within the terms of the Act and operates a public water supply system, as said term is defined in the Act (the "System"); and

**WHEREAS**, the governing body of the City has hereto found and determined it necessary and advisable to construct improvements to the System (the "Project"); and

**WHEREAS**, the governing body of the City passed an Ordinance authorizing the execution of a Loan Agreement (the "Loan") with the Kansas Department of Health and Environment ("KDHE") for KPWSLF Project No. 2553 to provide initial financing for the Project, in the original principal amount of \$714,711.02; and

**WHEREAS**, the City hereby finds and determines that it is necessary and advisable to provide, pursuant to the provisions of the Act, for the issuance of general obligation bonds of the City to provide for the payment of the costs and expenses of building the Project and the retirement of the Loan.

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

**Section 1. Project Authorization.** The governing body of the City hereby ratifies the improvement of the System by construction of the Project.

**Section 2. Project Financing.** The costs of the Project, including construction, engineering fees, acquisition of right-of-way and easements, contingencies and administrative expenses were at least \$714,711.02. The costs of the Project, outstanding principal and interest on 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 in an aggregate principal amount not to exceed \$570,000 (the "Bonds").

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

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**ADOPTED AND APPROVED** by the governing body of the City of Cherryvale, Kansas, on March 21, 2016.

(Seal)

\_\_\_\_\_  
John Wright, Mayor

ATTEST:

\_\_\_\_\_  
Hillary Lawrence, City Clerk

**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of the Resolution No. 16-4 of the City of Cherryvale, Kansas adopted by the governing body on March 21, 2016 as the same appears of record in my office.

DATED: March 21, 2016.

\_\_\_\_\_  
Hillary Lawrence, City Clerk

**RESOLUTION NO. 16-5**

**A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2016, OF THE CITY OF CHERRYVALE, KANSAS.**

**WHEREAS**, the City of Cherryvale, Kansas (the "Issuer"), has arranged for financing of the certain improvements to its water system (the "Improvements") by the execution of loan agreement described as follows:

<u>Lender</u>	<u>Loan No.</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>	<u>Redemption Date*</u>
KDHE	KPWSLF 2553	08/01/2030	\$714,711.02	\$540,769.61	05/25/2016

(the "Loan"); and

**WHEREAS**, the Issuer desires to issue its general obligation bonds in order to permanently finance the costs of such Improvements and retire the Loans; and

**WHEREAS**, the Issuer has previously issued and has outstanding general obligation bonds; and

**WHEREAS**, due to the current interest rate environment, the Issuer has the opportunity to issue its general obligation refunding bonds in order to achieve an interest cost savings on all or a portion of the debt represented by such general obligation bonds described as follows (collectively the "Refunded Bonds"):

<u>Description</u>	<u>Series</u>	<u>Dated Date</u>	<u>Years</u>	<u>Amount</u>
General Obligation Sewer Utility System Bonds	2003	09/23/2003	2016 to 2043	\$1,277,379
General Obligation Bonds	2007	05/07/2007	2017 to 2047	\$1,319,354

; and

**WHEREAS**, the City Council of the Issuer (the "Governing Body") hereby selects the firm of Piper Jaffray & Co., Leawood, Kansas (the "Financial Advisor"), as financial advisor for one or more series of general obligation bonds of the Issuer to be issued in order to provide funds to permanently finance the Improvements and retire the Loan, and to refund the Refunded Bonds; and

**WHEREAS**, the Issuer desires to authorize the Financial Advisor to proceed with the offering for sale of said general obligation bonds 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

**WHEREAS**, the Issuer desires to authorize the Financial Advisor and Gilmore & Bell, P.C., Wichita, Kansas, the Issuer's bond counsel ("Bond Counsel"), in conjunction with the Clerk to proceed with the preparation and distribution of a preliminary official statement and notice of bond sale and to authorize the distribution thereof and all other preliminary action necessary to sell said general obligation bonds.

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHERRYVALE, KANSAS, AS FOLLOWS:**

**Section 1.** There is hereby authorized to be offered for sale the Issuer's General Obligation Refunding and Improvement Bonds, Series 2016 (the "Bonds") described in the Notice of Bond Sale, which is hereby approved in substantially the form presented to the Governing Body this date (the "Notice of Bond Sale"). All proposals for the purchase of the Bonds shall be submitted upon the terms and conditions set forth in the Notice of Bond Sale, and shall be reviewed by the Mayor, Clerk, the Financial Advisor and the Bond Counsel as soon after the submittal hour as possible. The Mayor and Clerk are hereby authorized to award the sale of the Bonds to the submitter of the best proposal as determined pursuant to the provisions of the Notice of Bond Sale or to reject all proposals. All proposals for the purchase of the Bonds shall be delivered to the Governing Body at its meeting to be held on the date referenced in the Notice of Bond Sale, at which meeting the Governing Body shall review such proposals and ratify the award of the sale of the Bonds or the rejection of all proposals.

**Section 2.** The Mayor and Clerk in conjunction with the Financial Advisor and Bond Counsel are hereby authorized to cause to be prepared a Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"), and such officials and other representatives of the Issuer are hereby authorized to use such document in connection with the sale of the Bonds.

**Section 3.** The Clerk, in conjunction with the Financial Advisor and Bond Counsel, is hereby authorized and directed to give notice of said 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 Montgomery County, Kansas, and the *Kansas Register* and by distributing copies of the Notice of Bond Sale and Preliminary Official Statement to prospective purchasers of the Bonds. Proposals for the purchase of the Bonds shall be submitted upon the terms and conditions set forth in the Notice of Bond Sale, and awarded or rejected in the manner set forth in the Notice of Bond Sale.

**Section 4.** For the purpose of enabling the purchaser of the Bonds (the "Purchaser") to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the Mayor and Clerk 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; 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 5.** The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of Bonds 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 6.** The Mayor, Clerk and the other officers and representatives of the Issuer, the Financial Advisor and Bond Counsel are hereby authorized and directed to take such other action as may be necessary to: (a) carry out the sale of the Bonds; (b) provide for notice of redemption of the Refunded

Bonds; and (c) provide for notice of, and make provision for, the prepayment of the Loan from proceeds of the Bonds.

**Section 7.** This Resolution shall be in full force and effect from and after its adoption by the Governing Body.

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**ADOPTED** by the City Council on March 21, 2016.

(SEAL)

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John Wright, Mayor

ATTEST:

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Hillary Lawrence, City Clerk

**EXHIBIT A**

**CERTIFICATE DEEMING  
PRELIMINARY OFFICIAL STATEMENT FINAL**

April 11, 2016

To: [Purchaser]  
[Purchaser City State]

Re: \$3,265,000 City of Cherryvale, Kansas, General Obligation Refunding and Improvement  
Bonds, Series 2016

The undersigned are the duly acting Mayor and Clerk of the City of Cherryvale, Kansas (the "Issuer"), and are authorized to deliver this Certificate to the addressee (the "Purchaser") on behalf of the Issuer. The Issuer has previously caused to be delivered to the Purchaser copies of the Preliminary Official Statement (the "Preliminary Official Statement") relating to the above-referenced bonds (the "Bonds").

For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission (the "Rule"), the Issuer hereby deems the information regarding the Issuer contained in the Preliminary Official Statement to be final as of its date, except for the omission of such information as is permitted by the Rule, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal per maturity, delivery dates, ratings, identity of the underwriters and other terms of the Bonds depending on such matters.

**CITY OF CHERRYVALE, KANSAS**

By: \_\_\_\_\_  
Title: John Wright, Mayor

By: \_\_\_\_\_  
Title: Hillary Lawrence, City Clerk

Gilmore & Bell, P.C.  
March 16, 2016

**NOTICE OF BOND SALE**

**\$3,265,000\***

**CITY OF CHERRYVALE, KANSAS**

**GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS  
SERIES 2016**

(GENERAL OBLIGATION BONDS PAYABLE  
FROM UNLIMITED AD VALOREM TAXES)

**Bids.** Facsimile, written, and electronic (as explained below) bids for the purchase of the above-referenced bonds (the “Bonds”) of the City of Cherryvale, Kansas (the “Issuer”) herein described will be received on behalf of the undersigned Clerk of the Issuer at the address hereinafter set forth in the case of written and facsimile bids, and via PARITY® in the case of electronic bids, until 11:00 a.m. applicable Central Time (the “Submittal Hour”), on

**APRIL 18, 2016**

(the “Sale Date”). All bids will be publicly evaluated at said time and place and the award of the Bonds to the successful bidder (the “Successful Bidder”) will be acted upon immediately thereafter by the City Council of the Issuer (the “Governing Body”) at its meeting to be held at 7:00 p.m. on April 18, 2016. No oral or auction bids will be considered. Capitalized terms not otherwise defined herein shall have the meanings set forth in the hereinafter referenced Preliminary Official Statement relating to the Bonds.

**Terms of the Bonds.** The Bonds will consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof (the “Authorized Denomination”). The Bonds will be dated May 24, 2016 (the “Dated Date”), and will become due in principal installments on October 1 in the years as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2016	\$50,000	2026	\$180,000
2017	145,000	2027	180,000
2018	145,000	2028	190,000
2019	155,000	2029	195,000
2020	155,000	2030	195,000
2021	155,000	2031	160,000
2022	170,000	2032	160,000
2023	170,000	2033	170,000
2024	170,000	2034	170,000
2025	175,000	2035	175,000

The Bonds will bear interest from the Dated Date at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on October 1 and April 1 in each year, beginning on October 1, 2016 (the “Interest Payment Dates”).



**\*Adjustment of Issue Size.** The Issuer reserves the right to increase or decrease the total principal amount of the Bonds or the schedule of principal payments described above, depending on the purchase price and interest rates bid, the required size of the refunding escrow created for the bonds to be refunded (the “Refunded Bonds”), and the offering prices specified by the Successful Bidder. The Successful Bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount of the Bonds or the schedule of principal payments as described herein. If there is an increase or decrease in the final aggregate principal amount of the Bonds or the schedule of principal payments as described above, the Issuer will notify the Successful Bidder by means of telephone or facsimile transmission, subsequently confirmed in writing, no later than 2:00 p.m. applicable Central Time, on the business day immediately following the Sale Date. The actual purchase price for the Bonds shall be calculated by applying the percentage of par value bid by the Successful Bidder against the final aggregate principal amount of the Bonds, as adjusted, plus accrued interest from the Dated Date to the Closing Date (as hereinafter defined).

**Place of Payment.** The principal of and interest on the Bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Bond Registrar”). The principal of each Bond will be payable at maturity or earlier redemption to the owner thereof whose name is on the registration books (the “Bond Register”) of the Bond Registrar (the “Registered Owner”) upon presentation and surrender at the principal office of the Paying Agent. Interest on each Bond will be payable to the Registered Owner of such Bond as of the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the “Record Date”) (a) mailed by the Paying Agent to the address of such Registered Owner as shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds, by wire transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the wire transfer address to which such Registered Owner wishes to have such wire directed.

**Bond Registration.** The Bonds will be registered pursuant to a plan of registration approved by the Issuer and the Attorney General of the State of Kansas (the “State”). The Issuer will pay for the fees of the Bond Registrar for registration and transfer of the Bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, will be the responsibility of the Owners.

**Book-Entry-Only System.** The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Bonds. The Bonds will initially be issued exclusively in “book entry” form and shall be initially registered in the name of Cede & Co., as the nominee of DTC and no beneficial owner will receive certificates representing their interests in the Bonds. During the term of the Bonds, so long as the book-entry-only system is continued, the Issuer will make payments of principal of, premium, if any, and interest on the Bonds to DTC or its nominee as the Registered Owner of the Bonds, DTC will make book-entry-only transfers among its participants and receive and transmit payment of principal of, premium, if any, and interest on the Bonds to its participants who shall be responsible for transmitting payments to beneficial owners of the Bonds in accordance with agreements between such participants and the beneficial owners. The Issuer will not be responsible for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Issuer determines that continuation of the book-entry-only form of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Issuer will discontinue the book-entry-only form of registration with DTC. If the Issuer fails to identify another

qualified securities depository to replace DTC, the Issuer will cause to be authenticated and delivered to the beneficial owners replacement Bonds in the form of fully registered certificates. Reference is made to the Official Statement for further information regarding the book-entry-only system of registration of the Bonds and DTC.

### **Redemption of Bonds Prior to Maturity.**

**General.** Whenever the Issuer is to select Bonds for the purpose of redemption, it will, in the case of Bonds in denominations greater than the minimum Authorized Denomination, if less than all of the Bonds then outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such fully registered Bond as though it were a separate Bond in the minimum Authorized Denomination.

**Optional Redemption.** At the option of the Issuer, Bonds maturing on October 1 in the years 20[\_\_\_], and thereafter, will be subject to redemption and payment prior to maturity on October 1, 20[\_\_\_], and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

**Mandatory Redemption.** A bidder may elect to have all or a portion of the Bonds scheduled to mature in consecutive years issued as term bonds (the "Term Bonds") scheduled to mature in the latest of said consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth above, subject to the following conditions: (a) not less than all Bonds of the same serial maturity shall be converted to Term Bonds with mandatory redemption requirements; and (b) a bidder shall make such an election by completing the applicable paragraph on the Official Bid Form or completing the applicable information on PARITY<sup>®</sup>.

**Notice and Effect of Call for Redemption.** Unless waived by any owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar, any provider of municipal bond insurance and the Successful Bidder. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the registered owners of said Bonds. Each of said written notices shall be deposited in United States first class mail not less than 30 days prior to the Redemption Date. All notices of redemption shall state the Redemption Date, the redemption price, the Bonds to be redeemed, the place of surrender of Bonds so called for redemption and a statement of the effect of the redemption. The Issuer shall also give such additional notice as may be required by State law or regulation of the Securities and Exchange Commission in effect as of the date of such notice. If any Bond be called for redemption and payment as aforesaid, all interest on such Bond shall cease from and after the Redemption Date, provided funds are available for its payment at the price hereinbefore specified.

**Authority, Purpose and Security.** The Bonds are being issued pursuant to K.S.A. 65-163d through 65-163u, and K.S.A. 10-427, *et seq.*, as amended, and Article 12, Section 5 of the Kansas Constitution and an ordinance and a resolution adopted by the Governing Body (collectively the "Bond Resolution") for the purpose of paying the cost of certain water improvements (the "Improvements") and to refund the Refunded Bonds. The Bonds shall be general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.

**Submission of Bids.** Facsimile and written bids must be made on forms which may be procured from the Clerk or the Financial Advisor and shall be addressed to the undersigned, and marked “Proposal for General Obligation Refunding and Improvement Bonds, Series 2016.” Written bids must be submitted in writing in sealed envelopes, by mail or hand delivered. Facsimile bids should not be preceded by a cover sheet and should be sent only once to **(913) 345-3393**. Confirmation of receipt of facsimile bids may be made by contacting the Financial Advisor at the number listed below. Electronic bids via PARITY<sup>®</sup> must be submitted in accordance with its Rules of Participation, as well as the provisions of this Notice of Bond Sale. If provisions of this Notice of Bond Sale conflict with those of PARITY<sup>®</sup>, this Notice of Bond Sale shall control. Bids must be received prior to the Submittal Hour on the Sale Date accompanied by the Deposit (as hereinafter defined), which may be submitted separately. The Issuer and Financial Advisor shall not be responsible for failure of transmission of facsimile or delivery by mail or in person of any bid.

**PARITY<sup>®</sup>.** Information about the electronic bidding services of PARITY<sup>®</sup> may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Phone No. (212) 849-5023.

**Conditions of Bids.** Proposals will be received on the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) the same rate shall apply to all Bonds of the same maturity year; (b) no interest rate may exceed a rate equal to the daily yield for the 10-year Treasury Bond published by **THE BOND BUYER**, in New York, New York, on the Monday next preceding the day on which the Bonds are sold, plus 6%; and (c) no supplemental interest payments will be considered. The difference between the highest rate specified and the lowest rate specified cannot exceed 4%. No bid for less than **100%** of the principal amount of the Bonds and accrued interest thereon to the date of delivery will be considered. Each bid shall specify the total interest cost (expressed in dollars) during the term of the Bonds on the basis of such bid, the discount, if any, the premium, if any, offered by the bidder, the net interest cost (expressed in dollars) on the basis of such bid, and an estimate of the TIC (as hereinafter defined) on the basis of such bid. Each bidder shall certify to the Issuer the correctness of the information contained on the Official Bid Form; the Issuer will be entitled to rely on such certification. Each bidder agrees that, if it is awarded the Bonds, it will provide the certification as to initial offering prices described under the caption “Reoffering Prices” in this Notice.

**Good Faith Deposit.** A good faith deposit (the “Deposit”) in the amount of \$65,300 payable to the order of the Issuer is required in order to secure the Issuer from any loss resulting from the failure of the bidder to comply with the terms of its bid.

***The Deposit must be received by the Issuer or the Financial Advisor prior to the Submittal Hour*** The Deposit may be submitted at the address hereinafter set forth in either of the following forms:

(a) *Certified or Cashier’s Check.* Certified or cashier’s check drawn on a bank located in the United States of America; or

(b) *Wire Transfer.* Wire transfer in Federal Reserve funds, immediately available for use by the Issuer. Wire transfer information may be obtained from the Issuer or the Financial Advisor at the addresses set forth below. [OPTION TO INCLUDE WIRE TRANSFER INFORMATION]

Contemporaneously with the submission of a wire transfer Deposit, such bidder shall send an email to the [Issuer][Financial Advisor] at the email address set forth below, including the following information: (a) notification that a wire transfer has been made; (b) the amount of the wire transfer; and (c) return wire transfer instructions in the event such bid is unsuccessful. Checks submitted for Deposits by unsuccessful bidders will be returned; wire transfer Deposits submitted by unsuccessful bidders will

not be accepted or shall be returned in the same manner received on the [next business day following the] Sale Date. The Issuer reserves the right to withhold reasonable charges for any fees or expenses incurred in returning a wire transfer Deposit. No interest on the Deposit will be paid by the Issuer. If a bid is accepted, the Deposit, or the proceeds thereof, will be held by the Issuer until the Successful Bidder has complied with all of the terms and conditions of this Notice at which time the amount of said Deposit shall be returned to the Successful Bidder or deducted from the purchase price at the option of the Issuer. If a bid is accepted but the Issuer fails to deliver the Bonds to the Successful Bidder in accordance with the terms and conditions of this Notice, said Deposit, or the proceeds thereof, will be returned to the Successful Bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this Notice, the proceeds of such Deposit will be retained by the Issuer as and for liquidated damages.

**Basis of Award.** Subject to the timely receipt of the Deposit set forth above, the award of the Bonds will be made on the basis of the lowest true interest cost (“TIC”), which will be determined as follows: the TIC is the discount rate (expressed as a per annum percentage rate) which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds, from the payment dates to the Dated Date, produces an amount equal to the price bid, including any adjustments for premium or discount, if any. Present value will be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. Bidders are requested to provide a calculation of the TIC for the Bonds on the Official Bid Form, computed as specified herein on the basis of their respective bids, which shall be considered as informative only and not binding on either the Issuer or the bidder. The Issuer or its Financial Advisor will verify the TIC based on such bids. If there is any discrepancy between the TIC specified and the bid price and interest rates specified, the specified bid price and interest rates shall govern and the TIC specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest TIC are received, the Governing Body will determine which bid, if any, will be accepted, and its determination is final.

The Issuer reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid. Any bid received after the Submittal Hour on the Sale Date will be returned to the bidder. Any disputes arising hereunder shall be governed by the laws of the State, and any party submitting a bid agrees to be subject to jurisdiction and venue of the federal and state courts within the State with regard to such dispute. The award of the Bonds is predicated upon the Issuer achieving a certain level of savings in conjunction with the Refunded Bonds, such amount to be solely determined by the Issuer.

The Issuer’s acceptance, including electronic acceptance through PARITY®, of the Successful Bidder’s proposal for the purchase of the Bonds in accordance with this Notice of Bond Sale shall constitute a bond purchase agreement between the Issuer and the Successful Bidder for purposes of the laws of the State and a contract between the Issuer and the Successful Bidder for the purposes of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”) and Rule G-32 of the Municipal Securities Rulemaking Board (“Rule G-32”). The method of acceptance shall be determined solely by the Governing Body.

**Bond Ratings.** The Issuer has applied to Moody’s Investors Service and Standard & Poor’s Ratings Services, a division of McGraw Hill Financial Inc. for a rating on the Bonds herein offered for sale.

**Optional Bond Insurance.** The Issuer has **not** applied for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance, and any bidder desires to purchase such policy, such indication and the name of the desired insurer must be set forth on the bidder’s Official Bid Form. The Issuer specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the Issuer.

If the Successful Bidder elects to purchase the Bonds with municipal bond insurance, certain rating agencies will assign their ratings to the Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by such bond insurer. All costs associated with the purchase and issuance of such municipal bond insurance policy and associated ratings and expenses (other than any independent rating requested by the Issuer) shall be paid by the Successful Bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the Successful Bidder to accept delivery of the Bonds.

**CUSIP Numbers.** CUSIP identification numbers will be assigned and printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Notice. All expenses in relation to the assignment and printing of CUSIP numbers on the Bonds will be paid by the Issuer.

**Delivery and Payment.** The Issuer will pay for preparation of the Bonds and will deliver the Bonds properly prepared, executed and registered without cost on or about **MAY 24, 2016** (the “Closing Date”), to DTC for the account of the Successful Bidder. The Successful Bidder will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Bonds shall be made in federal reserve funds, immediately available for use by the Issuer. The Issuer will deliver one Bond of each maturity registered in the nominee name of DTC.

**Reoffering Prices.** In order to provide the Issuer with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), the Successful Bidder will be required to complete, execute and deliver to the Issuer prior to the delivery of the Bonds, a written certification (the “Issue Price Certificate”) containing the following: (a) the initial offering price and interest rate for each maturity of the Bonds; (b) that all of the Bonds were offered to the public in a bona fide public offering at the initial offering prices on the Sale Date; and (c) on the Sale Date the Successful Bidder reasonably expected that at least 10% of each maturity of the Bonds would be sold to the “public” at prices not higher than the initial offering prices. For purposes of the preceding sentence “public” means persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. However, such Issue Price Certificate may indicate that the Successful Bidder has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public.

***Subsequent to the Submittal Hour, such initial offering prices to the public shall be provided to the Issuer or the Financial Advisor not more than 20 minutes after requested by the Issuer or the Financial Advisor.***

At the request of the Issuer, the Successful Bidder will provide information explaining the factual basis for the Successful Bidder’s Issue Price Certificate. This agreement by the Successful Bidder to provide such information will continue to apply after the Closing Time if: (a) the Issuer requests the information in connection with an audit or inquiry by the Internal Revenue Service (the “IRS”) or the Securities and Exchange Commission (the “SEC”) or (b) the information is required to be retained by the Issuer pursuant to future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority.

**Preliminary Official Statement and Official Statement.** The Issuer has prepared a Preliminary Official Statement dated April 11, 2016, “deemed final” by the Issuer except for the omission of certain information as provided in the Rule, copies of which may be obtained from the Clerk or from the Financial Advisor. Upon the sale of the Bonds, the Issuer will adopt the final Official Statement and will furnish the Successful Bidder, without cost, within seven business days of the acceptance of the Successful Bidder’s proposal, with a sufficient number of copies thereof, which may be in electronic format, in order for the Successful Bidder to comply with the requirements of the Rule and Rule G-32. Additional copies may be ordered by the Successful Bidder at its expense.

**Continuing Disclosure.** In the Bond Resolution, the Issuer has covenanted to provide annually certain financial information and operating data and other information necessary to comply with the Rule, and to transmit the same to the Municipal Securities Rulemaking Board. This covenant is for the benefit of and is enforceable by any Registered Owner of the Bonds. For further information, reference is made to the caption “CONTINUING DISCLOSURE” in the Preliminary Official Statement.

**Assessed Valuation and Indebtedness.** The total assessed valuation of the taxable tangible property within the Issuer for the year 2015 is as follows:

Equalized Assessed Valuation of	
Taxable Tangible Property .....	\$ _____
Tangible Valuation of Motor Vehicles [(20__)] .....	_____
Equalized Assessed Tangible Valuation	
for Computation of Bonded Debt Limitations .....	\$ _____

The total general obligation indebtedness of the Issuer as of the Dated Date, including the Bonds being sold, is \$3,310,000.

**Legal Opinion.** The Bonds will be sold subject to the approving legal opinion of GILMORE & BELL, P.C., WICHITA, KANSAS, Bond Counsel to the Issuer, which opinion will be furnished and paid for by the Issuer, will be printed on the Bonds, if the Bonds are printed, and will be delivered to the Successful Bidder when the Bonds are delivered. Said opinion will also include the opinion of Bond Counsel relating to the interest on the Bonds being excludable from gross income for federal income tax purposes and exempt from income taxation by the State. Reference is made to the Preliminary Official Statement for further discussion of federal and State income tax matters relating to the interest on the Bonds.

**Additional Information.** Additional information regarding the Bonds may be obtained from the undersigned or from the Financial Advisor at the addresses set forth below:

**DATED: March 21, 2016.**

**CITY OF CHERRYVALE, KANSAS**  
 By: Hillary Lawrence, Clerk

**Issuer:**

123 W. Main, Cherryvale, Kansas 67335  
 Attn: Hillary Lawrence, Clerk  
 Phone No.: (620) 336-2776

Fax No.: (620) 336-2104  
Email: hlawrence@cherryvaleusa.com

***Financial Advisor – Written and Facsimile Bid and Good Faith Deposit Delivery Address:***

Piper Jaffray & Co.  
11635 Rosewood Street  
Attn: Dustin Avey  
Phone No.: (913) 345-3375  
Fax No.: (913) 345-3393  
Email: dustin.j.avey@pjc.com

**SUMMARY NOTICE OF BOND SALE**

**\$3,265,000**

**CITY OF CHERRYVALE, KANSAS  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2016**

(GENERAL OBLIGATION BONDS PAYABLE FROM UNLIMITED AD VALOREM TAXES)

**Bids.** SUBJECT to the Notice of Bond Sale dated March 21, 2016 (the “Notice”), facsimile, written and electronic bids will be received on behalf of the Clerk of the City of Cherryvale, Kansas (the “Issuer”) in the case of written or facsimile bids, at the address set forth below, and in the case of electronic bids, through *PARITY*<sup>®</sup> until 11:00 a.m. applicable Central Time, on **APRIL 18, 2016** for the purchase of the above-referenced bonds (the “Bonds”). No bid of less than **100%** of the principal amount of the Bonds and accrued interest thereon to the date of delivery will be considered.

**Bond Details.** The Bonds will consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated May 24, 2016, and will become due on October 1 in the years as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2016	\$50,000	2026	\$180,000
2017	145,000	2027	180,000
2018	145,000	2028	190,000
2019	155,000	2029	195,000
2020	155,000	2030	195,000
2021	155,000	2031	160,000
2022	170,000	2032	160,000
2023	170,000	2033	170,000
2024	170,000	2034	170,000
2025	175,000	2035	175,000

\* Subject to change, see the Notice

The Bonds will bear interest from the date thereof at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on October 1 and April 1 in each year, beginning on October 1, 2016.

**Book-Entry-Only System.** The Bonds registered under a book-entry-only system administered through DTC.

**Paying Agent and Bond Registrar.** Treasurer of the State of Kansas, Topeka, Kansas.

**Good Faith Deposit.** Each bid shall be accompanied (in the manner set forth in the Notice) by a good faith deposit in the form of a cashier’s or certified check drawn on a bank located in the United States of America or a wire transfer in Federal Reserve funds immediately available for use by the Issuer in the amount of \$65,300.

**Delivery.** The Issuer will pay for preparation of the Bonds and will deliver the same properly prepared, executed and registered without cost to the successful bidder on or about **May 24, 2016**, to DTC for the account of the successful bidder.

**Assessed Valuation and Indebtedness.** The Equalized Assessed Tangible Valuation for Computation of Bonded Debt Limitations for the year 2015 is \$[\_\_\_\_\_]. The total general obligation indebtedness of the Issuer as of the Dated Date, including the Bonds being sold, is \$3,310,000.

**Approval of Bonds.** The Bonds will be sold subject to the legal opinion of GILMORE & BELL, P.C., WICHITA, KANSAS, Bond Counsel to the Issuer, whose approving legal opinion as to the validity



of the Bonds will be furnished and paid for by the Issuer, printed on the Bonds and delivered to the successful bidder as and when the Bonds are delivered.

**Additional Information.** Additional information regarding the Bonds may be obtained from the undersigned, or from the Financial Advisor at the addresses set forth below:

**DATED: March 21, 2016.**

***Issuer:***

123 W. Main, Cherryvale, Kansas 67335  
Attn: Hillary Lawrence, Clerk  
Phone No.: (620) 336-2776  
Fax No.: (620) 336-2104  
Email: hlawrence@cherryvaleusa.com

***Financial Advisor – Facsimile Bid and Good Faith Deposit Delivery Address:***

Piper Jaffray & Co.  
11635 Rosewood Street  
Attn: Dustin Avey  
Phone No.: (913) 345-3375  
Fax No.: (913) 345-3393  
Email: dustin.j.avey@pjc.com

**OFFICIAL BID FORM**  
 PROPOSAL FOR THE PURCHASE OF CITY OF CHERRYVALE, KANSAS  
 GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2016

TO: Hillary Lawrence, Clerk  
 City of Cherryvale, Kansas

April 18, 2016

For \$3,265,000 principal amount of General Obligation Refunding and Improvement Bonds, Series 2016, of the City of Cherryvale, Kansas, to be dated May 24, 2016, as described in the Notice of Bond Sale dated March 21, 2016 (the "Notice"), said Bonds to bear interest as follows:

<u>Stated Maturity</u> <u>October 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Stated Maturity</u> <u>October 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>
2016	\$50,000	_____ %	2026	\$180,000	_____ %
2017	145,000	_____ %	2027	180,000	_____ %
2018	145,000	_____ %	2028	190,000	_____ %
2019	155,000	_____ %	2029	195,000	_____ %
2020	155,000	_____ %	2030	195,000	_____ %
2021	155,000	_____ %	2031	160,000	_____ %
2022	170,000	_____ %	2032	160,000	_____ %
2023	170,000	_____ %	2033	170,000	_____ %
2024	170,000	_____ %	2034	170,000	_____ %
2025	175,000	_____ %	2035	175,000	_____ %

\* Subject to change, see the Notice

the undersigned will pay the purchase price for the Bonds set forth below, plus accrued interest to the date of delivery.

Principal Amount ..... \$3,265,000.00  
 Plus Premium (if any) ..... \_\_\_\_\_  
 Total Purchase Price ..... \$ \_\_\_\_\_  
 Total interest cost to maturity at the rates specified ..... \$ \_\_\_\_\_  
 Net interest cost (adjusted for Discount and/or Premium) ..... \$ \_\_\_\_\_  
 True Interest Cost ..... \_\_\_\_\_ %

- The Bidder elects to purchase Municipal Bond Insurance from: [Assured] [AGM] [BAM] [\_\_\_\_\_]. Circle one or complete blank.
- The Bidder elects to have the following Term Bonds:

<u>Maturity Date</u>	<u>Years</u>	<u>Amount*</u>
October 1, ____	_____ to _____	\$ _____
October 1, ____	_____ to _____	\$ _____

\*subject to mandatory redemption requirements in the amounts and at the times shown above.

This proposal is subject to all terms and conditions contained in the Notice, and if the undersigned is the Successful Bidder, the undersigned will comply with all of the provisions contained in the Notice. A cashier's or certified check or a wire transfer in the amount of \$65,300 payable to the order of the Issuer, submitted in the manner set forth in the Notice accompanies this proposal as an evidence of good faith. The acceptance of this proposal by the Issuer by execution below shall constitute a contract between the Issuer and the Successful Bidder for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission and a bond purchase agreement for purposes of the laws of the State of Kansas.

Submitted by: \_\_\_\_\_

(LIST ACCOUNT MEMBERS ON REVERSE)

By: \_\_\_\_\_  
 Telephone No. (\_\_\_\_) \_\_\_\_\_

**ACCEPTANCE**

Pursuant to action duly taken by the Governing Body of the City of Cherryvale, Kansas, the above proposal is hereby accepted on April 18, 2016.

Attest:

\_\_\_\_\_  
 Clerk

\_\_\_\_\_  
 Mayor

**NOTE:** No additions or alterations in the above proposal form shall be made, and any erasures may cause rejection of any bid. Sealed bids may be filed with the Financial Advisor, Piper Jaffray & Co., Attn: Bond Services, 11635 Rosewood Street, Leawood, Kansas 66211, Fax No. (913) 345-3393, Email: dustin.j.avey@pjc.com or electronic bids may be submitted via **PARITY**®, at or prior to 11:00 a.m. applicable Central Time, on April 18, 2016. Any bid received after such time will not be accepted or shall be returned to the bidder.



**RESOLUTION NO. 16-6****A RESOLUTION PROVIDING FOR THE ADOPTION OF TAX AND SECURITIES COMPLIANCE PROCEDURES RELATING TO OBLIGATIONS ISSUED AND TO BE ISSUED BY THE CITY OF CHERRYVALE, KANSAS.**

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

**WHEREAS**, the Issuer is authorized, pursuant to the Constitution and statutes of the State to issue bonds, notes, leases, certificates and other instruments that evidence indebtedness (collectively, the "Obligations") to finance certain improvements, projects and programs of the Issuer (collectively, the "Project Facilities") and on behalf of certain non-governmental private businesses ("Conduit Borrowers"); and

**WHEREAS**, the Issuer has heretofore issued certain Obligations and anticipates future issuances of additional Obligations by the Issuer or another governmental entity on behalf of the Issuer, the interest on which is intended to be excluded from gross income for federal income tax purposes or which is subsidized by the federal government (e.g. build America bonds) (the "Tax-Advantaged Obligations"); and

**WHEREAS**, the Internal Revenue Code of 1986, as amended and regulations promulgated thereunder (collectively, the "Code"), impose ongoing requirements related to the investment, use and expenditure of proceeds of Tax-Advantaged Obligations and related funds and restrictions on use of the Project Facilities financed by such Tax-Advantaged Obligations and separate restrictions on facilities financed on behalf of Conduit Borrowers by such Tax-Advantaged Obligations; and

**WHEREAS**, pursuant to rules promulgated by the Securities and Exchange Commission (the "SEC"), the Issuer has entered into or anticipates entering into continuing disclosure undertakings to provide for the submission of annual reports and notices of certain material events relating to the Tax-Advantaged Obligations for Project Facilities; and

**WHEREAS**, the Issuer and Conduit Borrowers have entered into or anticipates entering into continuing disclosure undertakings to provide for the submission of annual reports and notices of certain material events relating to the Tax-Advantaged Obligations for facilities financed on behalf of Conduit Borrowers; and

**WHEREAS**, in certain situations, another governmental entity, such as a public building commission, may issue Tax-Advantaged Obligations on behalf of the Issuer and the Issuer is charged with the responsibility of maintaining compliance with provisions of the Code and regulations of the SEC; and

**WHEREAS**, the Issuer is committed to full compliance with all such requirements with respect to the Tax-Advantaged Obligations.

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

**Section 1. Compliance Procedures.** In order to comply with the requirements of the Code and directives of the Internal Revenue Service and SEC and to improve tax compliance and

documentation, the governing body of the Issuer hereby adopts the Tax and Securities Compliance Procedures, dated as March 21, 2016 (the "Compliance Procedures").

**Section 2. Permanent Record.** A copy of the Compliance Procedures shall be placed in the permanent records of the Issuer and shall be available for public inspection during regular business hours of the Issuer.

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

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**ADOPTED AND APPROVED** by the governing body of the City of Cherryvale, Kansas, on March 21, 2016.

(Seal)

\_\_\_\_\_  
John Wright, Mayor

ATTEST:

\_\_\_\_\_  
Hillary Lawrence, City Clerk

**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of Resolution No. \_\_\_\_ of the City of Cherryvale, Kansas adopted by the governing body on March 21, 2016 as the same appears of record in my office.

DATED: March 21, 2016.

\_\_\_\_\_  
Hillary Lawrence, City Clerk



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KANSAS CITY  
ST. LOUIS  
OMAHA | LINCOLN

March \_\_, 2016

Mr. Joel Pile, City Administrator  
City of Cherryvale, Kansas  
123 W. Main  
Cherryvale, Kansas 67335

Re: City of Cherryvale, Kansas – Tax and Securities Compliance Procedures

Dear Joel:

**Background.**

For several years IRS officials have expressed concern that state and local government bond issuers do not have adequate written procedures to ensure that the ongoing tax requirements are met after the financing has closed. The IRS had been much less forthcoming when asked specifically what topics should be covered in these “written procedures” and whether those procedures should go beyond the provisions already contained in the federal tax certificate. The IRS has now published an article that clarifies its expectations and describes minimum post-issuance tax compliance standards for all issuers of tax-exempt debt and other “tax-advantaged” debt, such as build America bonds. In the article, the IRS strongly suggests that issuers adopt a comprehensive set of tax compliance procedures that will govern all of the issuer’s tax-exempt debt, rather than attempting to follow the tax compliance procedures mandated by the federal tax certificate or tax compliance agreement relating to each specific bond issue. The article also outlines *key characteristics* that should be included in an issuer’s written tax compliance procedures:

- Due diligence review at regular intervals;
- Identifying the official or employee of the issuer responsible for review;
- Training of the responsible official/employee of the issuer;
- Retention of adequate records to substantiate compliance (e.g., records relating to expenditure of proceeds);
- Procedures reasonably expected to timely identify noncompliance; and
- Procedures ensuring that the issuer will take steps to timely correct noncompliance

For many years, Gilmore & Bell’s tax compliance agreements and federal tax certificates have contained provisions that require issuers to arrange for arbitrage rebate calculations, to obtain an opinion of bond counsel prior to entering into typical private-use transactions involving bond-financed assets (such as management agreements or leases) and to retain copies of records to substantiate the investment and expenditure of bond proceeds and the use of financed property. These provisions, if followed, should cover the concerns raised by IRS auditors and tax administrators regarding post-issuance tax compliance.

However, as administrator of the tax laws, the IRS has wide latitude to decide the type of documentation and procedures local government issuers should follow when they issue tax-exempt debt. This includes setting reasonable standards for written substantiation to support the position that interest on a particular debt is tax-exempt. The IRS, through the above-referenced article, new audit and settlement policies, changes to informational tax returns filed by governmental issuers and tax-exempt organizations, and informational seminars, has stated a strong clear preference for a stand-alone tax compliance procedure that incorporates the *key characteristics* outlined above.

Although the IRS has not adopted any specific sanctions if an issuer does not implement written tax compliance procedures (such as loss of tax-exempt status or denial of the right to issue tax-exempt debt), it has adopted policies that provide more favorable settlement terms for issuers that have written tax compliance procedures in place. We believe governmental issuers that attempt to “get by with less” are likely to be at a significant disadvantage in the event of an IRS audit of a bond issue. In addition, because the tax-exempt status of a refunding issue depends on whether the refunded tax-exempt issue satisfied the post-issuance tax compliance requirements, issuers that lack proper substantiation documentation and records could find it difficult or even impossible to refinance their debt on a tax-exempt basis in the future.

### **What is changing?**

1. ***Separate Written Compliance Procedures.*** Gilmore & Bell will require that each governmental issuer adopt a written procedure for post-issuance tax compliance and record-keeping that will apply to all tax-exempt debt issued by such entity or on behalf of such entity. The written procedure will contain a list of documents and records that must be prepared and retained as part of a tax-exempt bond compliance file. The written compliance procedure will not replace the tax compliance agreement or federal tax certificate that is part of each financing, but instead will provide a framework that issuers will use to monitor and document tax compliance.

2. ***Identified Bond Compliance Officer.*** The written compliance procedure and the tax documents for each financing will designate a “bond compliance officer” who will be responsible for post-issuance bond compliance. For traditional government financings this will be an issuer employee or official -- usually the person with overall responsibility for administering the bond funds.

3. ***Final Written Allocation of Bond Proceeds.*** For each new money governmental purpose financing Gilmore & Bell will require issuers to prepare a “final written allocation” of proceeds to expenditures. This final written allocation must be prepared promptly after all proceeds have been spent, and must be reviewed by bond counsel or other legal counsel selected by the issuer. Refunding transactions will incorporate similar documentation as part of the tax closing documents to specify how refunded issue proceeds were spent.

4. ***Annual Compliance Checklist.*** For all financings we will require issuers to complete a short tax compliance checklist on an annual basis. A form of the checklist tailored to each issue will be included in the tax documentation for each financing.

The final written allocation and the annual checklists, along with related documents identified in the written compliance procedure, will comprise the “tax-exempt bond file” for the financing. The bond compliance officer will be responsible for assembling and maintaining the tax-exempt bond file. A



special post-issuance tax compliance call or meeting with the bond compliance officer to discuss and answer questions regarding tax compliance for the specific financing as part of the issuance process can be arranged at the request of the issuer.

Gilmore & Bell recognizes that no two governmental issuers or financings are alike, and that imposing an inflexible set of documents or procedures that fails to take unique aspects of the issuer or the financing into account will not result in better tax compliance. Unique factors will be taken into account for each issue, and, when appropriate, modifications to the documentation or procedures described above may be necessary so long as the financing will continue to meet the compliance and documentation standards outlined by the IRS. Your comments on ways to improve tax documentation or compliance procedures are always welcome.

### **Continuing Disclosure.**

The Securities and Exchange Commission (the “SEC”) has promulgated rules and regulations relating to continuing disclosure requirements that effect obligations issued by governmental units. In conjunction with issuance of certain of its obligations, the Issuer has entered into or anticipates entering into continuing disclosure undertakings to provide for submission of annual reports and notices of certain material events relating to such obligations. Such reports and notices are required to be filed with the SEC via the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the Municipal Securities Rulemaking Board, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Procedure Documentation.**

Attached hereto is a form of Tax and Securities Compliance Procedures (the “Compliance Procedures”) for governmental issues which meets the *key characteristics* suggested by the IRS and the SEC with respect to governmental purpose issues, together with a form of Excerpt of Minutes and Resolution adopting the Compliance Procedures. The Compliance Procedures also deal with certain obligations issued by the Issuer on behalf of conduit borrowers.

We can arrange a special post-issuance tax and securities compliance call or meeting to discuss and answer questions regarding the Compliance Procedures if that would be helpful to you and other issuer representatives.

### **Adoption Procedure.**

After your review of these attachments, if there are no questions or comments, the Resolution and Compliance Procedures should be presented to the governing body on March 21, 2016. Once adopted, please retain a signed copy of the Excerpt of Minutes, the Resolution and the Compliance Procedures (including Clerk’s Certification) in your permanent records and furnish a copy of each to the undersigned for our records.

Should you have any questions, please feel free to contact Lisa Nguyen or the undersigned.

Very truly yours,

Sarah O. Steele

SOS:ln

Enclosures

Gilmore & Bell, P.C.  
March 14, 2016

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**THE CITY OF CHERRYVALE, KANSAS**  
**TAX AND SECURITIES COMPLIANCE PROCEDURES**  
**Dated as of March 21, 2016**

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**TAX AND SECURITIES COMPLIANCE PROCEDURES**

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## TAX AND SECURITIES COMPLIANCE PROCEDURES

### ARTICLE I

#### DEFINITIONS

**Section 1.1. Definitions.** Capitalized words and terms used in these Compliance Procedures have the following meanings:

**“Annual Compliance Checklist”** means: (a) for Governmental Tax-Advantaged Bonds, a questionnaire and/or checklist described in **Section 4.5** that is completed each year for a Governmental Tax-Advantaged Bond issue; and (b) for Conduit Tax-Advantaged Bonds, a questionnaire and/or checklist described in **Section 6.5** that is completed each year for a Conduit Tax-Advantaged Bond issue.

**“Annual Report”** means: (a) with respect to Governmental Tax-Advantaged Bonds, the audited financial statements (or unaudited financial statements as permitted by the Continuing Disclosure Undertaking for the Tax-Advantaged Obligations) of the Issuer and certain other financial information and operating data required to be filed annually with the MSRB for the Tax-Advantaged Bonds; and (b) with respect to Conduit Tax-Advantaged Bonds, the audited financial statements (or unaudited financial statements as permitted by the Continuing Disclosure Undertaking for the Tax-Advantaged Obligations) of the Conduit Borrower, and certain other financial information and operating data required to be filed annually with the MSRB for the Conduit Tax-Advantaged Bonds.

**“Bond Compliance Officer”** means the Issuer’s Clerk or, if said position is vacant, the person appointed or elected to fill the responsibilities of said position for the Issuer.

**“Bond Counsel”** means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel, selected by the Issuer to provide a legal opinion regarding the tax status of interest on Tax-Advantaged Bonds as of the issue date or the law firm selected to advise the Issuer regarding matters referenced in these Compliance Procedures.

**“Bond Restricted Funds”** means the funds, accounts, and investments that are subject to arbitrage rebate and/or yield restriction rules that have been identified in the Tax Compliance Agreement for a Tax-Advantaged Bond issue.

**“Bond Transcript”** means the “transcript of proceedings” or other similar titled set of documents assembled by Bond Counsel following the issuance of Tax-Advantaged Bonds.

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

**“Compliance Procedures”** means this Tax and Securities Compliance Procedures.

**“Conduit Tax-Advantaged Bond”** means any bond, note, installment sale agreement, lease or certificate intended to be a debt obligation of the Issuer, the proceeds of the which are to be loaned or otherwise made available to the Conduit User, and the interest on which is excludable from gross income for federal income tax purposes or is subject to other advantages, requirements or limitations of the Code and Regulations or any other United States laws related to taxation. A list of all Conduit Tax-Advantaged Bonds outstanding and subject to these Compliance Procedures as of the Effective Date, is attached as **Exhibit A-2**.

**“Conduit Tax-Advantaged Bond File”** means documents and records which may consist of paper and electronic medium, maintained for each Conduit Tax-Advantaged Bond. Each Conduit Tax-Advantaged Bond File will include the following information if applicable:

- (a) Intent Resolution (Duplicate Copy Maintained by Bond Compliance Officer).
- (b) Bond Transcript (Duplicate Copy Maintained by Bond Compliance Officer).
- (c) Final Written Allocation and/or all available accounting records related to the Project Facility showing expenditures allocated to the proceeds of a Conduit Tax-Advantaged Bond and expenditures (if any) allocated to other sources of funds.
- (d) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing the calculation.
- (e) Forms 8038-T together with proof of filing and payment of rebate (Duplicate Copy Maintained by Bond Compliance Officer).
- (f) Investment agreement bid documents (unless included in the Bond Transcript) including:
  - (1) Bid solicitation, bid responses, certificate of broker;
  - (2) Written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
  - (3) Copies of the investment agreement and any amendments.
- (g) Any item required to be maintained by the terms of the Tax Compliance Agreement involving the use of the Project Facility or expenditures related to tax compliance for the Conduit Tax-Advantaged Bonds.
- (h) Any opinion of Bond Counsel regarding the Conduit Tax-Advantaged Bonds not included in the Bond Transcript (Duplicate Copy Maintained by Bond Compliance Officer).
- (i) Amendments, modifications or substitute agreements to any agreement contained in the Bond Transcript (Duplicate Copy Maintained by Bond Compliance Officer).
- (j) Any correspondence with the IRS relating to the Conduit Tax-Advantaged Bonds including all correspondence relating to an audit by the IRS of the Conduit Tax-Advantaged Bonds or any proceedings under the Tax-Advantaged Bonds Voluntary Closing Agreement Program (VCAP) (Duplicate Copy Maintained by Bond Compliance Officer).
- (k) Any available questionnaires or correspondence substantiating the use of the Project Facility in accordance with the terms of the Tax Compliance Agreement for the Conduit Tax-Advantaged Bond issue.
- (l) For refunding bond issues, the Conduit Tax-Advantaged Bond File for the refunded Conduit Tax-Advantaged Bonds.

**“Conduit User”** means the entity that is not related to or controlled by the Issuer and which receives proceeds and is required to pay principal and interest on a Conduit Tax-Advantaged Bond issue.

**“Conduit User Bond Compliance Officer”** means the individual officer or employee of the Conduit User named as the primary individual responsible for post-issuance tax compliance by the Conduit User in connection with a Conduit Tax-Advantaged Bond issue.

**“Continuing Disclosure Undertaking”** means the Continuing Disclosure Agreement(s), Continuing Disclosure Undertaking(s), Continuing Disclosure Instructions or other written certification(s) setting out covenants for satisfying the requirements for providing information to the MSRB pursuant to SEC Rule 15c2-12 on an ongoing basis for one or more series of Tax-Advantaged Bonds.

“**Cost**” or “**Costs**” means all costs and expenses paid for the acquisition, design, construction, equipping or improvement of a Project Facility or costs of issuing Tax-Advantaged Bonds.

“**Effective Date**” means March 21, 2016.

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

“**Final Written Allocation**” means the Final Written Allocation of Bond proceeds prepared pursuant to **Section 4.4** of these Compliance Procedures for Governmental Tax-Advantaged Bonds and pursuant to **Section 6.4** of these Compliance Procedures for Conduit Tax-Advantaged Bonds.

“**Financed Assets**” means that part of a Project Facility treated as financed with Tax-Advantaged Bond proceeds as reflected in a Final Written Allocation or, if no Final Written Allocation was prepared, (a) the accounting records of the Issuer and the Tax Compliance Agreement for the Governmental Tax-Advantaged Bond issue or (b) the accounting records of the Trustee and the Conduit User, and the Tax Compliance Agreement for the Conduit Tax-Advantaged Bond issue.

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

“**Governmental Tax-Advantaged Bonds**” means any bond, note, installment sale agreement, lease or certificate intended to be a debt obligation of the Issuer or another political subdivision or government instrumentality created or controlled by the Issuer, the proceeds of the which are to be loaned or otherwise made available to the Issuer, and the interest on which is excludable from gross income for federal income tax purposes or is subject to other advantages, requirements or limitations of the Code and Regulations or any other United States laws related to taxation. For purposes of this definition, proceeds of obligations used to make a grant or to provide an economic incentive to another entity unrelated to the Issuer are treated as used or made available to the Issuer, and thus the obligations are considered “Governmental Tax-Advantaged Bonds,” unless the user is required to pay principal and interest on the obligation. A list of all Governmental Tax-Advantaged Bonds outstanding and subject to these Compliance Procedures as of the Effective Date, is attached as **Exhibit A-1**.

“**Governmental Tax-Advantaged Bond File**” means documents and records which may consist of paper and electronic medium, maintained for each Governmental Tax-Advantaged Bond. Each Governmental Tax-Advantaged Bond File will include the following information if applicable:

- (a) Intent Resolution.
- (b) Bond Transcript.
- (c) Final Written Allocation and/or all available accounting records related to the Project Facility showing expenditures allocated to the proceeds of a Governmental Tax-Advantaged Bond and expenditures (if any) allocated to other sources of funds.
- (d) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing the calculation.
- (e) Forms 8038-T together with proof of filing and payment of rebate.
- (f) Investment agreement bid documents (unless included in the Bond Transcript) including:
  - (1) Bid solicitation, bid responses, certificate of broker;
  - (2) Written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
  - (3) Copies of the investment agreement and any amendments.



- (g) Any item required to be maintained by the terms of the Tax Compliance Agreement involving the use of the Project Facility or expenditures related to tax compliance for the Governmental Tax-Advantaged Bonds.
- (h) Any opinion of Bond Counsel regarding the Governmental Tax-Advantaged Bonds not included in the Bond Transcript.
- (i) Amendments, modifications or substitute agreements to any agreement contained in the Bond Transcript.
- (j) Any correspondence with the IRS relating to the Governmental Tax-Advantaged Bonds including all correspondence relating to an audit by the IRS of the Governmental Tax-Advantaged Bonds or any proceedings under the Tax-Advantaged Bonds Voluntary Closing Agreement Program (VCAP).
- (k) Any available questionnaires or correspondence substantiating the use of the Project Facility in accordance with the terms of the Tax Compliance Agreement for the Governmental Tax-Advantaged Bond issue.
- (l) For refunding bond issues, the Governmental Tax-Advantaged Bond File for the refunded Governmental Tax-Advantaged Bonds.

**“Intent Resolution”** means a resolution of the Governing Body stating the intent of the Issuer to finance all or a portion of the Project Facility, stating the expected maximum size of the financing and stating the intent of the Issuer to reimburse (a) the costs paid by the Issuer from proceeds of the Governmental Tax-Advantaged Bonds or (b) the costs paid by the Conduit User from proceeds of the Conduit Tax-Advantaged Bonds.

**“IRS”** means the Internal Revenue Service.

**“Issuer”** means the City of Cherryvale, Kansas, and its successors and assigns, or any body, agency or instrumentality of the State succeeding to or charged with the powers, duties and functions of the Issuer or issuing Tax-Advantaged Bonds on behalf of the City of Cherryvale, Kansas.

**“MSRB”** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**“Placed In Service”** means that date (as determined by the Bond Compliance Officer for Governmental Tax-Advantaged Bonds and as determined by the Conduit User Bond Compliance Officer for Conduit Tax-Advantaged Bonds when the Project Facility is complete and is actually used at a level substantially as originally designed.

**“Project Facility”** means all tangible or intangible property financed in whole or in part with Tax-Advantaged Bonds that is functionally related or integrated in use, that is located on the same physical site or proximate sites, and that is expected to be Placed In Service within a one-year period.

**“Rebate Analyst”** means the Rebate Analyst for the Tax-Advantaged Bonds selected pursuant to the Tax Compliance Agreement.

**“Regulations”** means all regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to tax-exempt obligations.

**“Tax Compliance Agreement”** means: (a) with respect to Governmental Tax-Advantaged Bonds, the Federal Tax Certificate, Tax Compliance Agreement, Arbitrage Agreement, or other written

certification or agreement of the Issuer setting out representations and covenants for satisfying the post-issuance tax compliance requirements for a Governmental Tax-Advantaged Bond issue; and (b) with respect to Conduit Tax-Advantaged Bonds, the Federal Tax Certificate, Tax Compliance Agreement, Arbitrage Agreement, or other written certification or agreement of the Issuer and the Conduit User setting out representations and covenants for satisfying the post-issuance tax compliance requirements for a for a Conduit Tax-Advantaged Bond issue.

“**Tax-Advantaged Bond(s)**” means Governmental Tax-Advantaged Bonds and Conduit Tax-Advantaged Bonds.

“**Trustee**” means the corporate trustee, if any, named in a trust indenture for a Tax-Advantaged Bond issue.

## ARTICLE II

### PURPOSE AND SCOPE

#### Section 2.1. Purpose of Compliance Procedures.

(a) *Issuer’s Use of Tax-Advantaged Bonds.* The Issuer uses Governmental Tax-Advantaged Bonds to fund Costs of Project Facilities and uses Conduit Tax-Advantaged Bonds and loans or otherwise makes the proceeds available to Conduit Users to fund Costs of Project Facilities. The Issuer understands that in exchange for the right to issue Tax-Advantaged Bonds at favorable interest rates and terms, the Code and related regulations impose ongoing requirements related to the proceeds of the Tax-Advantaged Bonds and the Project Facility financed by the Tax-Advantaged Bonds. These requirements focus on the investment, use and expenditure of proceeds of the Tax-Advantaged Bonds and related funds as well as restrictions on the use of the Project Facility.

(b) *IRS Recommends Separate Written Procedures.* The Issuer recognizes that the IRS has stated that all issuers of Tax-Advantaged Bonds should have a separate written policy and procedure regarding ongoing compliance with the federal tax requirements for Tax-Advantaged Bonds.

(c) *Issuer Commitment.* The Issuer is committed to full compliance with the federal income tax requirements for all of its outstanding and future tax-advantaged financings. These Compliance Procedures is adopted by the Governing Body to comply with the IRS directive and to improve tax compliance and documentation.

(d) *Conduit User Responsibilities.* Since the Conduit User for each Conduit Tax-Advantaged Bond issue is primarily responsible for the expenditure and investment of its Conduit Tax-Advantaged Bonds and the use of the Financed Assets and the Project Facility, this Compliance Policy provides that the Conduit User will assume substantially all obligations related to post-issuance tax compliance for Conduit Tax-Advantaged Bonds issued for its benefit. The provisions of this Compliance Policy related to Conduit Tax-Advantaged Bonds are set forth in **Articles VI** and **VII**.

(e) *Scope of Compliance Procedures; Conflicts.* These Compliance Procedures applies to all Tax-Advantaged Bonds currently outstanding and **all** Tax-Advantaged Bonds issued in the future. If the provisions of these Compliance Procedures conflict with a Tax Compliance Agreement or any other specific written instructions of Bond Counsel, the terms of the Tax Compliance Agreement or specific written instructions of Bond Counsel will supersede and govern in lieu of these Compliance Procedures. Any exception to these Compliance Procedures required by Bond Counsel as part of a future issue of Tax-

Advantaged Bonds will be incorporated in the Tax Compliance Agreement for the future issue. Any requirements imposed on the Issuer in the Tax Compliance Agreement, will be noted by the Bond Compliance Officer and incorporated into the Annual Compliance Checklist.

**Section 2.2. Amendments and Publication of Compliance Procedures.** These Compliance Procedures may be amended from time-to-time by the Governing Body. Copies of these Compliance Procedures and any amendments will be included in the permanent records of the Issuer.

### ARTICLE III

#### BOND COMPLIANCE OFFICER; TRAINING

**Section 3.1. Bond Compliance Officer Duties.** The Bond Compliance Officer is responsible for implementing these Compliance Procedures. The Bond Compliance Officer will work with other employees that use the Project Facility to assist in implementing these Compliance Procedures. The Bond Compliance Officer will consult with Bond Counsel, legal counsel to the Issuer, accountants, tax return preparers and other outside experts to the extent necessary to carry out the purposes of these Compliance Procedures. The Bond Compliance Officer will report to the Governing Body as necessary, but at least annually, regarding implementation of these Compliance Procedures and any recommended changes or amendments to these Compliance Procedures.

#### **Section 3.2. Training.**

(a) **Training Programs.** When appropriate, the Bond Compliance Officer and/or other employees of the Issuer under the direction of the Bond Compliance Officer will attend training programs offered by the IRS or other industry professionals regarding Tax-Advantaged Bonds that are relevant to the Issuer.

(b) **Change in Bond Compliance Officer.** Any time an individual acting as the Bond Compliance Officer passes the responsibilities for carrying out the provisions of these Compliance Procedures to another individual, the Issuer will ensure the incoming individual acting as Bond Compliance Officer is trained on how to implement the policies and procedures included in these Compliance Procedures to ensure the Issuer's continued compliance with the provisions of these Compliance Procedures and all Tax Compliance Agreements for any outstanding Tax-Advantaged Bond.

### ARTICLE IV

#### GOVERNMENTAL TAX-ADVANTAGED BONDS COMPLIANCE PROCEDURES

**Section 4.1. Application.** This **Article IV** applies to all of the Issuer's outstanding Governmental Tax-Advantaged Bonds. These Governmental Tax-Advantaged Bonds are listed on **Exhibit A-1**.

#### **Section 4.2. Prior to Issuance of Governmental Tax-Advantaged Bonds.**

(a) **Intent Resolution.** The Governing Body will authorize and approve the issuance of Governmental Tax-Advantaged Bonds. Prior to or as a part of this authorizing resolution or ordinance, the Governing Body may adopt an Intent Resolution.

(b) ***Directions to Bond Counsel.*** The Bond Compliance Officer will provide a copy of these Compliance Procedures to Bond Counsel with directions for Bond Counsel to structure the documentation and procedural steps taken prior to issuing the Governmental Tax-Advantaged Bonds so that they conform to the requirements of these Compliance Procedures, except to the extent Bond Counsel determines that different procedures are required. The Bond Compliance Officer will consult with Bond Counsel so that appropriate provisions are made to fund or reimburse the Issuer's costs and expenses incurred to implement these Compliance Procedures.

(c) ***Tax Compliance Agreement.*** Each Governmental Tax-Advantaged Bond issue will include a Tax Compliance Agreement signed by the Bond Compliance Officer or his/her designee. The Tax Compliance Agreement will (1) describe the Project Facility and the anticipated Financed Assets, (2) identify all Bond Restricted Funds and provide for arbitrage and rebate compliance, (3) for new money financings – require a Final Written Allocation, and (4) contain a form of the Annual Compliance Checklist for the Governmental Tax-Advantaged Bond issue. The Bond Compliance Officer will confer with Bond Counsel and the Issuer's counsel regarding the meaning and scope of each representation and covenant contained in the Tax Compliance Agreement.

(d) ***Preliminary Cost Allocations.*** The Bond Compliance Officer in consultation with Bond Counsel, will prepare a preliminary cost allocation plan for the Project Facility. The preliminary cost allocation plan will identify the assets and expected costs for the Project Facility, and, when necessary, will break-out the portions of Costs that the Issuer expects to finance with Governmental Tax-Advantaged Bonds (the "Financed Assets") from the portions expected to be financed from other sources.

(e) ***Tax Review with Bond Counsel.*** Prior to the sale of the Governmental Tax-Advantaged Bonds, the Bond Compliance Officer and Bond Counsel will review these Compliance Procedures together with the draft Tax Compliance Agreement to ensure that any tax compliance issues in the new financing are adequately addressed by these Compliance Procedures and/or the Tax Compliance Agreement. In the event Bond Counsel determines that these Compliance Procedures conflicts with, or must be supplemented to account for special issues or requirements for the Governmental Tax-Advantaged Bonds, the Bond Compliance Officer will ask Bond Counsel to include the written modifications or additions in the final Tax Compliance Agreement. The Bond Compliance Officer will request Bond Counsel to prepare a form of Annual Compliance Checklist for use in monitoring the ongoing compliance requirements for the Governmental Tax-Advantaged Bond issue.

### **Section 4.3. Accounting and Recordkeeping.**

(a) ***Accounting for New Money Projects.*** The Bond Compliance Officer will be responsible for accounting for the investment and allocation of proceeds of the Governmental Tax-Advantaged Bonds. The Bond Compliance Officer will establish separate accounts or subaccounts to record expenditures for Costs of the Project Facility. Where appropriate, the Bond Compliance Officer may use accounts established as part of the Issuer's financial records for this purpose. In recording Costs for the Project Facility, the Bond Compliance Officer will ensure that the accounting system will include the following information: (1) identity of person or business paid, along with any other available narrative description of the purpose for the payment, (2) date of payment, (3) amount paid, and (4) invoice number or other identifying reference.

(b) ***Accounting for Refunded Bonds and Related Refunded Bond Accounts.*** For Governmental Tax-Advantaged Bonds that refund prior issues, the Tax Compliance Agreement will set out special accounting and allocation procedures for the proceeds of the financing, and if necessary proceeds of the refinanced debt.

(c) ***Tax-Advantaged Bond File.*** The Bond Compliance Officer will be responsible for assembling and maintaining the Governmental Tax-Advantaged Bond File.

#### **Section 4.4. Final Allocation of Bond Proceeds.**

(a) ***Bond Compliance Officer Responsible for Preparation of Final Written Allocation; Timing.*** The Bond Compliance Officer is responsible for making a written allocation of proceeds to expenditures and the identification of Financed Assets. This process will be memorialized in the Final Written Allocation. For a new money financing, the Bond Compliance Officer will commence this process as of the earliest of: (1) the requisition of all Governmental Tax-Advantaged Bond proceeds from any segregated Governmental Tax-Advantaged Bond funded account; (2) the date the Project Facility has been substantially completed; or (3) four and one-half years following the issue date of the Governmental Tax-Advantaged Bonds. For Governmental Tax-Advantaged Bonds issued only to refund a prior issue of Governmental Tax-Advantaged Bonds, the Bond Compliance Officer will prepare and/or document the Final Written Allocation for the Project Facility financed by the refunded Governmental Tax-Advantaged Bonds in accordance with the advice of Bond Counsel and include it in the Tax Compliance Agreement.

(b) ***Contents and Procedure.*** The Bond Compliance Officer will consult the Tax Compliance Agreement and, if necessary, contact Bond Counsel to seek advice regarding any special allocation of Governmental Tax-Advantaged Bond proceeds and other money of the Issuer to the Costs of the Project Facility. If no special allocation is required or recommended, the Bond Compliance Officer will allocate Costs of the Project Facility to the proceeds of the Governmental Tax-Advantaged Bonds in accordance with the Issuer's accounting records. Each Final Written Allocation will contain the following: (1) a reconciliation of the actual sources and uses to Costs of the Project Facility; (2) the percentage of the cost of the Project Facility financed with proceeds of the Governmental Tax-Advantaged Bonds (sale proceeds plus any investment earnings on those sale proceeds); (3) the Project Facility's Placed in Service date; (4) the estimated economic useful life of the Project Facility; and (5) any special procedures to be followed in completing the Annual Compliance Checklist (e.g., limiting the Annual Compliance Checklist to specific areas of the Project Facility that the Final Written Allocation or the Tax Compliance Agreement treats as having been financed by Governmental Tax-Advantaged Bonds).

(c) ***Finalize Annual Compliance Checklist.*** As part of the preparation of the Final Written Allocation, the Bond Compliance Officer will update the draft Annual Compliance Checklist contained in the Tax Compliance Agreement. The Bond Compliance Officer will include reminders for all subsequent arbitrage rebate computations required for the Governmental Tax-Advantaged Bonds in the Annual Compliance Checklist.

(d) ***Review of Final Written Allocation and Annual Compliance Checklist.*** Each Final Written Allocation and Annual Compliance Checklist will be reviewed by legal counsel to the Issuer or Bond Counsel for sufficiency and compliance with the Tax Compliance Agreement and these Compliance Procedures. Following the completion of the review, the Bond Compliance Officer will execute the Final Written Allocation.

#### **Section 4.5. Annual Compliance Checklist.**

(a) ***General.*** An Annual Compliance Checklist will be completed for Governmental Tax-Advantaged Bonds by the Bond Compliance Officer each year following completion of the Final Written Allocation. Each Annual Compliance Checklist will be designed and completed for the purpose of identifying potential noncompliance with the terms of the Tax Compliance Agreement or these Compliance Procedures and obtaining documents (such as investment records, arbitrage calculations, or

other documentation for the Project Facility) that are required to be incorporated in the Governmental Tax-Advantaged Bond File.

(b) **Potential Non-Compliance.** The Bond Compliance Officer will refer any responses indicating a violation of the terms of the Tax Compliance Agreement to legal counsel to the Issuer or Bond Counsel and, if recommended by counsel, will follow the procedure set out in **Section 4.7** to remediate the non-compliance.

**Section 4.6. Arbitrage and Rebate Compliance.** The Bond Compliance Officer will monitor the investment of Bond Restricted Funds for Governmental Tax-Advantaged Bonds and provide investment records to the Rebate Analyst on a timely basis. The Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation of and the timing of rebate or yield reduction computations.

**Section 4.7. Correcting Prior Deficiencies in Compliance.** In the event the Bond Compliance Officer determines any deficiency in compliance with a Tax Compliance Agreement for an outstanding Governmental Tax-Advantaged Bond listed on **Exhibit A-1**, the Bond Compliance Officer will follow the procedures described in Treasury Regulations or the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP) to remediate the noncompliance. If remediation of the noncompliance requires the Issuer to submit a request under VCAP, the Bond Compliance Officer will undertake this step only after reporting the violation to the Governing Body and obtaining its approval.

## ARTICLE V

### CONTINUING DISCLOSURE – GOVERNMENTAL BONDS

**Section 5.1. General.** The Bond Compliance Officer acknowledges that the Issuer has entered into certain Continuing Disclosure Undertakings with respect to Governmental Tax-Advantaged Bonds and other taxable securities issued by the Issuer. This **Article V** applies to Continuing Disclosure Undertakings entered into by the Issuer prior to, on and after the date of these Compliance Procedures.

**Section 5.2. Annual Disclosure Filings.** For each issuance of Governmental Tax-Advantaged Bonds, the Bond Compliance Officer will review the Continuing Disclosure Undertaking to determine the financial information and operating data required to be included in the Annual Report to be filed by the Issuer with the MSRB on EMMA. The Bond Compliance Officer will cause the Annual Report to be filed with the MSRB on EMMA within the timeframe provided in the Continuing Disclosure Undertaking for the Governmental Tax-Advantaged Bonds.

**Section 5.3. Material Event Disclosure Filings.** For each outstanding issue of Governmental Tax-Advantaged Bonds, the Bond Compliance Officer will review the Continuing Disclosure Undertaking to determine the “material events” that require prompt notice to be filed with the MSRB. Generally, the occurrence of any of the events listed on **Exhibit C** with respect to the Governmental Tax-Advantaged Bonds represents a “material event.”

After obtaining actual knowledge of the occurrence of any event that the Bond Compliance Officer believes may constitute an event requiring disclosure, the Bond Compliance Officer will contact Bond Counsel to determine if notice of the event is required to be given to the MSRB under the applicable Continuing Disclosure Undertaking. If it is determined that notice should be provided to the MSRB or is required to be provided to the MSRB by the Continuing Disclosure Undertaking, the Bond Compliance Officer will cause the appropriate notice to be filed with the MSRB on EMMA within the

applicable time frame set forth in the Continuing Disclosure Undertaking (e.g., 10 business days after the occurrence of the event) or as otherwise advised by Bond Counsel.

## ARTICLE VI

### CONDUIT TAX-ADVANTAGED BONDS COMPLIANCE PROCEDURES

**Section 6.1. Conduit Tax-Advantaged Bonds Covered by Procedures.** This Article VI applies to all outstanding Conduit Tax-Advantaged Bonds. These Conduit Tax-Advantaged Bonds are listed on **Exhibit A-2**. The Governing Body reserves the right to charge a fee to administer the Compliance Procedures as they relate to Conduit Tax-Advantaged Bonds.

**Section 6.2. Prior to Issuance of Conduit Tax-Advantaged Bonds.**

(a) ***Intent Resolution.*** The Governing Body will authorize and approve the issuance of Conduit Tax-Advantaged Bonds. Prior to or as a part of this authorizing resolution or ordinance, the Governing Body may adopt an Intent Resolution. The Bond Compliance Officer will provide the Conduit User with a copy of these Compliance Procedures prior to adoption of the Intent Resolution.

(b) ***Directions to Bond Counsel.*** The Bond Compliance Officer will provide a copy of these Compliance Procedures to Bond Counsel with directions for Bond Counsel to structure the documentation and procedural steps taken prior to issuing the Conduit Tax-Advantaged Bonds so that they conform to the requirements of these Compliance Procedures, except to the extent Bond Counsel determines that different procedures are required. The Bond Compliance Officer will consult with Bond Counsel so that appropriate provisions are made to fund or reimburse the Issuer's costs and expenses incurred to implement these Compliance Procedures. To the extent the Issuer relies on or acts at the direction of the Conduit User, the Tax Compliance Agreement will contain appropriate provision for Issuer indemnification by the Conduit User.

(c) ***Tax Compliance Agreement.*** Each Conduit Tax-Advantaged Bond issue will include a Tax Compliance Agreement signed by the Conduit User Bond Compliance Officer. The Tax Compliance Agreement will (1) describe the Project Facility and the anticipated Financed Assets, (2) identify all Bond Restricted Funds and provide for arbitrage and rebate compliance by the Conduit User, (3) for new money financings – require the Conduit User to complete a Final Written Allocation, and (4) contain a form of the Annual Compliance Checklist for the Conduit Tax-Advantaged Bond issue. The Conduit User Bond Compliance Officer will confer with Bond Counsel, the Bond Compliance Officer and the Issuer's counsel regarding the meaning and scope of each representation and covenant contained in the Tax Compliance Agreement.

(d) ***Preliminary Cost Allocations.*** The Conduit User Bond Compliance Officer, in consultation with Bond Counsel, will prepare a preliminary cost allocation plan for the Project Facility. The preliminary cost allocation plan will identify the assets and expected costs for the Project Facility, and, when necessary, will break-out the portions of Costs that the Conduit User expects to finance with proceeds of Conduit Tax-Advantaged Bonds (the "Financed Assets") from the portions expected to be financed from other sources.

(e) ***Tax Review with Bond Counsel.*** Prior to the sale of the Conduit Tax-Advantaged Bonds, the Bond Compliance Officer, the Conduit User Bond Compliance Officer and Bond Counsel will review these Compliance Procedures together with the draft Tax Compliance Agreement to ensure that any tax compliance issues in the new financing are adequately addressed by these Compliance Procedures

and/or the Tax Compliance Agreement. In the event Bond Counsel determines that these Compliance Procedures conflicts with, or must be supplemented to account for special issues or requirements for the Conduit Tax-Advantaged Bonds, the Bond Compliance Officer will ask Bond Counsel to include the written modifications or additions in the final Tax Compliance Agreement. The Bond Compliance Officer will request Bond Counsel to prepare a form of Annual Compliance Checklist for use in monitoring the ongoing compliance requirements for the Conduit Tax-Advantaged Bond issue.

### **Section 6.3. Accounting and Recordkeeping.**

(a) ***Accounting for New Money Projects.*** The Conduit User Bond Compliance Officer will be responsible for accounting for the investment and allocation of proceeds of the Conduit Tax-Advantaged Bonds. The Conduit User Bond Compliance Officer will establish separate accounts or subaccounts to record expenditures for Costs of the Project Facility. The Conduit User Bond Compliance Officer may use accounts established pursuant to a trust indenture for the Conduit Tax-Advantaged Bonds to assist it in accounting for the investment and expenditure of Conduit Tax-Advantaged Bonds. In recording Costs for the Project Facility, the Conduit User Bond Compliance Officer will ensure that the accounting system will include the following information: (1) identity of person or business paid, along with any other available narrative description of the purpose for the payment; (2) date of payment; (3) amount paid; and (4) invoice number or other identifying reference.

(b) ***Accounting for Refunded Bonds and Related Refunded Bond Accounts.*** For Conduit Tax-Advantaged Bonds that refund prior issues, the Tax Compliance Agreement will set out special accounting and allocation procedures for the proceeds of the financing, and if necessary proceeds of the refinanced debt.

(c) ***Conduit Tax-Advantaged Bond File.*** The Conduit User Bond Compliance Officer will be responsible for assembling and maintaining the Conduit Tax-Advantaged Bond File. Upon request, the Conduit User Bond Compliance Officer will provide copies to the Issuer of items contained in the Conduit Tax-Advantaged Bond File.

### **Section 6.4. Final Allocation of Bond Proceeds.**

(a) ***Conduit User Bond Compliance Officer Responsible for Preparation of Final Written Allocation; Timing.*** The Conduit User Bond Compliance Officer is responsible for making a written allocation of proceeds to expenditures and the identification of Financed Assets. This process will be memorialized in the Final Written Allocation. For a new money financing, the Conduit User Bond Compliance Officer will commence this process as of the earliest of: (1) the requisition of all Conduit Tax-Advantaged Bond proceeds from any segregated Conduit Tax-Advantaged Bond funded account; (2) the date the Project Facility has been substantially completed; or (3) four and one-half years following the issue date of the Conduit Tax-Advantaged Bonds. For Conduit Tax-Advantaged Bonds issued only to refund a prior issue of Conduit Tax-Advantaged Bonds, the Conduit User Bond Compliance Officer will prepare and/or document the Final Written Allocation for the Project Facility financed by the refunded Conduit Tax-Advantaged Bonds in accordance with the advice of Bond Counsel and include it in the Tax Compliance Agreement.

(b) ***Contents and Procedure.*** The Conduit User Bond Compliance Officer will review the Tax Compliance Agreement and, if necessary, contact Bond Counsel to seek advice regarding any special allocation of Conduit Tax-Advantaged Bond proceeds and other money of the Conduit User or Issuer to the Costs of the Project Facility. If no special allocation is required or recommended, the Conduit User Bond Compliance Officer will allocate Costs of the Project Facility to the proceeds of the Conduit Tax-Advantaged Bonds in accordance with the Conduit User's accounting records. Each Final Written



Allocation will contain the following: (1) a reconciliation of the actual sources and uses to Costs of the Project Facility; (2) the percentage of the cost of the Project Facility financed with proceeds of the Conduit Tax-Advantaged Bonds (sale proceeds plus any investment earnings on those sale proceeds); (3) the Project Facility's Placed in Service date; (4) the estimated economic useful life of the Project Facility; and (5) any special procedures to be followed in completing the Annual Compliance Checklist (e.g., limiting the Annual Compliance Checklist to specific areas of the Project Facility that the Final Written Allocation or the Tax Compliance Agreement treats as having been financed by Conduit Tax-Advantaged Bonds).

(c) ***Finalize Annual Compliance Checklist.*** As part of the preparation of the Final Written Allocation, the Conduit User Bond Compliance Officer will update the draft Annual Compliance Checklist contained in the Tax Compliance Agreement. The Conduit User Bond Compliance Officer will include reminders for all subsequent arbitrage rebate computations required for the Conduit Tax-Advantaged Bonds in the Annual Compliance Checklist.

(d) ***Review of Final Written Allocation and Annual Compliance Checklist.*** Each Final Written Allocation and Annual Compliance Checklist will be reviewed by legal counsel to the Conduit User or Bond Counsel for sufficiency and compliance with the Tax Compliance Agreement and these Compliance Procedures. Following the completion of the review, the Conduit User Bond Compliance Officer will execute the Final Written Allocation and provide a copy to the Bond Compliance Officer and the Trustee for the Conduit Tax-Advantaged Bonds.

(e) ***Conduit User Certification of Compliance.*** The Conduit User Bond Compliance Officer will annually certify in writing to the Issuer, Trustee, or other party nominated by the Issuer completion of its responsibilities under this **Section 6.4**. Where possible, the Conduit User Bond Compliance Officer will combine this certification request with other disclosures the Conduit User regularly provides to the Trustee (such as ongoing continuing disclosure). Certifications completed by the Conduit User will be retained by the Bond Compliance Officer.

#### **Section 6.5. Annual Compliance Checklist.**

(a) ***General.*** An Annual Compliance Checklist will be completed for Conduit Tax-Advantaged Bonds by the Conduit User Bond Compliance Officer each year following completion of the Final Written Allocation. Each Annual Compliance Checklist will be designed and completed for the purpose of identifying potential noncompliance with the terms of the Tax Compliance Agreement or these Compliance Procedures and obtaining documents (such as investment records, arbitrage calculations, or other documentation for the Project Facility) that are required to be incorporated in the Conduit Tax-Advantaged Bond File.

(b) ***Potential Non-Compliance.*** The Conduit User Bond Compliance Officer will refer any responses indicating a violation of the terms of the Tax Compliance Agreement to legal counsel to the Conduit User or Bond Counsel and, if recommended by counsel, will follow the procedure set out in **Section 6.7** to remediate the non-compliance.

**Section 6.6. Arbitrage and Rebate Compliance.** The Conduit User Bond Compliance Officer will monitor the investment of Bond Restricted Funds and provide investment records to the Rebate Analyst on a timely basis. The Conduit User Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation of and the timing of rebate or yield reduction computations.

**Section 6.7. Correcting Prior Deficiencies in Compliance.** In the event a Conduit User informs the Bond Compliance Officer of a deficiency in compliance with a Tax Compliance Agreement for an outstanding Conduit Tax-Advantaged Bond listed on **Exhibit A-2**, the Bond Compliance Officer will direct the Conduit User to follow the procedures described in Treasury Regulations or the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP) to remediate the noncompliance. If remediation of the noncompliance requires the Issuer to submit a request under VCAP, the Bond Compliance Officer will undertake this step only after reporting the violation to the Governing Body and obtaining its approval.

## ARTICLE VII

### CONTINUING DISCLOSURE - CONDUIT BONDS

**Section 7.1. General.** Certain Conduit Users have entered into Continuing Disclosure Undertakings with respect to certain Conduit Bonds issued by the Issuer for the benefit of Conduit Users. This **Article VII** applies to Continuing Disclosure Undertakings entered into by Conduit Users prior to, on and after the date of these Compliance Procedures.

**Section 7.2. Annual and Quarterly Disclosure Filings.** For each issuance of Conduit Tax-Advantaged Bonds, the Conduit User Bond Compliance Officer will review the Continuing Disclosure Undertaking (if any) to determine the financial information and operating data required to be included in the Annual Report and Quarterly Reports, if any, to be filed by the Conduit User with the MSRB on EMMA. The Conduit User Bond Compliance Officer will cause the Annual Report to be filed with the MSRB on EMMA within the timeframe provided in the Continuing Disclosure Undertaking for the Tax-Advantaged Bonds.

**Section 7.3. Material Event Disclosure Filings.** For each outstanding issue of Conduit Bonds, the Conduit User Bond Compliance Officer will review the Continuing Disclosure Undertaking (if any) to determine the “material events” that require prompt notice to be filed with the MSRB. Generally, the occurrence of any of the following events listed on **Exhibit C** with respect to the Tax-Advantaged Bonds represents a “material event:”

Generally, a Continuing Disclosure Undertaking for a Tax-Advantaged Bond issue will require that after obtaining actual knowledge of the occurrence of any material event, the Conduit User will, after consultation with Bond Counsel, cause the appropriate notice to be filed with the MSRB on EMMA within the applicable time frame set forth in the Continuing Disclosure Undertaking (e.g., 10 business days after the occurrence of the event) or as otherwise advised by Bond Counsel.

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**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of the Tax and Securities Compliance Procedures adopted by the Governing Body of the City of Cherryvale, Kansas on March 21, 2016 as the same appears of record in my office.

DATED: March 21, 2016.

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Clerk

## EXHIBIT A-1

**LIST OF OUTSTANDING GOVERNMENTAL TAX-ADVANTAGED BONDS  
(as of March 21, 2016)**

**GENERAL OBLIGATION BONDS**

<b>Description of <u>Indebtedness</u></b>	<b>Date of <u>Indebtedness</u></b>	<b>Final <u>Maturity</u></b>
General Obligation Water Utility System Refunding Bonds, Series 2001	11/01/01	08/01/2016
General Obligation Sewer Utility System Bonds, Series 2003	09/23/2003	09/23/2043
General Obligation Bonds, Series 2007	05/07/2007	05/07/2047

**GOVERNMENTAL REVENUE BONDS**

<b>Description of <u>Indebtedness</u></b>	<b>Date of <u>Indebtedness</u></b>	<b>Final <u>Maturity</u></b>
NONE		

**TEMPORARY NOTES**

<b>Description of <u>Indebtedness</u></b>	<b>Date of <u>Indebtedness</u></b>	<b>Final <u>Maturity</u></b>
NONE		

**LEASE OBLIGATIONS**

<b>Description of <u>Indebtedness</u></b>	<b>Date of <u>Indebtedness</u></b>	<b>Final <u>Payment Date</u></b>
NONE		

**EXHIBIT A-2****LIST OF OUTSTANDING CONDUIT TAX-ADVANTAGED BONDS  
(as of March 21, 2016)****REVENUE BONDS**

<b>Description of <u>Indebtedness</u></b>	<b>Date of <u>Indebtedness</u></b>	<b>Final <u>Maturity</u></b>
NONE		

**OTHER OBLIGATIONS**

<b>Description of <u>Indebtedness</u></b>	<b>Date of <u>Indebtedness</u></b>	<b>Final <u>Maturity</u></b>
NONE		

**INDUSTRIAL REVENUE BONDS**

<b>Description of <u>Indebtedness</u></b>	<b>Date of <u>Indebtedness</u></b>	<b>Final <u>Maturity</u></b>
NONE		

**EXHIBIT B****SAMPLE****ANNUAL COMPLIANCE CHECKLIST FOR GOVERNMENTAL TAX-ADVANTAGED BONDS**

<b>Name of tax-advantaged bonds (“Bonds”)</b>	
<b>financing Financed Asset:</b>	
<b>Issue Date of Bonds:</b>	
<b>Name of Bond Compliance Officer:</b>	
<b>Period covered by request (“Annual Period”):</b>	

**Description of Project Facility**

*(Note: in lieu of completing the table below, the Issuer may attach a copy of the Preliminary Cost Allocation or Final Written Allocation, as may be updated from time to time)*

Description	Actual Date Placed in Service	Estimated Useful Life	Actual Total Cost	Actual Amount Financed From Bonds

Item	Question	Response
<b>1 Ownership</b>	Was the entire Project Facility owned by the Issuer during the entire Annual Period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “No,” was an Opinion of Bond Counsel obtained prior to the transfer?  If Yes, include a copy of the Opinion in the Tax-Advantaged Bond File.  If No, contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

<b>2 Leases &amp; Other Rights to Possession</b>	During the Annual Period, was any part of the Project Facility leased at any time pursuant to a lease or similar agreement for more than 50 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was an Opinion of Bond Counsel obtained prior to entering into the lease or other arrangement?  If Yes, include a copy of the Opinion in the Tax-Advantaged Bond File.  If No, contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
<b>3</b> <b>Management</b> <b>or Service</b> <b>Agreements</b>	During the Annual Period, has the management of all or any part of the operations of the Financed Asset (e.g., cafeteria, gift shop, etc.) been assumed by or transferred to another entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the management agreement?  If Yes, include a copy of the Opinion in the Tax-Advantaged Bond File.  If No, contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>4</b> <b>Other Use</b>	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Asset?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the agreement?  If Yes, include a copy of the Opinion in the Tax-Advantaged Bond File.  If No, contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>5</b> <b>Arbitrage</b> <b>&amp; Rebate</b>	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If No, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Advantaged Bond File.	

**Bond Compliance Officer:** \_\_\_\_\_

**Date Completed:** \_\_\_\_\_

**EXHIBIT C****MATERIAL EVENTS**

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional paying agent or trustee or the change of name of the paying agent or trustee, if material.



**RESOLUTION NO. 16-7**

**A RESOLUTION PROVIDING FOR THE ADOPTION OF AN OMNIBUS CONTINUING DISCLOSURE UNDERTAKING RELATING TO OBLIGATIONS ISSUED AND TO BE ISSUED BY THE CITY OF CHERRYVALE, KANSAS.**

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

**WHEREAS**, pursuant to the Constitution and statutes of the State, the Issuer is authorized to issue bonds, notes, leases, certificates and other instruments that evidence indebtedness (collectively, the "Obligations") to finance certain improvements, projects and programs of the Issuer; and

**WHEREAS**, the Securities and Exchange Commission (the "SEC") has promulgated Rule 15c2-12 adopted under the Securities Exchange Act of 1934, as amended (the "Rule"), which relates to filing of certain financial information and operating data on an annual basis and notices of certain material events; and

**WHEREAS**, the Issuer anticipates issuances of Obligations which will be subject to the Rule (the "Bonds"); and

**WHEREAS**, the Issuer is committed to timely and accurate secondary market disclosure relating to the Bonds that are consistent with the Rule; and

**WHEREAS**, in pursuance of the Rule, the Issuer desires to adopt an omnibus continuing disclosure undertaking that will consolidate the obligations of the Issuer under the Rule with respect to the Bonds and promote timely disclosure by the Issuer.

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

**Section 1. Omnibus Continuing Disclosure Undertaking.** In order to comply with the provisions of the Rule and directives of the SEC, the governing body of the Issuer hereby approves the form of the Omnibus Continuing Disclosure Undertaking, substantially in the form presented herewith (the "Omnibus Undertaking"). The Mayor is hereby directed to execute the Omnibus Undertaking, with such changes as legal counsel to the Issuer and the Mayor shall approve (whose signature thereon shall constitute conclusive evidence of such approval).

**Section 2. Permanent Record.** A copy of the Omnibus Undertaking shall be placed in the permanent records of the Issuer and shall be available for public inspection during regular business hours of the Issuer.

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

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**ADOPTED AND APPROVED** by the governing body of the City of Cherryvale, Kansas, on March 21, 2016.

(Seal)

\_\_\_\_\_  
John Wright, Mayor

ATTEST:

\_\_\_\_\_  
Hillary Lawrence, City Clerk

**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of Resolution No. 16-7 of the City of Cherryvale, Kansas adopted by the governing body on March 21, 2016 as the same appears of record in my office.

DATED: March 21, 2016.

\_\_\_\_\_  
Hillary Lawrence, City Clerk



316-267-2091 MAIN  
316-262-6523 FAX  
GILMOREBELL.COM

GILMORE & BELL PC  
ONE MAIN PLACE – 100 NORTH MAIN, SUITE 800  
WICHITA, KANSAS 67202-1311

KANSAS CITY  
ST. LOUIS  
OMAHA | LINCOLN

March \_\_, 2016

Mr. Joel Pile, City Administrator  
City of Cherryvale, Kansas  
123 W. Main  
Cherryvale, Kansas 67335

Re: City of Cherryvale, Kansas – Omnibus Continuing Disclosure Undertaking

Dear Joel:

The Securities and Exchange Commission (the “SEC”) has promulgated Rule 15c2-12 adopted under the Securities Exchange Act of 1934, as amended (the “Rule”) and regulations relating to continuing disclosure requirements that effect obligations issued by governmental units. Timely and complete continuing disclosure is a major emphasis of federal securities regulators, including the SEC’s recent request for greater authority to regulate disclosures related to municipal securities due to the perceived widespread failure of issuers to comply with continuing disclosure obligations.

The City of Cherryvale, Kansas (the “Issuer”) anticipates future issuances of obligations which will be subject to the Rule (the “Bonds”). In conjunction with issuance of the Bonds, the Issuer is required to provide for continuing disclosure undertakings to provide for submission of annual reports and notices of certain material events relating to such Bonds while the obligations are outstanding. Such reports and notices are required to be filed with the SEC via the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the Municipal Securities Rulemaking Board, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).

Attached hereto is a form of Omnibus Continuing Disclosure Undertaking which will consolidate the continuing disclosure obligations of the Issuer with respect to Bonds issued in the future payable from the same revenue source and enhance the efficiency of the administration of the Issuer’s disclosure undertakings under the Rule.

Also attached hereto is a form Excerpt of Minutes and Resolution adopting the Omnibus Continuing Disclosure Undertaking. We can arrange a special post-issuance securities compliance call or meeting to discuss and answer questions regarding the Omnibus Continuing Disclosure Undertaking, if it would be helpful to you and other Issuer representatives.

After your review of the attachments, if there are no questions or comments, the Resolution and Omnibus Continuing Disclosure Undertaking should be presented to the governing body March 21, 2016. Once adopted, please retain a signed a copy of the Excerpt of Minutes, the Resolution and the Omnibus Continuing Disclosure Undertaking (including Clerk’s Certification) in your permanent records and furnish a copy of each to the undersigned for our records.

Should you have any questions, please feel free to contact Lisa Nguyen or the undersigned.

Very truly yours,

Sarah O. Steele

SOS:ln

Enclosures

BANK NO	BANK NAME	CHECK NO	DATE	VENDOR NO	VENDOR NAME	CHECK AMOUNT	CLEARED	VOIDED	MANUAL
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1 COMM. NATIONAL BANK & TRUST

Thru 21997  
22004

Payroll Checks

\$ 3700.98

22005	3/11/2016	1440	CITY OF CHERRYVALE	285.00
22006	3/11/2016	9214	KANSAS PAYMENT CENTER	459.23
22007	3/11/2016	9225	CITY OF CHERRYVALE	190.67
22008	3/11/2016	9230	SECURITY BENEFIT	124.03
22009	3/11/2016	9271	ADVANCED PHYSICAL THERAPY, LLC	130.00
22010	3/11/2016	79	AIRGAS USA, LLC	89.10
22011	3/11/2016	9274	AMERISOURCE BERGEN DRUG CORP.	18.29
22012	3/11/2016	9220	ARAMARK UNIFORM SERVICES	405.36
22013	3/11/2016	75	BOUND TREE MEDICAL LLC	100.01
22014	3/11/2016	790	BUMPER TO BUMPER AUTO PARTS	75.93
22015	3/11/2016	1095	CHERRYVALE CHAMBER OF COMMERCE	2,000.00
22016	3/11/2016	1370	CHIEF SUPPLY	837.32
22017	3/11/2016	866	CJ'S THREADS EMBROIDERY, LLC	434.50
22018	3/11/2016	9059	COX COMMUNICATIONS	714.76
22019	3/11/2016	2256	EMERGENCY MEDICAL PRODUCTS INC	1,434.64
22020	3/11/2016	2260	EMERT, CHUBB & GETTLER, LLC	971.50
22021	3/11/2016	2605	GALLAGHER BENEFIT SERVICES, IN	416.50
22022	3/11/2016	3405	INTERSTATE ALL BATTERY CENTER	71.20
22023	3/11/2016	3412	INVESTIGATIONS, LLC	100.00
22024	3/11/2016	7042	JOHN SIMMONS CONTRACTING	460.00
22025	3/11/2016	3755	KANSAS GAS SERVICE	1,111.95
22026	3/11/2016	3860	KANSAS MUNICIPAL JUDGES ASSOC.	25.00
22027	3/11/2016	3930	KANSAS NARCOTICS OFFICERS ASSO	150.00
22028	3/11/2016	5880	KANSAS ONE-CALL SYSTEM, INC.	16.00
22029	3/11/2016	9060	KDHE-BUREAU OF WATER	20.00
22030	3/11/2016	9281	OFFICE/CHIEF FINANCIAL OFFICER	300.00
22031	3/11/2016	5010	MCCARTY'S	188.81
22032	3/11/2016	1100	MONTGOMERY COUNTY CHRONICLE	229.60
22033	3/11/2016	5750	NEWTON'S	291.95
22034	3/11/2016	5825	O'BRIEN READY MIX	60.00
22035	3/11/2016	6285	PUBLIC WHOLESALE WATER	24,333.33
22036	3/11/2016	9280	SWANK MOTION PICTURES	115.00
22037	3/11/2016	7382	TLC VETERINARY HOSPITAL, PA	109.29
22038	3/11/2016	6740	TOP SHOP AUTOMOTIVE, INC.	536.08
22039	3/11/2016	7745	UNITED STATES CELLULAR	170.30
22040	3/11/2016	7803	VERIZON WIRELESS	281.56
22041	3/11/2016	7970	WESTAR ENERGY	6,179.75
22042	3/11/2016	9071	WICHITA STATE UNIVERSITY	300.00
22043	3/11/2016	8125	WOODS LUMBER OF INDEPENDENCE	89.87
22044	3/11/2016	6664	XEROX CORPORATION	330.53
22045	3/11/2016	8400	ZOLL MEDICAL CORPORATION	217.50

hru 47801  
50701

Payroll Checks

\$ 2130.59

16012031	3/11/2016	2100	RETAILERS' SALES TAX DIV	594.37	**E-PAY**
16012032	3/11/2016	2100	RETAILERS' SALES TAX DIV	594.37	**E-PAY**

BANK NO CHECK NO	BANK NAME DATE	VENDOR NO VENDOR NAME	CHECK AMOUNT	CLEARED	VOIDED	MANUAL
16012036	3/11/2016	9200 PEOPLES STATE BANK	7,958.76			**E-PAY**
16012037	3/11/2016	9201 KANSAS WITHHOLDING TAX	1,040.58			**E-PAY**
16012038	3/11/2016	9203 KPERS	5,204.58			**E-PAY**

BANK TOTAL 59,767.22  
 OUTSTANDING 59,767.22  
 CLEARED .00  
~~VOIDED~~ Paroll Total ~~.00~~ 25011.57

FUND	TOTAL	OUTSTANDING	CLEARED	VOIDED
100 GENERAL OPERATING FUND	29,359.75	29,359.75	.00	.00
200 SPECIAL HIGHWAY FUND	1,255.77	1,255.77	.00	.00
296 COPS GRANT	301.11	301.11	.00	.00
700 WATER O & M FUND	27,220.50	27,220.50	.00	.00
715 WWTP & S.S. O & M FUND	1,630.09	1,630.09	.00	.00

REPORT TOTAL 59,767.22  
 OUTSTANDING 59,767.22  
 CLEARED .00  
 VOIDED .00

Mayor: \_\_\_\_\_

Attest: City Clerk \_\_\_\_\_

Passed this 21st day of March, 2016

Signed this 21st day of March, 2016



REC'D

FEB 29 '16

CITY OF  
CHERRYVALE

Dear Mayor Wright,

I hope that Cherryvale and its City Commission will join RSVP Four County again this year to participate in the fourth annual Mayor and County Day of Recognition for National Service! Your participation will spotlight the importance of citizen engagement, recognize the dedication of national service members, and inspire more residents to get involved in their communities. Your participation can be as simple as signing up online.

On April 5, 2016, mayors and county executives across the country will highlight the impact of AmeriCorps, Senior Corps and other national service programs, and thank those individuals who serve in their communities. As Coordinator of RSVP Four County, I am asking that you, as Mayor of Cherryvale, sign a proclamation to show your support for the citizens who help improve the lives of others through service. I have included a sample proclamation for your consideration, as well as a Fact Sheet about Mayor and County Day.

Naturally, we are excited about this opportunity for mayors and county officials to recognize the AmeriCorps members and Senior Corps volunteers in your community. I will follow up with you to see if you would consider signing a proclamation and if I could possibly attend your city or county meeting when you do. If you have any questions or would like to give me a date for the proclamation signing, please contact me at 620-332-1954 or by email at [kshepard@fourcounty.com](mailto:kshepard@fourcounty.com).

Also, please go online and join hundreds of fellow Mayors and County Officials who have already committed to showing their support of local volunteers. Register online at : <http://www.nationalservice.gov/special-initiatives/mayors-and-county-recognition-day-national-service/register-2016recognition>.

I look forward to working with you to make this day a big success!

Sincerely,

Kathy Shepard  
RSVP Four County Coordinator  
3751 W. Main; P.O. Box 688  
Independence, KS 67301



## Mayor and County Recognition Day for National Service 2016

WHEREAS, service to others is a hallmark of the American character, and central to how we meet our challenges; and

WHEREAS, the nation's cities and counties are increasingly turning to national service and volunteerism as a cost-effective strategy to meet their needs; and

WHEREAS, AmeriCorps and Senior Corps participants address the most pressing challenges facing our communities, from educating students for the jobs of the 21st century and supporting veterans and military families to providing health services and helping communities recover from natural disasters; and

WHEREAS, national service expands economic opportunity by creating more sustainable, resilient communities and providing education, career skills, and leadership abilities for those who serve; and

WHEREAS, AmeriCorps and Senior Corps participants serve in more than 50,000 locations across the country, bolstering the civic, neighborhood, and faith-based organizations that are so vital to our economic and social well-being; and

WHEREAS, national service participants increase the impact of the organizations they serve, both through their direct service and by managing millions of additional volunteers; and

WHEREAS, national service represents a unique public-private partnership that invests in community solutions and leverages non-federal resources to strengthen community impact and increase the return on taxpayer dollars; and

WHEREAS, national service participants demonstrate commitment, dedication, and patriotism by making an intensive commitment to service, a commitment that remains with them in their future endeavors; and

WHEREAS, the Corporation for National and Community Service shares a priority with county officials and mayors nationwide to engage citizens, improve lives, and strengthen communities; and is joining with the National League of Cities, National Association of Counties, Cities of Service, and mayors and county officials across the country for the Mayor and County Recognition Day for National Service on April 5, 2016.

THEREFORE, BE IT RESOLVED that I, John Wright, Mayor of Cherryvale, do hereby proclaim April 5, 2016, as National Service Recognition Day, and encourage residents to recognize the positive impact of national service in our country; to thank those who serve; and to find ways to give back to their communities.





**CITY OF CHERRYVALE  
MEETING OF THE CITY COUNCIL  
REGULAR MEETING  
MARCH 7, 2016  
7:00 PM**

*Working for a better tomorrow... today.*

---

**ORDER OF BUSINESS**

**CALL MEETING TO ORDER**

Mayor Wright called the meeting to order at 7:00pm.

Present: Mayor John Wright, Council Member Lew Forman, Council Member Randy Wagoner, Council Member Don King, City Administrator Joel Pile, City Clerk Hillary Lawrence, Police Chief Perry Lambert, Public Works Director Wade Webber, Fire Chief Jesse Reed, April Read, Donna Celeya (Montgomery County Chronicle).

**INVOCATION**

Council Member Randy Wagoner led the invocation.

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

*City Clerk Hillary Lawrence took roll:*

Mayor Wright- present; Council President Wickham- absent; Council Member Forman- present; Council Member Wagoner- present; Council Member King- present

**COMMITTEE & BOARD REPORTS**

**A. LIBRARY BOARD**

1. January 13, 2016 Agenda
2. December 9, 2015 Minutes (unofficial)
3. 2015 Annual Report

A motion was made by Council Member Wagoner, seconded by Council Member Forman to receive and file. Motion passed 3/0.

**B. COMMUNITY CENTER ADVISORY BOARD**

1. February 18, 2016 Agenda
2. February 18, 2016 Minutes (official)

A motion was made by Council Member Wagoner, seconded by Council Member Forman to receive and file. Motion passed 3/0.

## **NEW COUNCIL BUSINESS**

### **A. CHAMBER OF COMMERCE REQUEST FOR FINANCIAL SUPPORT**

A motion was made by Council Member Wagoner, seconded by Council Member Forman to authorize \$2,000 contribution to Cherryvale Chamber of Commerce to support 2016 Chamber activities. Motion passed 3/0.

### **B. CONSIDERATION OF AirMedCare GROUP MEMBERSHIP AGREEMENT**

A motion was made by Council Member Wagoner, seconded by Council Member Forman to approve the Group Membership Agreement with AirMedCare and authorize the Mayor to sign. Motion passed 3/0.

### **C. 2016 CITY HEALTH INSURANCE PLAN RENEWAL**

A motion was made by Council Member Wagoner, seconded by Council Member Forman to approve 2016 Health Insurance Renewal as presented. Motion passed 3/0.

### **D. CONSENT AGENDA**

Presented by John Wright, Mayor

**RECOMMENDED ACTION:** Approve the consent agenda as presented.

- |  |             |
|--|-------------|
| 1. Appropriations and Payroll Ord. No. 16-02-26:                                 | \$90,060.88 |
| a. Approval of Purchases over \$5,000  |             |
| i. Blue Cross-Blue Shield  | \$11,971.88 |
| ii. Community National Bank  | \$50,248.81 |
| iii. Republic Services   | \$9,358.61  |
| iv. Transystems Corp.  | \$5,280.82  |
| v. People's State Bank (FICA)  | \$7,975.03  |
| vi. KPERS  | \$5,225.73  |
| 2. Acceptance of Letter of Resignation from Mr. Jeff Hugo from Recreation Board  |             |
| 3. Appointment approval of Leslie Overall to Cherryvale Housing Authority Board  |             |
| 4. Receive and file KDHE wastewater facilities inspection report dated 2/10/2016 |             |
| 5. Authorization to establish Citywide Clean-Up event on April 22 & 23, 2016     |             |
| 6. Approval of the minutes for February 16, 2016 Regular Meeting                 |             |

A motion was made by Council Member Wagoner, seconded by Council Member Forman to approve the Consent Agenda as presented. Motion passed 3/0.

### **E. EXECUTIVE SESSION (NON-ELECTED PERSONNEL)**

A motion was made by Council Member Wagoner, seconded by Council Member Forman to go into executive session for ten minutes ending at 7:26pm for non-elected personnel matters and to include the City Administrator. Motion passed 3/0.

Mayor John Wright reconvened the meeting at 7:27pm.

**DEPARTMENT HEAD REPORTS**

1. City Clerk Hillary Lawrence
2. Public Works Director Wade Webber
3. Police Chief Perry Lambert
4. Fire Chief Jesse Reed
5. City Administrator Joel Pile

**INFORMATIONAL ITEMS**

1. Next Regular City Council Meeting March 21, 2016

**ADJOURNMENT**

A motion was made by Council Member Wagoner, seconded by Council Member Forman to adjourn at 7:34pm. Motion passed 3/0.

Respectfully submitted by,

---

Hillary Lawrence  
City Clerk

This is an open meeting, open to the public, subject to the Kansas Open Meetings Act (KOMA). The City of Cherryvale is committed to providing reasonable accommodations for persons with disabilities upon request of the individual. Individuals with disabilities requiring an accommodation to attend the meeting should contact the City in a timely manner.