

CITY COMMISSION AGENDA MEMO
October 12, 2015

FROM: Rina Neal, City Controller

MEETING: October 20, 2015

SUBJECT: Set Bond Sale Date/First Reading of Bond Ordinance

PRESENTER: Bernie Hayen, Director of Finance

BACKGROUND

The City of Manhattan sells general obligation bonds twice a year. Proceeds from the bonds are used to finance projects which have been completed and for which project costs are known. Bond proceeds will be used to pay off outstanding temporary notes.

On July 21, 2015, the City Commission approved a special assessment ordinance levying \$2,591,067.00 in project improvement costs, of which \$2,258,317.00 were apportioned to the benefit districts (property owners) and \$332,750.00 to the City-At-Large. Listed below are the eight (8) public improvement districts included in the November bond issue:

- Western Hills Addition, Unit Fourteen – Sanitary Sewer (SS1208), Street (ST1210), and Water (WA1209);
- Bellerive Addition – Street (ST112) and Water (WA1113); and
- Candlewood Inn & Suites Parking Lot (Downtown Entertainment District, Unit Three, Lot 1) – Sanitary Sewer (SS1205), Street (ST1208), and Water (WA1206).

Property owners in the eight (8) benefit districts were given until August 20, 2015, to pay their special assessments early and receive a 3.00% discount off the bond fees. Special Assessments in the amount of \$59,924.90 less the discount fee were paid off by August 20, 2015. Special assessment project costs that were not paid by that date are included in the November bond issue. The benefit district portion will be paid from special assessments over 20 years.

The City-At-Large portion (\$332,750.00 net the bond and discount fee of 3.00%) will be paid as follows:

Project #	Project Name	Cost to City-At-Large	Net City-At-Large	Cash	Land Sale Proceeds	Funding Source
ST1210	Western Hills Addition, Unit Fourteen	\$19,697	\$19,119	\$19,119	-	<i>Special Street & Highway</i>
WA1113	Bellerive Addition	\$39,635	\$38,473	\$38,473	-	<i>Water Fund</i>
ST1208, SS1205, WA1206	Candlewood Inn & Suites - Parking Lot	\$273,418	\$265,402	\$99,785	\$165,617	<i>Land Sale Proceeds and Water/Wastewater Funds</i>
Totals		\$332,750	\$322,994	\$157,377	\$165,617	

The land sale proceeds were generated from the sale of Downtown Entertainment District, Unit Three, Lot 1 to Flint Hills Hospitality.

DISCUSSION

Each bond issue, Springsted Incorporated, the City's Financial Advisor, researches refunding opportunities on outstanding bond issues to see if there is savings potential. Conducting a bond sale to refund outstanding bonds is contingent upon sustained favorable market conditions at sale date. As of last week, the City will be issuing two Refunding Bonds Series.

Series 2015-A will include the special assessment improvement projects and refunding bonds for Bond Series 2005-A, 2005-B, and Refunding Series 2005-C. The total upfront net present value savings for these three bond issues related to the refunding is approximately \$209,461.00. At this time, City Administration recommends moving forward with this refunding opportunity and selling \$5,930,000.00 in Series 2015-A Bonds which includes \$2,185,000.00 in special assessment improvements and \$3,745,000.00 in general obligation refunding bonds. The sale of the refunding bonds will be contingent on sustained favorable market conditions at sale date.

Series 2015-B is a Crossover Refunding of Series 2006-A and 2007-A. The total upfront net present value savings for this bond issue is approximately \$261,236.00. At this time, City Administration recommends moving forward with this refunding opportunity and selling \$5,290,000.00 in general obligation refunding bonds. The sale of the refunding bonds will be contingent on sustained favorable market conditions at sale date.

On October 20, 2015, the City Commission will need to consider a resolution setting the date to sell \$5,930,000.00 in general obligation refunding and improvement bonds (Series 2015-A) for eight (8) special assessment projects (\$2,185,000.00) and the refunding of Series 2005-A, 2005-B, and Refunding Series 2005-C (\$3,745,000.00). The City Commission will also consider a resolution setting the date to sell \$5,290,000.00 in general obligation refunding bonds (Series 2015-B) to refund Series 2006-A and 2007-A.

The City Commission will also consider first reading of an ordinance selling \$5,930,000.00 in general obligation refunding and improvement bonds for Series 2015-A and another ordinance selling 5,290,000.00 in general obligation refunding bonds.

FINANCING

The City will sell these bonds, Series 2015-A and Series 2015-B, on November 17, 2015. These bonds will be used to pay off the outstanding temporary notes for the eight (8) special assessment projects. The special assessment portion (\$2,185,000.00) will be amortized over 20 years. Special assessments paid by the property owners will be used to pay the principal and interest on the special assessment portion of the bonds.

The Series 2015-A portion of the bond sale also includes \$3,745,000.00 in general obligation refunding bonds that will refund the outstanding principal on Bond Series 2005-A, 2005-B, and Refunding Bond Series 2005-C.

The bond sale also includes \$5,290,000.00 in general obligation refunding bonds that will refund the outstanding principal on Bond Series 2006-A and 2007-A.

On November 17, 2015, City Administration will inform the City Commission about the results of the bond sale scheduled for November 17, 2015, as well as notify the City Commission about the bond's rating.

ALTERNATIVE

It appears the Commission has the following alternative concerning the issue at hand. The Commission may:

1. Approve Resolution No. 102015-E setting November 17, 2015, as the date to sell \$5,930,000.00 in general obligation refunding and improvement bonds (Series 2015-A) and \$5,290,000.00 in general obligation refunding bonds (Series 2015-B); and approve first reading of an ordinance issuing \$5,930,000.00 in general obligation refunding and improvements bonds (Series 2015-A) and first reading of an ordinance issuing \$5,290,000.00 in general obligation refunding bonds (Series 2015-B).

RECOMMENDATION

City Administration recommends approval of the proposed resolution and approval of first readings of the proposed bond issue. Approval will permit City Administration, bond counsel, and the City's financial advisor to proceed with coordinating and organizing the bond sale, which will take place on November 17, 2015.

POSSIBLE MOTION

Approve Resolution No. 102015-E setting November 17, 2015, as the date to sell \$5,930,000.00 in general obligation refunding and improvement bonds (Series 2015-A) and \$5,290,000.00 in general obligation refunding bonds (Series 2015-B); and approve first reading of an ordinance issuing \$5,930,000.00 in general obligation refunding and improvement bonds (Series 2015-A) and first reading of an ordinance issuing \$5,290,000.00 in general obligation refunding bonds (Series 2015-B).

BH/rn

Enclosures:

1. Resolution No. 102015-E setting bond sale date for Series 2015-A and Series 2015-B
2. Proposed Bond Ordinance – Series 2015-A
3. Proposed Bond Ordinance – Series 2015-B
4. Bond Calculations for Series 2015-A
5. Bond Calculations for Series 2015-B
6. Map of Special Assessment Districts
7. Bond Schedule

RESOLUTION NO. 102015-E

A RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2015-A AND GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015-B, OF THE CITY OF MANHATTAN, KANSAS.

WHEREAS, the City of Manhattan, Kansas (the “Issuer”), has previously authorized certain internal improvements described as follows (the “Improvements”) to be financed from the proceeds of the Issuer’s general obligation bonds:

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority</u>	<u>Amount</u>
Western Hills Addition, Unit Fourteen – Sanitary Sewer (SS1208)	082112-H	12-6a01 <i>et seq.</i>	\$187,197.95
Western Hills Addition, Unit Fourteen – Street (ST1210)	101612-C	12-6a01 <i>et seq.</i>	426,333.62
Western Hills Addition, Unit Fourteen – Water (WA1209)	082112-J	12-6a01 <i>et seq.</i>	68,436.45
Bellerive Addition, Street (ST1112)	092011-A	12-6a01 <i>et seq.</i>	798,250.67
Bellerive Addition, Water (WA1113)	092011-C	12-6a01 <i>et seq.</i>	230,031.99
Candlewood Parking Lot 4 – Sanitary Sewer (SS1205)	Res. 060512-A	12-6a01 <i>et seq.</i>	39,499.68
Candlewood Parking Lot 4 – Street (ST1208)	Res. 060512-C	12-6a01 <i>et seq.</i>	760,201.21
Candlewood Parking Lot 4 – Water (WA1206)	Res. 060512-B	12-6a01 <i>et seq.</i>	<u>81,114.53</u>
Total:			\$2,591,066.10

WHEREAS, the Issuer desires to issue its general obligation bonds in order to permanently finance a portion of the costs of such Improvements and to retire the following temporary notes of the Issuer, which were issued to temporarily finance a portion of the costs of the Improvements:

<u>Series</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>	<u>Redemption Amount</u>	<u>Redemption Date</u>
2013-06	12/13/13	12/15/15	\$560,000	\$560,000	\$ 560,000	NA
2014-05	12/15/14	12/15/15	935,000	935,000	935,000	NA
2015-02	06/15/15	12/15/15	625,000	625,000	625,000	NA
Total					\$2,120,000	

(collectively, the “Notes”); and

WHEREAS, the Issuer proposes to issue its general obligation bonds to pay a portion of the costs of the Improvements and to retire the Notes; and

WHEREAS, the Issuer has previously issued and has outstanding general obligation bonds; and

WHEREAS, due to the current interest rate environment, the Issuer has the opportunity to issue its general obligation refunding bonds in order to achieve an interest cost savings on all or a portion of the debt represented by such general obligation bonds described as follows (collectively the “Refunded Bonds”):

<u>Description</u>	<u>Series</u>	<u>Dated Date</u>	<u>Years</u>	<u>Amount</u>
General Obligation Bonds	2005-A	06/01/2005	2016 to 2024	\$1,005,000
General Obligation Bonds	2005-B	12/01/2005	2020 to 2025	600,000
General Obligation Refunding Bonds	2005-C	12/01/2005	2016 to 2019	2,040,000
General Obligation Bonds	2006-A	06/01/2006	2017 to 2026	930,000
General Obligation Bonds	2007-A	06/01/2007	2018 to 2027	4,125,000

; and

WHEREAS, the Issuer has selected the firm of Springsted Incorporated, St. Paul, Minnesota (“Municipal Advisor”), as municipal advisor for one or more series of general obligation bonds of the Issuer to be issued in order to provide funds to permanently finance the Improvements, to retire the Notes and to refund the Refunded Bonds; and

WHEREAS, the Issuer desires to authorize the Municipal Advisor to proceed with the offering for sale of said general obligation bonds and related activities; and

WHEREAS, one of the duties and responsibilities of the Issuer is to prepare and distribute a preliminary official statement relating to said general obligation bonds; and

WHEREAS, the Issuer desires to authorize the Municipal Advisor, in conjunction with the Director of Finance to proceed with the preparation and distribution of a preliminary official statement and notice of bond sale and to authorize the distribution thereof and all other preliminary action necessary to sell said general obligation bonds.

BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF MANHATTAN, KANSAS, AS FOLLOWS:

Section 1. The Issuer is hereby authorized to offer for sale the Issuer’s General Obligation Refunding and Improvement Bonds, Series 2015-A (the “Series 2015-A Bonds”) and General Obligation Refunding Bonds, Series 2015-B (the “Series 2015-B Bonds,” collectively with the Series 2015-A Bonds, the “Bonds”) described in the Notice of Bond Sale, which is hereby approved in substantially the form presented to the governing body this date. Proposals for the purchase of the Bonds shall be submitted upon the terms and conditions set forth in said Notice of Bond Sale, and shall be reviewed by the Director of Finance, the Municipal Advisor and Gilmore & Bell, P.C., Wichita, Kansas, the Issuer’s bond counsel (“Bond Counsel”) as soon after the submittal hour as possible. The Director of Finance is hereby authorized to award the sale of the Bonds to the submitter of the best proposal as determined pursuant to the provisions of the Notice of Bond Sale or to reject all proposals; subject to the following parameters: (a) Series 2015-A: (1) the principal amount shall not exceed \$6,250,000; (2) the true interest cost (“TIC”) shall not exceed []%; and (3) the present value savings associated with refunding the Refunded Bonds shall be not less than []% of the outstanding principal of the Refunded Bonds; and (b) Series 2015-B: (1) the principal amount shall not exceed \$5,600,000; and (2) the present value savings associated with refunding the Refunded Bonds shall be not less than []% of the outstanding principal of the Refunded Bonds. All proposals for the purchase of the Bonds shall be delivered to the governing body at its

meeting to be held on the sale date referenced in the Notice of Bond Sale, at which meeting the governing body shall review such bids and ratify the award of the sale of the Bonds or the rejection of all proposals.

Section 2. The Director of Finance, in conjunction with the Municipal Advisor, is hereby authorized to cause to be prepared a Preliminary Official Statement, and such officials and other representatives of the Issuer are hereby authorized to use such document in connection with the sale of the Bonds.

Section 3. The Director of Finance, in conjunction with the Municipal Advisor and Bond Counsel, is hereby authorized and directed to give notice of said bond sale by publishing a summary of the Notice of Bond Sale not less than 6 days before the date of the bond sale in a newspaper of general circulation in Riley and Pottawatomie Counties, Kansas, and the *Kansas Register* and by distributing copies of the Notice of Bond Sale and Preliminary Official Statement to prospective purchasers of the Bonds. Proposals for the purchase of the Bonds shall be submitted upon the terms and conditions set forth in said Notice of Bond Sale, and shall be delivered to the governing body at its meeting to be held on the sale date referenced in the Notice of Bond Sale, at which meeting the governing body shall review such bids and shall award the sale of the Bonds or reject all proposals.

Section 4. For the purpose of enabling the purchaser of each series of Bonds (collectively, the "Purchaser") to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the Mayor and Director of Finance or other appropriate officers of the Issuer are hereby authorized: (a) to approve the form of said Preliminary Official Statement and to execute the "Certificate Deeming Preliminary Official Statement Final" in substantially the form attached hereto as *Exhibit A* as approval of the Preliminary Official Statement, such official's signature thereon being conclusive evidence of such official's and the Issuer's approval thereof; (b) covenant to provide continuous secondary market disclosure by annually transmitting certain financial information and operating data and other information necessary to comply with the Rule to the Municipal Securities Rulemaking Board; and (c) take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of the Rule.

Section 5. The Issuer agrees to provide to the Purchaser within seven business days of the date of the sale of Bonds or within sufficient time to accompany any confirmation that requests payment from any customer of the Purchaser, whichever is earlier, sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of the Rule and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 6. The Mayor, Director of Finance 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 Bonds, including the subscription for or purchase of the United States Treasury Securities to be deposited in the Series 2015-B escrow for the Refunded Bonds, notice of redemption of the Notes and Refunded Bonds and payment and/or redemption of the Notes and Refunded Bonds from proceeds of the Bonds and other available funds, if necessary.

Section 7. This Resolution shall be in full force and effect from and after its adoption.

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ADOPTED by the governing body on October 20, 2015.

(SEAL)

Mayor

ATTEST:

Clerk

ORDINANCE NO. _____

OF

THE CITY OF MANHATTAN, KANSAS

PASSED

NOVEMBER 17, 2015

**GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2015-A**

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2015-A, OF THE CITY OF MANHATTAN, KANSAS; PROVIDING 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; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

WHEREAS, the City of Manhattan, 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, pursuant to K.S.A. 10-427 *et seq.* and K.S.A. 12-6a01 *et seq.*, as amended, and other provisions of the laws of the State of Kansas applicable thereto, by proceedings duly had, the governing body of the City has caused the following improvements (the “Improvements”) to be made in the City, to-wit:

<u>Project Description</u>	<u>Res. No.</u>	<u>Authority</u>	<u>Amount</u>
Western Hills Addition, Unit Fourteen – Sanitary Sewer (SS1208)	082112-H	12-6a01 <i>et seq.</i>	\$ 187,197.95
Western Hills Addition, Unit Fourteen – Street (ST1210)	101612-C	12-6a01 <i>et seq.</i>	426,333.62
Western Hills Addition, Unit Fourteen – Water (WA1209)	082112-J	12-6a01 <i>et seq.</i>	68,436.45
Bellerive Addition, Street (ST1112)	092011-A	12-6a01 <i>et seq.</i>	798,570.75
Bellerive Addition, Water (WA1113)	092011-C	12-6a01 <i>et seq.</i>	230,342.22
Candlewood Parking Lot 4 – Sanitary Sewer (SS1205)	Res. 060512-A	12-6a01 <i>et seq.</i>	39,499.68
Candlewood Parking Lot 4 – Street (ST1208)	Res. 060512-C	12-6a01 <i>et seq.</i>	760,201.21
Candlewood Parking Lot 4 – Water (WA1206)	Res. 060512-B	12-6a01 <i>et seq.</i>	<u>81,114.53</u>
Total:			\$2,591,696.41

; and

WHEREAS, all legal requirements pertaining to the Improvements have been complied with, and the governing body of the City now finds and determines that the total cost of the Improvements (including interest on temporary notes of the City and issuance costs of the Bonds) and related expenses are at least \$2,591,696.41, with \$2,258,317.03 of said cost to be paid by the owners of the property within the City benefited by the Improvements and with \$333,379.38 of said cost to be paid by the City at large, and that the owners of the property benefited by the Improvements have paid \$54,956.94 in cash into the City Treasury on account of the Improvements, and there is \$331,739.47 available in the City Treasury to pay part of said cost, leaving \$2,205,000* to be paid for by the issuance of general obligation bonds; and

WHEREAS, the governing body of the City is authorized by law to issue general obligation bonds of the City to pay a portion of the costs of the Improvements; and

WHEREAS, none of such general obligation bonds heretofore authorized have been issued and the City proposes to issue \$2,205,000* of its general obligation bonds to pay a portion of the costs of the Improvements; and

WHEREAS, the City 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, reduce debt service requirements of the City for certain years, restructure the debt payments on the Refunded Bonds and provide an orderly plan of finance for the City, it has become desirable and in the best interest of the City and its inhabitants to refund the Refunded Bonds; and

WHEREAS, the governing body of the City has advertised the sale of the Bonds in accordance with the law and at a meeting held in the City on this date awarded the sale of such Bonds to the best bidder.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF MANHATTAN, 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.*, K.S.A. 10-620 *et seq.*, and K.S.A. 12-6a01 *et seq.*, all as amended and supplemented from time to time.

“Bond and Interest Fund” means the Bond and Interest Fund of the City for its general obligation bonds.

“Bond Resolution” means the resolution to be adopted by the governing body of the City prescribing the terms and details of the Bonds and making covenants with respect thereto.

“Bonds” means the City's General Obligation Refunding and Improvement Bonds, Series 2015-A, dated December 7, 2015, authorized by this Ordinance.

“City” means the City of Manhattan, 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.

“Director of Finance” means the duly appointed and acting Director of Finance of the Issuer or, in the Director's absence, the duly appointed Deputy, Assistant or Acting Director of Finance of the Issuer.

“Improvements” means the improvements referred to in the preamble to this Ordinance and any Substitute Improvements.

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

“Ordinance” means this Ordinance authorizing the issuance of the Bonds.

“Refunded Bonds” means collectively: (a) the Series 2005-A Bonds maturing in the years 2016 to 2024, inclusive, in the aggregate principal amount of \$1,005,000; (b) the Series 2005-B Bonds maturing in the years 2020 to 2025, inclusive, in the aggregate principal amount of \$600,000; and (c) the Series 2005-C Bonds maturing in the years 2016 to 2019, inclusive, in the aggregate principal amount of \$2,040,000.

“Refunded Notes” means collectively: (a) the Series 2013-06 Notes maturing on December 15, 2015, in the aggregate principal amount of \$560,000; (b) the Series 2014-05 Notes maturing on December 15, 2015, in the aggregate principal amount of \$935,000; and (c) the Series 2015-02 Notes maturing on December 15, 2015, in the aggregate principal amount of \$625,000.

“Series 2005-A Bonds” means the City's General Obligation Bonds, Series 2005-A, dated June 1, 2005.

“Series 2005-B Bonds” means the City's General Obligation Bonds, Series 2005-B, dated December 1, 2005.

“Series 2005-C Bonds” means the City's General Obligation Refunding Bonds, Series 2005-C, dated December 1, 2005.

“Series 2013-06 Notes” means the City's General Obligation Temporary Notes, Series 2013-06, dated December 13, 2013.

“Series 2014-05 Notes” means the City's General Obligation Temporary Notes, Series 2014-05, dated December 15, 2014.

“Series 2015-02 Notes” means the City's General Obligation Temporary Notes, Series 2015-02, dated June 15, 2015.

“State” means the State of Kansas.

“Substitute Improvements” means the substitute or additional improvements of the City authorized in the manner set forth in the Bond Resolution.

Section 2. Authorization of the Bonds. There shall be issued and hereby are authorized and directed to be issued the General Obligation Refunding and Improvement Bonds, Series 2015-A, of the City in the principal amount of \$5,940,000*, for the purpose of providing funds to: (a) pay a portion of the costs of the Improvements; (b) pay costs of issuance of the Bonds; (c) retire the Refunded Notes; and (d) refund the Refunded Bonds.

Section 3. Security for the Bonds. The Bonds shall be general obligations of the City payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of the Improvements and, if not so paid, from ad valorem taxes which may be levied without

limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The balance of the principal and interest on the Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. 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 Bonds as the same become due.

Section 4. Terms, Details and Conditions of the Bonds. The 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 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 and/or assessments upon all of the taxable tangible property within the City in the manner provided by law.

The taxes and/or assessments 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 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 and/or assessments are not collected in time to pay the principal of or interest on the 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, Director of Finance, 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, and 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 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 17, 2015 and **SIGNED** by the Mayor.

(SEAL)

Mayor

ATTEST:

Clerk

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ORDINANCE NO. _____

OF

THE CITY OF MANHATTAN, KANSAS

PASSED

NOVEMBER 17, 2015

**GENERAL OBLIGATION REFUNDING BONDS
SERIES 2015-B**

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015-B, OF THE CITY OF MANHATTAN, KANSAS, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY; PROVIDING 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; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

WHEREAS, the City of Manhattan, 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 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, reduce debt service requirements of the City for certain years, restructure the debt payments on the Refunded Bonds and provide an orderly plan of finance for the City, it has become desirable and in the best interest of the City and its inhabitants to refund the Refunded Bonds; and

WHEREAS, the governing body of the City has advertised the sale of the Bonds in accordance with the law and at a meeting held in the City on this date awarded the sale of such Bonds to the best bidder.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF MANHATTAN, 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.

“**Bond and Interest Fund**” means the Bond and Interest Fund of the City for its general obligation bonds.

“**Bond Resolution**” means the resolution to be adopted by the governing body of the City prescribing the terms and details of the Bonds and making covenants with respect thereto.

“**Bonds**” means the City's General Obligation Refunding Bonds, Series 2015-B, dated December 7, 2015, authorized by this Ordinance.

“**City**” means the City of Manhattan, 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.

“**Director of Finance**” means the duly appointed and acting Director of Finance of the Issuer or, in the Director's absence, the duly appointed Deputy, Assistant or Acting Director of Finance of the Issuer.

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

“**Ordinance**” means this Ordinance authorizing the issuance of the Bonds.

“**Refunded Bonds**” means collectively: (a) the Series 2006-A Bonds maturing in the years 2017 to 2026, inclusive, in the aggregate principal amount of \$930,000; and (b) the Series 2007-A Bonds maturing in the years 2018 to 2027, inclusive, in the aggregate principal amount of \$4,125,000.

“**Refunded Bonds Redemption Date**” means November 1, 2016 for the Series 2006-A Bonds, and November 1, 2017 for the Series 2007-A Bonds.

“**Series 2006-A Bonds**” means the City's General Obligation Bonds, Series 2006-A, dated June 1, 2006.

“**Series 2007-A Bonds**” means the City's General Obligation Bonds, Series 2007-A, dated June 1, 2007.

“**State**” means the State of Kansas.

Section 2. Authorization of the Bonds. There shall be issued and hereby are authorized and directed to be issued the General Obligation Refunding Bonds, Series 2015-B, of the City in the principal amount of \$5,285,000*, for the purpose of providing funds to: (a) refund the Refunded Bonds; (b) pay costs of issuance of the Bonds; and (c) pay a portion of the interest on the Bonds.

Section 3. Security for the Bonds. The Bonds shall be general obligations of the City payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of the improvements originally financed by the Refunded Bonds and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The balance of the principal and interest on the Bonds is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. 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 Bonds as the same become due. The interest on the Bonds attributed to refunding the Refunded Bonds to and including the Refunded Bonds Redemption Date shall be primarily payable from the proceeds of certain United States government securities and cash held in an escrow fund.

Section 4. Terms, Details and Conditions of the Bonds. The 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 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 and/or assessments upon all of the taxable tangible property within the City in the manner provided by law.

The taxes and/or assessments 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 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 and/or assessments are not collected in time to pay the principal of or interest on the 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, Director of Finance, 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, and 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 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 17, 2015 and **SIGNED** by the Mayor.

(SEAL)

Mayor

ATTEST:

Clerk

APPROVED AS TO FORM ONLY.

City Attorney

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\$5,290,000

City of Manhattan, Kansas
General Obligation Refunding Bonds, Series 2015-B
Crossover Refunding of 2006-A & 2007-A Bonds (Upfront Savings)

Preliminary Feasibility Summary

Dated 12/07/2015 | Delivered 12/07/2015

	Series 2015 Ref 2006A	Series 2015 Ref 2007A	Issue Summary
Sources Of Funds			
Par Amount of Bonds.....	\$965,000.00	\$4,325,000.00	\$5,290,000.00
Total Sources.....	\$965,000.00	\$4,325,000.00	\$5,290,000.00
Uses Of Funds			
Deposit to Crossover Escrow Fund.....	944,461.77	4,248,240.55	5,192,702.32
Costs of Issuance.....	10,215.50	45,784.50	56,000.00
Total Underwriter's Discount (0.750%).....	7,237.50	32,437.50	39,675.00
Rounding Amount.....	3,085.23	(1,462.55)	1,622.68
Total Uses.....	\$965,000.00	\$4,325,000.00	\$5,290,000.00
Flow of Funds Detail			
State and Local Government Series (SLGS) rates for.....	9/09/2015	9/09/2015	9/09/2015
Date of OMP Candidates.....			
Primary Purpose Fund Solution Method.....	Net Funded	Net Funded	Net Funded
Total Cost of Investments.....	\$944,461.77	\$4,248,240.55	\$5,192,702.32
Interest Earnings @ 0.652%.....	2,782.23	54,680.20	57,462.43
Total Draws.....	\$947,244.00	\$4,302,920.75	\$5,250,164.75
PV Analysis Summary (Net to Net)			
Net PV Cashflow Savings @ 2.309%(Bond Yield).....	80,770.60	178,842.29	259,612.88
Contingency or Rounding Amount.....	3,085.23	(1,462.55)	1,622.68
Net Present Value Benefit.....	\$83,855.83	\$177,379.74	\$261,235.56
Net PV Benefit / \$5,055,000 Refunded Principal.....	9.017%	4.300%	5.168%
Net PV Benefit / \$5,290,000 Refunding Principal.....	8.690%	4.101%	4.938%
Bond Statistics			
Average Life.....	6.822 Years	7.758 Years	7.587 Years
Average Coupon.....	2.1911825%	2.3474428%	2.3218115%
Net Interest Cost (NIC).....	2.3011164%	2.4441197%	2.4206629%
Bond Yield for Arbitrage Purposes.....	2.3090759%	2.3090759%	2.3090759%
True Interest Cost (TIC).....	2.3000629%	2.4419936%	2.4185249%
All Inclusive Cost (AIC).....	2.4716765%	2.5952289%	2.5747912%

\$5,930,000**City of Manhattan, Kansas****General Obligation Refunding and Improvement Bonds, Series 2015-A**

Project and Refunding Summary

Dated 12/07/2015 | Delivered 12/07/2015

	Improvement Portion	Ref 2005-A	Ref 2005-B	Ref 2005-C	Issue Summary
Sources Of Funds					
Par Amount of Bonds.....	\$2,185,000.00	\$1,035,000.00	\$615,000.00	\$2,095,000.00	\$5,930,000.00
Total Sources.....	\$2,185,000.00	\$1,035,000.00	\$615,000.00	\$2,095,000.00	\$5,930,000.00
Uses Of Funds					
Deposit to Current Refunding Fund.....	-	1,010,671.27	603,470.13	2,050,907.98	3,665,049.38
Deposit to Project Construction Fund.....	2,136,522.34	-	-	-	2,136,522.34
Costs of Issuance.....	24,263.45	11,493.21	6,829.30	23,264.04	65,850.00
Total Underwriter's Discount (1.000%).....	21,850.00	10,350.00	6,150.00	20,950.00	59,300.00
Rounding Amount.....	2,364.21	2,485.52	(1,449.43)	(122.02)	3,278.28
Total Uses.....	\$2,185,000.00	\$1,035,000.00	\$615,000.00	\$2,095,000.00	\$5,930,000.00

Flow of Funds DetailState and Local Government Series (SLGS) rates for.....
Date of OMP Candidates.....

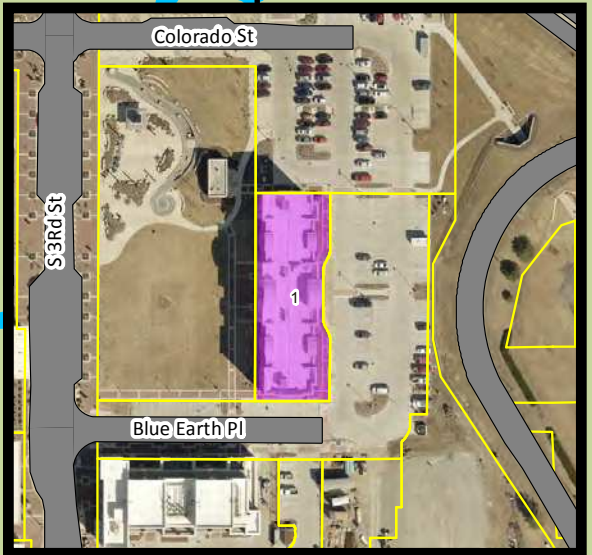
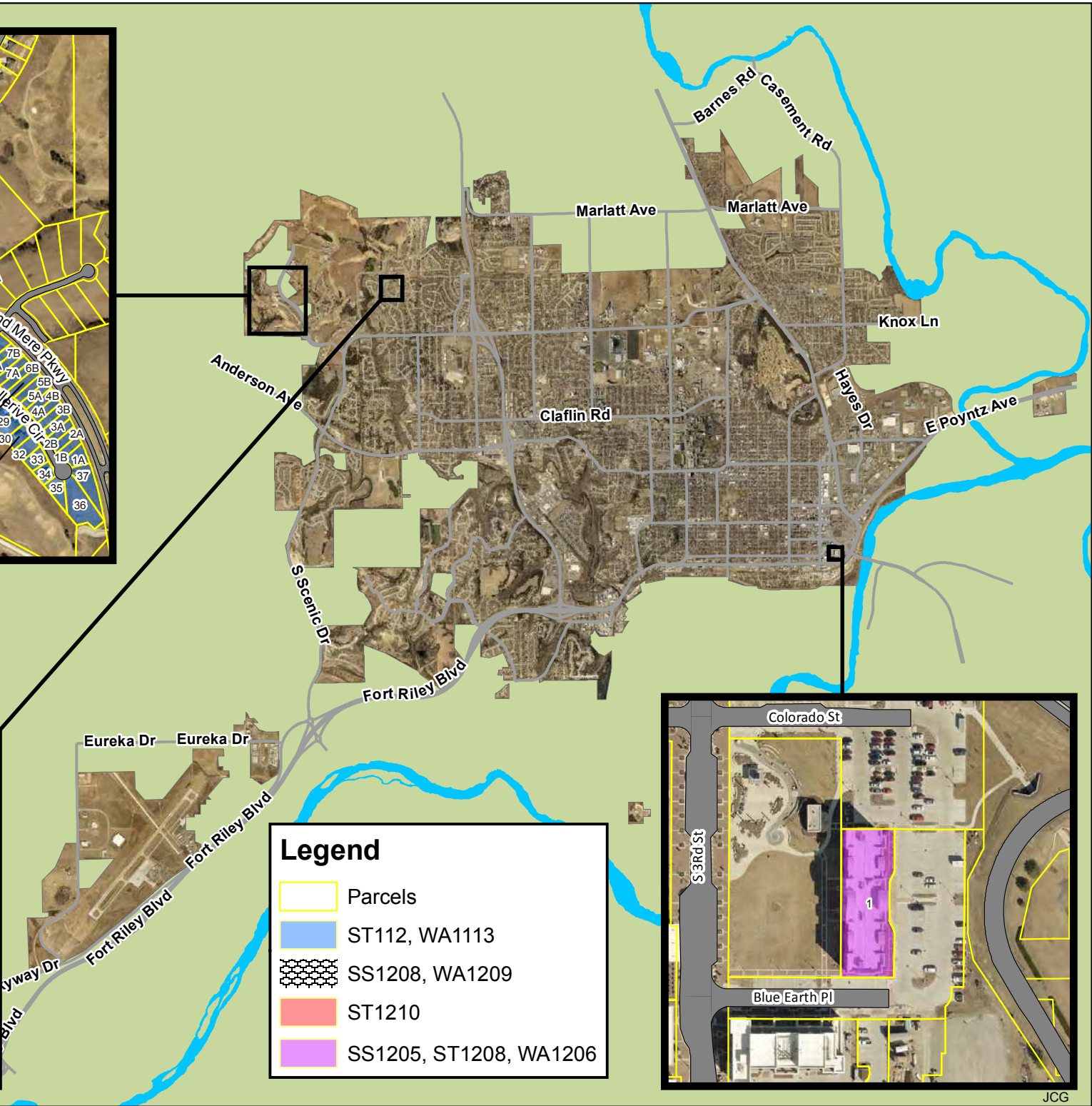
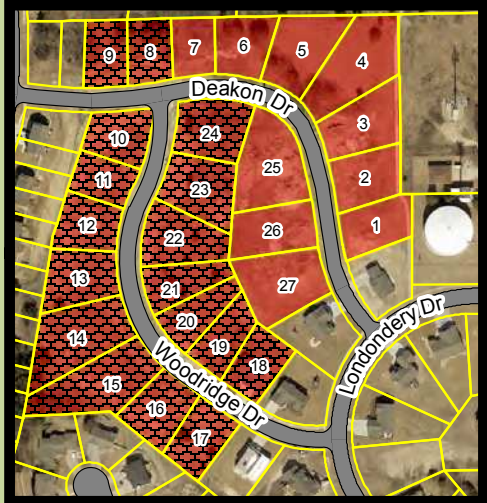
	Net Funded	Gross Funded	Gross Funded	Gross Funded	Gross Funded
Primary Purpose Fund Solution Method.....					
Total Cost of Investments.....	\$2,136,522.34	\$1,010,671.27	\$603,470.13	\$2,050,907.98	\$5,801,571.72
Total Draws.....	\$2,136,522.34	\$1,010,671.27	\$603,470.13	\$2,050,907.98	\$5,801,571.72

PV Analysis Summary (Net to Net)

Net PV Cashflow Savings.....	-	77,028.81	53,089.56	78,428.31	-
Contingency or Rounding Amount.....	-	2,485.52	(1,449.43)	(122.02)	-
Net Present Value Benefit.....	-	\$79,514.33	\$51,640.13	\$78,306.29	-
Net PV Benefit / - Refunded Principal.....	-	7.912%	8.607%	3.839%	-
Net PV Benefit / - Refunding Principal.....	-	7.683%	8.397%	3.738%	-

Bond Statistics

Average Life.....	11.243 Years	5.195 Years	5.762 Years	2.399 Years	6.494 Years
Average Coupon.....	3.1322523%	1.9321306%	2.0442006%	1.1522386%	2.6062208%
Net Interest Cost (NIC).....	3.2211945%	2.1246350%	2.2177579%	1.5691125%	2.7601988%
Bond Yield for Arbitrage Purposes.....	2.5405993%	2.5405993%	2.5405993%	2.5405993%	2.5405993%
True Interest Cost (TIC).....	3.1976147%	2.1291285%	2.2210723%	1.5786087%	2.7148054%
All Inclusive Cost (AIC).....	3.3211523%	2.3611188%	2.4322884%	2.0608201%	2.9120165%



GENERAL OBLIGATION BOND ISSUE
Bond Schedule - November 2015 (Series 2015-A and 2015-B)

Projects from Engineering	Friday, May 29, 2015
Calculations completed by Finance Department	Friday, June 5, 2015
City Commission Packet Due	Monday, June 8, 2015
Set date for Public Hearing on Special Assessments <i>Send letters to property owners on Wednesday, June 17. Send NOPH to Mercury on Wednesday, June 17, for Publication on Friday, June 19.</i>	Tuesday, June 16, 2015
City Commission Packet Due	Monday, June 29, 2015
Hold Public Hearing First Reading of Special Assessment Ordinance	Tuesday, July 7, 2015
City Commission Packet Due	Monday, July 13, 2015
Second Reading of Special Assessment Ordinance <i>Send letters to property owners on Wednesday, July 22. Send Ordinance to Mercury on Wednesday, July 22, for Publication on Sunday, July 26.</i>	Tuesday, July 21, 2015
Special Assessment Payoff Due	Thursday, August 20, 2015
Certify Special Assessments to County	Tuesday, August 25, 2015
Send Special Assessment Proceedings to Bond Counsel	Monday, September 14, 2015
Final Bond Calculations Due	Monday, September 14, 2015
City Commission Packet Due	Monday, October 12, 2015
Set date for Bond Sale by Resolution First Reading of Bond Ordinance <i>Send Summary Notice of Bond Sale to Mercury and Kansas Register on Wednesday, October 21, for Publication on Thursday, October 29.</i>	Tuesday, October 20, 2015
Send letters calling Temporary Notes early for bond issue if applicable	Friday, November 6, 2015
City Commission Packet Due	Monday, November 9, 2015
Second Reading of Bond Ordinance/Bond Sale <i>Send Bond Ordinance to Mercury on Wednesday, November 18, for Publication on Sunday, November 22.</i>	Tuesday, November 17, 2015
Bond Closing	Monday, December 7, 2015