

RESOLUTION NO. 17-21

A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION TEMPORARY NOTES, SERIES A, 2017, OF THE CITY OF MCPHERSON, KANSAS.

WHEREAS, the City of McPherson, Kansas (the “Issuer”), has previously authorized certain internal improvements described as follows (collectively the “Improvements”):

<u>Project Description</u>	<u>Ord./Res. No.</u>	<u>Authority (K.S.A.)</u>	<u>Amount</u>
Barnstormers West Field Subdivision, Barnstormers Field First Addition & Benefit Area – Street, Sidewalk, Storm Sewer and Sanitary Sewer	Res. 17-14	12-6a01 <i>et seq.</i>	\$4,368,999.20
Premier Subdivision – Street, Storm Sewer, and Sanitary Sewer	Res. 17-18	12-6a01 <i>et seq.</i>	940,751.96
Hartup and Grand – Sanitary Sewer	Res. 17-20	12-6a01 <i>et seq.</i>	135,853.00
Storm Sewer Improvements	Ord. 3242	12-631r <i>et seq.</i>	<u>7,136,054.00</u>
<i>Total:</i>			<i>\$12,581,658.16</i>

WHEREAS, the Issuer is authorized by law to issue general obligation bonds to pay the costs of the Improvements; and

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

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

WHEREAS, the City Commission of the Issuer (the “Governing Body”) has selected the firm of George K. Baum & Company, Kansas City, Missouri (the “Municipal Advisor”), as municipal advisor for one or more series of temporary notes of the Issuer in order to provide funds to temporarily finance the Improvements; and

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

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

WHEREAS, due to the volatile nature of the municipal bond market and the desire of the Issuer to achieve maximum benefit of timing of the sale of the temporary notes, the Governing Body desires to

authorize the Mayor to award the sale of the temporary notes, if necessary, prior to the next meeting of the Governing Body to adopt the necessary resolution providing for the issuance thereof.]

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF MCPHERSON, KANSAS, AS FOLLOWS:

Section 1. The Municipal Advisor, in conjunction with the Finance Director, is hereby authorized to proceed with the offering for sale of the Issuer's General Obligation Temporary Notes, Series A, 2017 (the "Notes"). The Notes shall be sold, subject to the approving opinion of Bond Counsel, on a negotiated basis to a purchaser or purchasers (collectively the "Purchaser") to be designated by the Mayor, in consultation with the City Administrator, Finance Director, and Municipal Advisor, after evaluating proposals submitted by prospective purchasers based on a request for proposals prepared by the Municipal Advisor. The timing of offering for sale, the pricing, the determination of the structuring and repayment terms of the Notes and the selection of various other professionals necessary to complete the issuance of the Notes, shall be determined by the Mayor, in consultation with the City Administrator, Finance Director, the Municipal Advisor and Bond Counsel.

The confirmation of the sale of the Notes shall be subject to the execution of a note purchase agreement between the Purchaser and the Issuer (the "Note Purchase Agreement") in a form approved by Bond Counsel and the City Attorney, the adoption of a resolution by the Governing Body authorizing the issuance of the Notes and the execution of various documents necessary to deliver the Notes. The Mayor is hereby authorized to execute the Note Purchase Agreement subject to the following parameters: (a) the principal amount of the Notes shall not exceed \$2,600,000; and (b) the true interest cost of the Notes shall not exceed 2%.

Section 2. The Mayor, City Administrator, Finance Director, Clerk, and the other officers and representatives of the Issuer, the Municipal Advisor and Bond Counsel are hereby authorized and directed to take such other action as may be necessary to carry out the sale of the Notes.

Section 3. The Mayor, Clerk, and the other officers and representatives of the Issuer are hereby authorized and directed to execute the engagement letter related to services to be provided by the Municipal Advisor, in substantially the form attached hereto as *Exhibit A*.

Section 4. This Resolution shall be in full force and effect from and after its adoption.

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ADOPTED by the City Commission on October 16, 2017.

(SEAL)

Mayor

ATTEST:

Clerk

EXHIBIT A

**FIDUCIARY ENGAGEMENT AGREEMENT
FOR
MUNICIPAL ADVISORY SERVICES**

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This Fiduciary Engagement Agreement for Municipal Advisory Services (“Agreement”) is made this ___ day of October, 2017, by and between the City of McPherson, Kansas (“Issuer”), and George K. Baum & Company, located at 4801 Main Street, Kansas City, MO 64112 (“GKB”).

PURPOSE: The Issuer deems it in its best interest to engage and retain GKB, an independent registered municipal advisor firm, to provide certain municipal advisory services to the Issuer, including but not limited to the preparation of supporting data, bond market information, assistance in obtaining bond ratings and assistance in investor negotiations, regarding various Issuer projects (“Projects”) which may result from time to time in the issuance of bonds, notes, refunding bonds and/or the use of other financial instruments (“Transactions”). The scope of this engagement covers General Obligation Bonds and Notes as well as Economic Development Revenue Bonds issued by the City. Bonds issued pursuant to or on behalf of the Board of Public Utilities are excluded from this engagement.

CONSIDERATION: Consideration for this Agreement includes the services, compensation, and mutual exchange of promises of the parties specified herein.

SPECIFIC PROVISIONS: The provisions of the above “Purpose” section are material and binding terms of this Agreement.

1. **GKB’s Obligations, Scope of Services and Limitations on Scope of Services.** GKB shall provide the Issuer with the following municipal advisory services for or related to any Transactions (collectively, the “Scope of Services”), subject to the limitations set forth herein:

A. Will work with the Issuer, and others as directed by the Issuer, concerning the legal and financial issues associated with any Transactions.

B. Will attend all meetings and be available to the Issuer, and its other agents, for consultation and conference at times and places mutually agreed upon.

C. Will assist the Issuer in the preparation, coordination and distribution of printed matter for or related to any Transactions, including circulars, press releases, special mailings, etc., in order to acquaint the Issuer’s population with the benefits and financial considerations of any Transactions.

D. Will prepare financial information and schedules necessary to acquaint the Issuer with the benefits of the various forms of debt financing for any Transactions.

E. Will assist in the preparation of a credit presentation for bond rating agencies and bond insurance companies, if any.

F. Will assist in the collection of information and the preparation of the documents necessary to accomplish any Transactions including any related contracts, agreements or other documents related to offering securities either for purchase or sale, all of which shall be appropriately executed and satisfactory to the Issuer.

G. Will assist in the gathering of financial, statistical or factual information relating to (i) the Issuer, and (ii) GKB and its role as Issuer’s municipal advisor, to be included in the Issuer’s preliminary or final official statement for a Transaction, or other documents related to offering securities either for purchase or sale, all of which shall be appropriately executed and satisfactory to the Issuer.

H. If a Transaction involves the issuance of municipal securities to be sold on a competitive bid basis, GKB will assist the Issuer and Disclosure Counsel with preparation of the preliminary and final official statement and the bid package, obtain CUSIP numbers and assist in providing an electronic version of the official statement to the winning underwriter.

I. If a Transaction involves the issuance of municipal securities to be sold on a negotiated basis, GKB will assist the Issuer and its Disclosure Counsel in their preparation and/or review of the preliminary and final official statement.

- J. Will advise Issuer with regard to any continuing disclosure undertaking required to be entered into in connection with a Transaction involving the issuance of municipal securities, including advising on the selection of a dissemination agent, if any.
- K. For a competitive bid sale, GKB will assist Issuer in collecting and analyzing bids submitted by underwriters and in connection with Issuer's selection of a winning bidder.
- L. For a negotiated sale, GKB will assist Issuer in the selection of underwriter(s).
- M. Will arrange for closing and delivery of the any bonds.
- N. Will serve as Issuer's designated independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption") with respect to all or a portion of the Transactions. [If Issuer has designated in writing that GKB is its IRMA (an "IRMA Letter"), for purposes of making the IRMA exemption available to third parties with respect to any Transactions or any of the activities described above in the Scope of Services, the Scope of Services as they relate to any such IRMA designation shall be limited to GKB's activities as described in the IRMA Letter. GKB is not responsible for verifying that it is independent (within the meaning of the IRMA exemption as interpreted by the SEC) from any other person or entity wishing to rely on the IRMA exemption from the definition of a municipal advisor. Any reference in the Issuer's IRMA Letter to GKB, its personnel and its role as the Issuer's IRMA is subject to GKB's prior approval, which approval shall not be unreasonably withheld. Issuer agrees not to represent, publicly or to any specific person or entity, that GKB is Issuer's IRMA with respect to any aspect of municipal financial products or the issuance of municipal securities, or with respect to any specific municipal financial product or any specific Transaction, outside or in addition those specified in the Issuer's IRMA Letter, without GKB's prior written consent.
- O. Will provide such other usual and customary financial advisory services as may be requested by Issuer.
- P. Municipal Securities Rulemaking Board ("MSRB") Rule G-42 requires that GKB, when acting as Issuer's municipal advisor, make a reasonable inquiry as to the facts that are relevant to Issuer's determination whether to proceed with a course of action, or that form the basis for any advice (recommendations) provided by GKB to Issuer regarding any municipal financial product or the issuance of municipal securities. Rule G-42 also requires that GKB undertake a reasonable investigation to determine that it is not basing any such advice (recommendation) on materially inaccurate or incomplete information. GKB is also required under Rule G-42 to use reasonable diligence to know the essential facts about Issuer and the authority of each person acting on Issuer's behalf.
- Q. MSRB Rule G-42 requires that GKB provide Issuer with disclosures of (i) material conflicts of interest, and (ii) of information regarding certain legal events and disciplinary history. Those disclosures are provided in GKB's Municipal Advisory Disclosure Statement delivered to Issuer prior to or together with this Agreement.
- R. It is expressly understood and agreed that, under this Agreement, GKB is acting as a municipal advisor and fiduciary to the Issuer for or related to any Transactions.
- S. It is expressly understood and agreed that the Scope of Services is limited solely to the services described in this Agreement.
- T. Unless otherwise provided in the Scope of Services described above, GKB is not responsible for preparing any preliminary or final official statement, or for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about GKB, in its role as Issuer's municipal advisor, provided by GKB for inclusion in such documents.
- U. It is expressly understood and agreed that the Scope of Services does not include tax, legal, accounting or engineering advice with respect to any Transaction or in connection with any opinion or certificate rendered by counsel or any other person at closing, and does not include review or advice on any feasibility study.
- V. The Scope of Services may be changed only by written amendment or supplement to this Agreement. The parties agree to promptly amend or supplement the Scope of Services described above to reflect any material changes or additions to the Scope of Services.

2. **Issuer's Obligations.** The Issuer's obligations shall include the following, subject to the limitations set forth herein:

- A. Retain GKB as its municipal advisor for and related to any Transactions.

B. Cooperate with GKB in the proper development of any Transactions and provide all pertinent, accurate and complete information needed to allow GKB to (i) fulfill its duties under Rule G-42, (ii) provide the Issuer with informed advice, and (iii) support any desired Transactions on behalf of the Issuer.

C. To the extent Issuer seeks to have GKB provide advice with regard to any recommendation made to Issuer by a third party, Issuer agrees that it will provide GKB with written direction to do so, as well as any information Issuer has received from such third party relating to its recommendation.

D. Issuer agrees to observe and comply with the limitations on GKB's Scope of Services described above.

E. Will retain a nationally recognized firm of bond attorneys and utilize the services of the Issuer's attorney.

F. Will pay for all costs of legal advice, printed matter, advertising, bond ratings, bond insurance premium, required audits and other professional services.

G. Reimburse GKB for all reasonable costs and expenses incurred by GKB that are related to the Transactions, including but not limited to reasonable travel expenses to meet with the Issuer, or rating agencies, if any.

H. Pay GKB an advisory fee of $\frac{3}{4}$ of 1% of the principal amount of per each Bond Issue or Lease transactions successfully entered into, with a maximum fee of \$45,000 at the time of completion of the capital project financing. An advisory fee of $\frac{1}{4}$ of 1% will be assigned to Temporary Note financings with a maximum fee of \$5,000.

3. **Term.** The term of this Agreement shall commence on April 25, 2017, and shall expire on Dec. 31, 2022 except as terminated earlier pursuant to the provisions below.

4. **Termination.**

Either party shall have the right to terminate this Agreement in full for any reason by providing written notice to the other party at least thirty (30) days prior to the stated termination date. In the event of any violation or default of the terms of this Agreement by GKB, the Issuer shall provide written notice to GKB of any such violation or default, and GKB shall have thirty (30) days to cure such default. If GKB is not able to cure the default to the Issuer's satisfaction by the end of such cure period, the Issuer thereafter shall have the right to immediately terminate this Agreement. At the termination of this Agreement, in any such manner, the Issuer shall reimburse GKB such reasonable costs and expenses incurred to the date of such termination, and shall pay GKB such compensation earned to the date of such termination, which payment shall be in full satisfaction of all claims against the Issuer under this Agreement.

5. **Authority.** Each of the undersigned representatives of the respective parties represents and warrants that he or she has full legal authority to execute this Agreement on behalf of that respective party. In addition, the Issuer further represents and warrants that unless the Issuer provides written notice to GKB to the contrary, any officer of the Issuer has the authority (i) to act on behalf of the Issuer, (ii) to request or direct on behalf of the Issuer that GKB take or refrain from taking certain actions within the Scope of Services under this Agreement, and (iii) to sign any documents on behalf of the Issuer.

6. **Execution.** This Agreement may be executed in multiple counterparts and together such counterparts will be deemed an original.

IN WITNESS WHEREOF, the parties here have executed this Agreement the day and year first above written.

AGREED TO AND ACCEPTED:

GEORGE K. BAUM & COMPANY

By:



Printed Name: Roger Edgar

Title: Executive Vice President

City of McPherson, Kansas

By: _____

Printed Name: _____

Title: _____