

(Published in the *Miami County Republic* on May 20, 2020)

ORDINANCE NO. 3159

AN ORDINANCE OF THE CITY OF PAOLA, KANSAS, AUTHORIZING THE ISSUANCE OF THE CITY'S GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020, IN THE PRINCIPAL AMOUNT OF \$4,140,000, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX TO PAY PRINCIPAL OF AND INTEREST ON SUCH BONDS; AUTHORIZING RELATED DOCUMENTS AND ACTIONS; AND MAKING COVENANTS WITH RESPECT TO THE BONDS.

WHEREAS, the governing body of the City of Paola, Kansas (the "City") is authorized by K.S.A. 10-427 *et seq.* (the "Refunding Act") to issue its general obligation bonds to refund outstanding general obligation bonds of the City; and

WHEREAS, pursuant to the Refunding Act and K.S.A. 10-101 to 10-125, inclusive, as supplemented and amended (the "Bond Act"), the City determines it is necessary and appropriate to issue general obligation refunding bonds to currently refund the City's General Obligation Refunding and Improvement Bonds, Series 2012, maturing on or after September 1, 2021 (the "Refunded Bonds"); and

WHEREAS, the governing body finds that in the current market for municipal bonds, issuing the bonds to currently refund the Refunded Bonds will provide interest cost savings to the City and provide a more orderly plan of finance for the City; and

WHEREAS, the governing body provides as follows.

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

SECTION 1. Authorization of the Bonds. The City's General Obligation Refunding Bonds, Series 2020, of the City in the total principal amount of \$4,140,000.00 (the "Bonds") are authorized to be issued to provide for the current refunding of the Refunded Bonds (as defined above).

SECTION 2. Security for the Bonds. The Bonds are general obligations of the City. The full faith, credit and resources of the City are pledged to secure the payment of the principal of and the interest on the Bonds as the same severally become due and payable. The governing body of the City covenants that it shall annually make provision for the payment of the principal of and the interest on the Bonds as and when the same become due and payable by levying and collecting the necessary ad valorem taxes upon all of the taxable tangible property located within the territorial limits of the City, in such amounts as are necessary to provide for such annual payment.

SECTION 3. Terms, Details and Conditions of the Bonds. The Bonds shall be dated and bear interest, mature and be payable at such times, in the forms, subject to redemption and payment prior to maturity, and issued and delivered in the manner prescribed and subject to the provisions, covenants and agreements set forth in a resolution adopted by the governing body of the City concurrently with this Ordinance (the “Resolution”). This Ordinance and the Resolution shall be read together in all matters related to the Bonds.

SECTION 4. Designation of Paying Agent and Bond Registrar; Issuer/Agent Agreement. Pursuant to K.S.A. 10-620 *et seq.*, the governing body elects to have the provisions of the Kansas Bond Registration Law apply to the Bonds and designates and appoints the Treasurer of the State of Kansas, Topeka, Kansas, as the Bond Registrar and Paying Agent for the Bonds (the “Paying Agent”). The terms, conditions and provisions under which the Paying Agent will perform its duties are set forth in an Agreement between Issuer and Paying Agent dated as of June 4, 2020 (the “Issuer/Agent Agreement”). The form and text of the Issuer/Agent Agreement are approved and accepted by the governing body, and all of the covenants, duties and responsibilities therein to be performed by and on behalf of the City are declared to be the covenants, duties and responsibilities of the City as though fully set forth herein. The Mayor and City Clerk are authorized to execute and deliver the Issuer/Agent Agreement for and on behalf of the City. The Issuer/Agent Agreement is incorporated in and made a part of this Ordinance by this reference; provided however, the inclusion of the Issuer/Agent Agreement in the publication of this Ordinance shall not be required.

SECTION 5. Levy and Collection of Annual Tax. The governing body of the City shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by levying and collecting the necessary taxes upon taxable tangible property within the City in the manner provided by law.

The taxes above referred to shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as other general ad valorem taxes of the City are levied and collected, shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due and the fees and expenses of the Paying Agent. The proceeds derived from said taxes shall be deposited in the Series 2020 Principal and Interest Account, as defined in the Resolution.

If at any time such taxes are not collected in time to pay the principal of or interest on the Bonds when due, the City Treasurer is authorized and directed to pay such principal or interest out of the general funds of the City and to reimburse the general funds for money so expended when taxes are collected.

SECTION 6. Tax Covenants. The governing body of the City covenants that so long as any of the Bonds remain outstanding and unpaid, it will not make or permit use of the proceeds of the Bonds which, if such use had been reasonably expected on the date the Bonds are issued and delivered, would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 103(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”); and that it will comply with all applicable requirements of Section 148 of the Code and the applicable rules and regulations of the United States Treasury Department thereunder for so long as any of the Bonds

remain outstanding and unpaid. The governing body further covenants to take all such action in its power as may be required from time to time in order to ensure the continued tax-exempt status of the interest on the Bonds, and to comply with all provisions of the Code, as the same be amended, and any applicable rules and regulations of the United States Treasury Department thereunder.

SECTION 7. Escrow Instruction Letter. The City approves the terms and provisions of the Escrow Instruction Letter by and between the Issuer and the Paying Agent regarding an escrow account for the redemption and payment of the Refunded Bonds on September 1, 2020; and the Mayor or, in the Mayor's absence, President of the Council are authorized and directed to execute the Escrow Instruction Letter for and on behalf of the City.

SECTION 8. Authorization of Official Statement; Continuing Disclosure. The governing body of the City ratifies and confirms its prior approval of the form and content of the "deemed final" Preliminary Official Statement dated May 1, 2020 and the use of the final Official Statement in the reoffering of the Bonds by Raymond James & Associates, Inc., Kansas City, Missouri, as Underwriter is approved and authorized; and the Mayor is authorized to execute and the City Clerk to attest the Official Statement on behalf of the City. The City covenants and agrees to provide continuing disclosure as required by Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR part 240, §240. 15c2-12) and as set forth in the Continuing Disclosure Undertaking submitted to the governing body with this Ordinance and attached as an exhibit to the Preliminary Official Statement. The Mayor, or in the Mayor's absence, the President of the Council, is authorized to execute and the City Clerk or Deputy City Clerk to attest the Continuing Disclosure Undertaking on behalf of the City.

SECTION 9. Designation as Qualified Tax-Exempt Obligations. The governing body of the City designates the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.

SECTION 10. Further Authority. The City and its officers, agents and employees are authorized and directed to, take such actions, expend such moneys and execute such other documents, certificates and instruments as may be necessary or desirable in order to carry out and comply with this Ordinance and to give effect to the transactions described herein, including final certificates required to be included in the official Transcript of Proceedings evidencing the authorization and issuance of the Bonds, all without further action by the governing body.

SECTION 11. Severability. If any section, paragraph, clause or provision of this Ordinance is, for any reason, held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any remaining provisions of this Ordinance.

SECTION 12. Governing Law. This Ordinance and the Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

SECTION 13. Effective Date. This Ordinance shall be in force and take effect from and after its adoption and approval and its publication one time in the City's official newspaper.

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ADOPTED AND APPROVED by the governing body of the City of Paola, Kansas on May 12, 2020.

CITY OF PAOLA, KANSAS

[seal]

By _____
Artie Stuteville, Mayor

ATTEST:

By _____
Stephanie Marler, City Clerk

EXCERPT OF MINUTES

The governing body of the City of Paola, Kansas, met in regular session at 202 W Wea, Paola, KS in the City on May 12, 2020, at 6:00 P.M. Mayor Artie Stuteville, presided, and all members of the governing body were present as follows: Dave Smail, Trent Upshaw, Leigh House and Aaron Nickelson.

The following members were absent: None

An Ordinance was presented to the governing body entitled:

AN ORDINANCE OF THE CITY OF PAOLA, KANSAS, AUTHORIZING THE ISSUANCE OF THE CITY'S GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020, IN THE PRINCIPAL AMOUNT OF \$4,140,000, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX TO PAY PRINCIPAL OF AND INTEREST ON SUCH BONDS; AUTHORIZING RELATED DOCUMENTS AND ACTIONS; AND MAKING COVENANTS WITH RESPECT TO THE BONDS.

The Ordinance was considered and discussed, and upon the motion of Councilmember Upshaw, seconded by Councilmember Smail, the Ordinance was adopted by a majority vote of the governing body. The Ordinance was assigned No. 3159.

Thereafter a Resolution was presented to the governing body entitled:

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF AND AUTHORIZING AND DIRECTING THE SALE AND DELIVERY OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020, IN THE TOTAL PRINCIPAL AMOUNT OF \$4,140,000, OF THE CITY OF PAOLA, KANSAS, PREVIOUSLY AUTHORIZED BY ORDINANCE NO. 3159 OF THE CITY; MAKING COVENANTS AND AGREEMENTS PROVIDING FOR THE PAYMENT AND SECURITY OF THE BONDS; AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS.

The Resolution was considered and discussed; and on motion of Councilmember House, seconded by Councilmember Nickelson, the Resolution was adopted by a majority vote of all members present. The Resolution was assigned No. 2020-009.

CITY CLERK'S
CERTIFICATION OF EXCERPT OF MINUTES

I certify that the foregoing is a true and correct Excerpt of Minutes of the May 12, 2020 meeting of the governing body of the City of Paola, Kansas.

[seal]

Stephanie Marler, City Clerk