ORDINANCE NO. S-13-06

OF

THE CITY OF COFFEYVILLE, KANSAS

PASSED

NOVEMBER 12, 2013

GENERAL OBLIGATION ELECTRIC UTILITY SYSTEM REFUNDING BONDS
SERIES 2013-A

(PUBLISHED IN THE ***COFFEYVILLE JOURNAL*** ON NOVEMBER 16, 2013)

ORDINANCE NO. S-13-06

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION ELECTRIC UTILITY SYSTEM REFUNDING BONDS, SERIES 2013-A, OF THE CITY OF COFFEYVILLE, KANSAS, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND THE CITY'S OUTSTANDING GENERAL OBLIGATION ELECTRIC UTILITY SYSTEM BONDS; MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; PROVIDING, IF NECESSARY FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX FOR THE PURPOSE OF PAYING THE PRINCIPAL OF AND INTEREST ON SAID BONDS AS THEY BECOME DUE; 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 City has heretofore issued and has Outstanding the Refunded Bonds and is authorized by K.S.A. 10-427 *et seq*. to issue general obligation refunding bonds of the City for the purpose of refunding the Refunded Bonds; and

WHEREAS, in order to achieve interest cost savings through early redemption of the Refunded Bonds, to reduce debt service requirements of the City for certain years, to restructure the debt payments on the Refunded Bonds and to provide an orderly plan of finance for the City, it has become desirable and in the best interest of the City and the System to refund the Refunded Bonds; and

WHEREAS, the Issuer does not have Outstanding any System Indebtedness other than the Refunded Bonds, which constitute Subordinate Lien Bonds, and the Series 2011-A Bonds, which constitute Parity Bonds.

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, 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. 10-427 *et seq*., and K.S.A. 10-620 *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 2004-A Bond Resolution, the Series 2011-A Supplemental Resolution, the Series 2013-A Supplemental Resolution, and any supplemental resolution authorizing any Additional Bonds.

"Bonds" means collectively the Series 2004-B Bonds, Series 2011-A Bonds, Series 2013-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, and any Additional Bonds hereafter issued pursuant to the Bond Resolution and standing on a parity and equality with the Series 2011-A 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 Supplemental Resolution and the ordinances and/or resolutions under which any Additional Bonds which constitute Parity Bonds are hereafter issued.

“Refunded Bonds” means the Series 2004-B Bonds maturing in the years 2014 to 2021, inclusive, in the aggregate principal amount of $5,990,000.

“Refunded Bonds Resolution” means the Series 2004-A Bond Resolution which authorized the Refunded Bonds.

“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 2004-B Bonds” means the City’s General Obligation Electric Utility System Refunding Bonds, Series 2004-B, dated July 15, 2004.

“Series 2011-A Bonds” means the City's Electric Utility System Revenue Bonds, Series 2011-A, dated December 28, 2011.

“Series 2013-A Bonds” means the City’s General Obligation Electric Utility System Refunding Bonds, Series 2013-A, authorized by this Ordinance.

“Series 2004-B Bond Resolution” means collectively the Issuer's Ordinance No. S-04-11 and Resolution No. R-04-82, which authorized the Series 2004-B Bonds and any Additional Bonds.

“Series 2011-A Supplemental 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 Supplemental Resolution” means the resolution to be adopted by the governing body of the City prescribing the terms and details of the Series 2013-A Bonds and making covenants with respect thereto.

“State” means the State of Kansas.

“Subordinate Lien Bonds” means the Series 2004-B Bonds, 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.

"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 2013-A Bonds. There shall be issued and hereby are authorized and directed to be issued the General Obligation Electric Utility System Refunding Bonds, Series 2013-A, of the City in the principal amount of $5,690,000*, for the purpose of providing funds to: (a) refund the Refunded Bonds; and (b) pay costs of issuance of the Series 2013-A Bonds.

Section 3. Security for the Series 2013-A Bonds. The Series 2013-A Bonds shall be general obligations of the City payable 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 2013-A Bonds. The City shall establish sufficient rates, fees and charges for use of the System to provide for payment of the Expenses and the repayment on the Series 2013-A Bonds. If said Net Revenues are not sufficient to provide for the payment of the principal of and interest on the Series 2013-A Bonds, the City shall levy taxes as set forth in ***Section 5*** hereof. The covenants and agreements of the City contained herein and in the Series 2013-A Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Series 2013-A Bonds, all of which Series 2013-A Bonds shall be of equal rank and without preference or priority of one Series 2013-A Bond over any other Series 2013-A Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Series 2013-A Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Ordinance. Pursuant to the terms of the Bond Resolution, the City will reserve the right to issue Additional Bonds which are prior in lien on said Net Revenues to the lien of the Series 2013-A Bonds and/or on the same lien status as the Series 2013-A Bonds upon the satisfaction of certain terms and conditions set forth in the Bond Resolution.

The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Series 2013-A Bonds as the same become due.

Section 4. Terms, Details and Conditions of the Series 2013-A Bonds. The Series 2013-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. Levy and Collection of Annual Tax. The governing body of the City shall annually, to the extent necessary, make provision for the payment of principal of, premium, if any, and interest on the Series 2013-A Bonds as the same become due by levying and collecting the necessary taxes upon all of the 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 the 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 Series 2013-A Bonds as and when the same become due and the fees and expenses of the Paying Agent. The proceeds derived from said taxes and/or assessments shall be deposited in the Bond and Interest Fund.

If at any time said taxes are not collected in time to pay the principal of or interest on the Series 2013-A Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the City and to reimburse said general funds for money so expended when said taxes and/or assessments are collected.

Section 6. 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 7. Governing Law. This Ordinance and the Series 2013-A Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 8. 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 November 12, 2013 and **SIGNED** by the Mayor.

_____
David George, Mayor

ATTEST:

_____
Cindy Price, City Clerk

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CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of the original ordinance; that said Ordinance was passed on November 12, 2013; that the record of the final vote on its passage and that the Ordinance or a summary thereof was published in the ***Coffeyville Journal*** on November 16, 2013.

DATED: November 19, 2013.

_____
Cindy Price, City Clerk

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