

ORDINANCE NO. 18-10984

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SENIOR SPECIAL OBLIGATION REVENUE BONDS (DOWNTOWN PROJECT) SERIES 2018A AND SUBORDINATE SPECIAL OBLIGATION REVENUE BONDS (DOWNTOWN PROJECT) SERIES 2018B IN AN AGGREGATE ORIGINAL PRINCIPAL AMOUNT NOT TO EXCEED \$23,500,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN COSTS RELATING TO THE STAR BOND PROJECT PLAN; AUTHORIZING AND APPROVING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS.

WHEREAS, the City of Salina, Kansas (the “City”) is a municipal corporation, duly created, organized and existing under the Constitution and laws of the State as a city of the first class; and

WHEREAS, the City desires to promote, stimulate and develop the general and economic welfare of the City and the State of Kansas (the “State”) and to assist in the development and redevelopment of eligible areas within the City, thereby promoting the general welfare of the citizens of the State and the City, by acquiring property and providing for the development and redevelopment thereof and the financing relating thereto; and

WHEREAS, pursuant to K.S.A. 12-17,160 *et seq.* (the “Act”), the City of Salina, Kansas (the “City”) is authorized to create a STAR bond project district within an eligible area of the City for certain purposes set forth in the Act; and

WHEREAS, the City Commission has heretofore adopted Resolution No. 15-7193 on March 30, 2015, which made a finding that the City is considering the establishment of a STAR bond project district pursuant to the Act, set forth the boundaries of the proposed STAR bond project district, provided a summary of the proposed STAR bond project district plan, called a public hearing concerning the establishment of a STAR bond project district for May 18, 2015 and provided for notice of such public hearing as provided in the Act; and

WHEREAS, on May 8, 2015, the Secretary of Commerce made a finding that the proposed STAR bond project district is an “eligible area” under the Act as a “major commercial entertainment and tourism area” as defined in the Act; and

WHEREAS, after notice of the public hearing was given as required by the Act, the public hearing on the STAR bond project district was held and closed on May 18, 2015; and

WHEREAS, pursuant to Ordinance No. 15-10775 adopted by the City Commission on June 1, 2015 and published June 5, 2015 (the “District Creation Ordinance”), the City established a STAR bond project district known as the Salina STAR Bond Project District (the “District”) to promote, stimulate and develop the general and economic welfare of the state of Kansas and the City as a major commercial entertainment and tourism area; and

WHEREAS, pursuant to the Act, the City is authorized to undertake one or more STAR Bond projects within the District, which may be implemented in separate development stages, and prepare a STAR Bond project plan, in consultation with the City’s planning commission; and

WHEREAS, a STAR Bond Project Plan dated June 21, 2016, was prepared by the City in consultation with the City’s Planning Commission (the “Project Plan”) pursuant to the Act and provides for the redevelopment of all real property within the District; and

WHEREAS, on June 21, 2016, the City’s Planning Commission made a finding that the Project Plan is consistent with the intent of the City’s comprehensive plan for the development of the City; and

WHEREAS, a copy of the Project Plan was delivered by the City to the Board of County Commissioners of Saline County, Kansas and to the Board of Education of U.S.D. No. 305; and

WHEREAS, the Governing Body adopted Resolution No. 16-7371 on June 27, 2016 calling for a public hearing considering the approval of the Project Plan to be held by the Governing Body on August 22, 2016; and

WHEREAS, after notice of the public hearing was given as required by the Act, the public hearing on the Project Plan was held and closed on August 22, 2016;

WHEREAS, on January 5, 2017, the Secretary (a) determined that the STAR Bond Project District is an “eligible area” under the Act, (b) approved the Downtown Project as a “STAR bond project” within the meaning of the Act and (c) approved the issuance of up to \$19,100,000 (exclusive of approved financing costs) of STAR Bonds to be issued to finance the Salina STAR Bond Project; and

WHEREAS, the governing body of the City adopted Ordinance No. 16-10856 on January 23, 2017, adopting the Project Plan with an effective date of October 1, 2018; and

WHEREAS, the governing body of the City adopted Ordinance No. 18-10977 on September 17, 2018 to amend the effective date of Ordinance No. 16-10856 to December 1, 2018; and

WHEREAS, pursuant to the Act, the City is authorized to issue its Senior Special Obligation Revenue Bonds (Downtown Project) Series 2018A (the “Senior Bonds”) and its Subordinate Special Obligation Revenue Bonds (Downtown Project) Series 2018B (the “Subordinate Bonds”) (the Senior Bonds and the Subordinate Bonds collectively, the “Bonds”) in the aggregate original principal amount not to exceed \$23,500,000 under the hereinafter described Bond Indenture, for the purpose of implementing the Project Plan by providing funds to (a) finance a portion of the Costs of the Project (as defined in the Bond Indenture), (b) fund a deposit to the Debt Service Reserve Fund, (c) fund a deposit to the Capitalized Interest Fund, and (d) pay certain costs related to the issuance of the Bonds; and

WHEREAS, the governing body of the City hereby finds and determines that the issuance of the Bonds to provide funds for the purposes described herein in the manner provided in the Act and pursuant to the provisions of the Bond Indenture, will serve one or more of the public purposes set forth in the Act and will promote, stimulate and develop the general and economic welfare of the City; and

WHEREAS, the governing body of the City further finds and determines that it is necessary and desirable in connection with the issuance of the Bonds that the City enter into certain agreements, and that the City take certain other actions and approve the execution of certain other documents as herein provided.

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

Section 1. Authorization of the Bonds. The City is hereby authorized to issue and sell the

Bonds in an aggregate original principal amount not to exceed \$23,500,000, the proceeds of which will be used to (a) pay Costs of the Project, (b) fund deposits to debt service reserve funds with respect to the Bonds, (c) fund capitalized interest on the Bonds and (d) pay certain costs related to the issuance of the Bonds. The Bonds shall be issued and secured pursuant to the herein authorized Bond Indenture and shall bear such dates, shall be in such denominations, shall be in such forms, shall mature on the dates and in the principal amounts and maturity amounts, shall bear interest at rates not to exceed the maximum rate permitted by law and shall be subject to redemption on the dates and in the principal amounts as provided in the Bond Indenture and Purchase Contract (as hereinafter defined), and shall have such other terms and provisions, shall be issued, executed, authenticated and delivered in such manner and shall be subject to such provisions, covenants and agreements, as are set forth in the Bond Indenture. The Bonds shall be sold and delivered to the order of the Underwriter (as hereinafter defined) thereof in accordance with the terms and conditions of the Purchase Contract, at such prices as are set forth therein.

The Bonds, together with interest and premium, if any, thereon are not general obligations of the City but are limited obligations payable solely from the trust estate pledged to the payment thereof under the Bond Indenture and shall be a valid claim of the respective holders thereof only against the trust estate and other moneys held by the Trustee and the revenues so pledged as aforesaid. In no event shall the Bonds be payable out of any funds or properties other than those pledged or acquired under the Bond Indenture, and the Bonds shall not be deemed to constitute a debt or liability of the State, the City or of any political subdivision thereof and the issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any political subdivision thereof to levy any form of taxation therefor or to budget or make any appropriation for their payment. Nothing in the Bonds, the Bond Indenture, the proceedings of the City authorizing the Bonds or the Act shall be construed to be a debt or loan of credit of the City, the State or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 2. Authorization and Approval of Documents. The following documents are hereby approved in substantially the forms presented to the governing body of the City at this meeting, and the City is hereby authorized to execute and deliver each of such documents (the “City Documents”) with such changes therein as shall be approved by the officer or officers of the City executing such documents, such officers' signatures thereon being conclusive evidence of their approval and the City's approval thereof:

(a) Bond Trust Indenture dated as of the date stated therein (the “Bond Indenture”), between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the “Trustee”), authorizing the issuance of the Bonds.

(b) Bond Purchase Agreement dated as of the date stated therein (the “Senior Bonds Purchase Contract”), between the City and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), relating to the purchase of the Senior Bonds.

(c) Bond Purchase Agreement dated as of the date stated therein (the “Subordinate Bonds Purchase Contract”), between the City and Blue Beacon International, Inc., relating to the purchase of the Subordinate Bonds.

(d) Tax Compliance Agreement dated as of the date stated therein, between the City and the Trustee, relating to the Bonds.

(e) City Continuing Disclosure Undertaking, dated as of the date stated therein executed by the City, relating to the Senior Bonds.

(f) Tax Distribution Agreement dated as of the date set forth therein (the “Tax Distribution Agreement”) among the City, the Trustee and the other parties named therein, which provides for certain distributions of tax revenues for the benefit of the Bonds.

Section 3. Approval of Use of Official Statement. The City hereby approves the use of the Preliminary Official Statement for the Senior Bonds, from which a final Official Statement for the Senior Bonds shall be drafted (collectively, the “Official Statement”), in connection with the sale of the Senior Bonds, in substantially the form presented to the City, with such changes therein as shall be approved by the officer of the City executing the Official Statement, such officer's signature thereon being conclusive evidence of his approval and the City's approval thereof.

The Official Statement and the use and distribution thereof by the Underwriter are hereby approved. For the purpose of enabling the Underwriter to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission (the “Rule”), the Mayor or the City Manager of the City is hereby authorized and directed to deem the Official Statement to be “final” as of their respective dates, except for the omission of such information as is permitted by the Rule, and, if requested, to provide the Underwriter a letter or certification to such effect and to take such other actions or execute such other documents as the Mayor or the City Manager of the City in his reasonable judgment deems necessary to enable the Underwriter to comply with the requirements of such Rule.

Section 4. Execution of Bonds and Documents. The Mayor of the City is hereby authorized and directed to execute the Bonds and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Bond Indenture. The Mayor of the City is hereby authorized and directed to execute the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance, with such changes as the Mayor deems necessary or appropriate, for and on behalf of and as the act and deed of the City. The Clerk of the City is hereby authorized and directed to attest to and affix the seal of the City to the Bonds, the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 5. Further Authority. The City shall, and the officers, employees and agents of the City are hereby authorized and directed to, take such action, expend such funds and execute such other documents, certificates and instruments, including without limitation documents relating to the qualifications of the Bonds under the “blue sky” laws of the various states of the United States of America, documents necessary to obtain approvals of the Secretary as required by law, and any agreements with respect to the investment of funds held under the Bond Indenture, as may be necessary or desirable to carry out and comply with the intent of this Ordinance and to carry out, comply with and perform the duties of the City with respect to the Bonds and the City Documents.

Section 6. Severability. The provisions of this Ordinance shall not be severable.

Section 7. Effective Date. This Ordinance shall take effect and be in full force after its adoption by the City and publication of a summary once in the official newspaper of the City.

PASSED by the governing body of the City this 19th day of November, 2018.

Karl F. Ryan, Mayor

(Seal)

ATTEST:

Shandi Wicks, CMC, City Clerk

(Published in *The Salina Journal* on November ____, 2018)

SUMMARY OF ORDINANCE NO. 18-10984

On November 19, 2018, the governing body of the City of Salina, Kansas (the “City”) passed an ordinance entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SENIOR SPECIAL OBLIGATION REVENUE BONDS (DOWNTOWN PROJECT) SERIES 2018A AND SUBORDINATE SPECIAL OBLIGATION REVENUE BONDS (DOWNTOWN PROJECT) SERIES 2018B IN AN AGGREGATE ORIGINAL PRINCIPAL AMOUNT NOT TO EXCEED \$23,500,000 FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE CERTAIN COSTS RELATING TO THE STAR BOND PROJECT PLAN; AUTHORIZING AND APPROVING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS.

The Ordinance authorizes the City to issue its Senior Special Obligation Revenue Bonds (Downtown Project) Series 2018A and its Subordinate Special Obligation Revenue Bonds (Downtown Project) Series 2018B in the aggregate principal amount not to exceed \$23,500,000 (the “Bonds”), for the purpose of financing certain costs relating to a STAR Bond project within a STAR Bond District created by the City, as more fully described in the Bond Trust Indenture authorized by the Ordinance. The Bonds are special obligations of the City payable from incremental sales tax revenues received from properties within the District.

A complete text of the Ordinance may be obtained or viewed free of charge at the office of the City Clerk, 300 West Ash Street, Salina, Kansas 67402. A reproduction of the Ordinance is available for not less than 7 days following the publication date of this Summary at www.Salina-ks.gov.

This Summary is hereby certified to be legally accurate and sufficient pursuant to the laws of the State of Kansas.

DATED: November 19, 2018

/s/ Greg Bengtson
Greg Bengtson, City Attorney