Gilmore & Bell, P.C.
02/05/2015

ORDINANCE NO. S-15-01

OF

THE CITY OF COFFEYVILLE, KANSAS

PASSED

FEBRUARY 24, 2015

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TAXABLE ELECTRIC UTILITY SYSTEM REVENUE BONDS
SERIES 2015-A

ORDINANCE NO. S-15-01

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF TAXABALE ELECTRIC UTILITY SYSTEM REVENUE BONDS, SERIES 2015-A OF THE CITY OF COFFEYVILLE, KANSAS; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of Coffeyville, Kansas (the "City") is a city of the first class, duly created, organized and existing under the Constitution and laws of the State; and

WHEREAS, the City is authorized under the provisions of the Act, to issue and sell revenue bonds for the purpose of paying all or part of the cost of the acquisition, construction, reconstruction, alteration, repair, improvement, extension or enlargement of the System, provided that the principal of and interest on such revenue bonds shall be payable solely from the Net Revenues derived by the City from the operation of the System; and

WHEREAS, the governing body of the City has pursuant to Resolution No. R-15-01 declared its intention under the Act to acquire, construct, reconstruct, alter, repair, improve, extend or enlarge the System (the "Project") at an estimated cost of $62,425,400 and to issue System revenue bonds in an amount of not to exceed $71,810,000; notice of such intention was published one time in the official newspaper of the Issuer and no sufficient written protest thereto was filed with the Clerk within fifteen (15) days after said publication date all as set forth in the Act; and

WHEREAS, none of such revenue bonds so authorized have previously been issued and the City proposes to issue $10,000,000* of the revenue bonds so authorized to pay a portion of the costs of the Project (the "Series 2015-A Bonds"; and

WHEREAS, the governing body of the City has caused plans and specifications for the Project and an estimate of the cost thereof to be made by the Consulting Engineer which have previously been accepted and approved and shall be placed on file in the office of the Clerk; and

WHEREAS, the Issuer has Outstanding System Indebtedness comprised of the Series 2011-A Bonds and the Series 2013-A Bonds; and

WHEREAS, the resolutions authorizing such Outstanding System Indebtedness provides the City may issue Additional Bonds which constitute Parity Bonds upon the satisfaction of certain conditions; and

WHEREAS, prior to or simultaneously with the issuance of the Series 2015-A Bonds, such terms and conditions will be satisfied.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF COFFEYVILLE, KANSAS, AS FOLLOWS:

Section 1. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein or in the Series 2011-A Resolution or Series 2013-A Resolution, the following words and terms in this Ordinance shall have the meanings hereinafter set forth. Unless the context shall otherwise indicate,

words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

"Act" means the Constitution and statutes of the State including K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-620 *et seq*. and K.S.A. 10-1201 *et seq*., all as amended and supplemented from time to time.

"Additional Bonds" means any bonds secured by the Revenues hereafter issued pursuant to the Bond Resolution.

"Additional Obligations" means any leases or other obligations of the Issuer payable from the Revenues, other than the Bonds.

"Bond Resolution" means, collectively, the Series 2011-A Resolution, the Series 2013-A Resolution, the Series 2015-A Resolution and any other resolution to be adopted by the governing body of the City prescribing the terms and details of any Additional Bonds.

"Bonds" means, collectively, the Series 2011-A Bonds, the Series 2013-A Bonds, the Series 2015-A Bonds and any Additional Bonds.

"City" means the City of Coffeyville, Kansas.

"Clerk" means the duly appointed and acting Clerk of the City or, in the Clerk's absence, the duly appointed Deputy, Assistant or Acting Clerk.

"Expenses" means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order (other than interest paid on System Revenue Bonds and depreciation and amortization charges during the period of determination), determined in accordance with generally accepted accounting principles, including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, paying agent fees and expenses, annual audits, periodic Consultant's reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, for System operation, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term obligations incurred and payable within a particular Fiscal Year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the System, but shall exclude all general administrative expenses of the City not related to the operation of the System and transfers into the Debt Service Reserve Account and Depreciation and Replacement Account provided for in the Bond Resolution.

"Fiscal Year means the twelve month period ending on December 31.

"Mayor" means the duly elected and acting Mayor or, in the Mayor's absence, the duly appointed and/or elected Vice Mayor or Acting Mayor of the City.

"Net Revenues" means, for the period of determination, all Revenues less all Expenses.

"Ordinance" means this Ordinance authorizing the issuance of the Bonds.

"Parity Bonds" means the Outstanding Series 2011-A Bonds, Series 2015-A Bonds, and any Additional Bonds hereafter issued pursuant to the Bond Resolution and standing on a parity and equality with such Bonds with respect to the lien on the Net Revenues.

"Parity Obligations" means any Additional Obligations hereafter issued or incurred pursuant to the Bond Resolution and standing on a parity and equality with the Parity Bonds with respect to the lien on the Net Revenues.

"Parity Resolution" means the Series 2011-A Resolution, the Series 2015-A Resolution and the ordinances and/or resolutions under which any Additional Bonds which constitute Parity Bonds are hereafter issued.

"Project" means the acquisition, construction, reconstruction, alterations, repair, improvements, extensions or enlargements of the System described in the Preamble to this Ordinance or any Substitute Project.

"Revenue Fund" means the Electric Utility System Revenue Fund referred to in the Bond Resolution.

"Revenues" means all income and revenues derived and collected by the City from the operation and ownership of the System, including investment and rental income, net proceeds from business interruption insurance, transfers from the Surplus Account to the Revenue Fund of Net Revenues derived in a prior Fiscal Year and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of determination to pay interest on System Indebtedness, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

"Series 2011-A Bonds" means the Issuer's Electric Utility System Revenue Bonds, Series 2011-A, dated December 28, 2011.

"Series 2011-A Resolution" means collectively the Issuer's Ordinance No. S-11-13 and Resolution No. R-11-117, which authorized the Series 2011-A Bonds and any Additional Bonds.

"Series 2013-A Bonds" means the Issuer's General Obligation Electric Utility System Refunding Bonds, Series 2013-A, dated December 3, 2013.

"Series 2013-A Resolution" means collectively the Issuer's Ordinance No. S-13-06 and Resolution No. R-13-98, which authorized the Series 2013-A Bonds.

"Series 2015-A Bonds" means the Issuer's Taxable Electric Utility System Revenue Bonds, Series 2015-A, authorized by this Ordinance.

"Series 2015-A Resolution" means the resolution to be adopted by the governing body of the City prescribing the terms and details of the Series 2015-A Bonds and making covenants with respect thereto.

"State" means the State of Kansas.

"Subordinate Lien Bonds" means the Series 2013-A Bonds and any Additional Bonds or Additional Obligations payable from the Revenues on a subordinate lien basis to any Parity Bonds and Junior Lien Obligations, and which constitute general obligations of the City.

"Substitute Project" means a substitute or additional project of the System authorized in the manner set forth in the Bond Resolution.

"System" means the electric generating plants and all appurtenances thereto, the electric distribution system, and the electric street lighting system, now serving the City and its inhabitants and others, together with all extensions and improvements thereto hereafter made or acquired by the City.

"System Indebtedness" means collectively all Bonds and all Additional Obligations.

Section 2. Authorization of the Series 2015-A Bonds. There shall be issued and are hereby authorized and directed to be issued the Electric Utility System Revenue Bonds, Series 2015-A, of the City in the aggregate principal amount of $10,000,000* for the purpose of providing funds to: (a) pay a portion of the costs of the Project; (b) pay costs of issuance of the Series 2015-A Bonds; (c) make a deposit to the Debt Service Reserve Account; and (d) pay the interest accruing on the Series 2015-A Bonds during construction of the Project.

Section 3. Security for the Series 2015-A Bonds. The Series 2015-A Bonds shall be special obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues, and the City hereby pledges said Net Revenues to the payment of the principal of and interest on the Series 2015-A Bonds. The Series 2015-A Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Series 2015-A Bonds, either as to principal or interest.

The covenants and agreements of the City contained herein and in the Series 2015-A Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Series 2015-A Bonds, all of which Series 2015-A Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Series 2015-A Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Ordinance. The Series 2015-A Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the Net Revenues with any Parity Bonds. The Series 2015-A Bonds shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over the Parity Bonds; and the Parity Bonds shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over the Series 2015-A Bonds.

Section 4. Terms, Details and Conditions of the Series 2015-A Bonds. The Series 2015-A Bonds shall be dated and bear interest, shall mature and be payable at such times, shall be in such forms, shall be subject to redemption and payment prior to the maturity thereof, and shall be issued and delivered in the manner prescribed and subject to the provisions, covenants and agreements set forth in the Bond Resolution hereafter adopted by the governing body of the City.

Section 5. Rate Covenant. The City will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the System, including all repairs, alterations, extensions, reconstructions, enlargements or improvements thereto hereafter constructed or acquired by the City, as will produce Revenues sufficient to (a) pay Expenses; (b) pay the principal of and interest on the Bonds as and when the same become due; and (c) provide reasonable and adequate reserves for the

payment of the Parity Bonds and the interest thereon and for the protection and benefit of the System as provided in this Ordinance and the Bond Resolution. The Series 2015-A Resolution may establish requirements in excess of the requirements set forth herein.

Section 7. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 8. Governing Law. This Ordinance and the Series 2015-A Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 9. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

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PASSED by the governing body of the City on February 24, 2015 and signed by the Mayor.

(SEAL)

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James Falkner, Mayor

ATTEST:

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Cindy Price, City Clerk

APPROVED AS TO FORM ONLY.

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Paul Kritz, City Attorney

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