

ORDINANCE NO. 3075

AN ORDINANCE OF THE CITY OF PAOLA, KANSAS, AUTHORIZING ISSUANCE OF THE CITY'S GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,485,000, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY, PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO.

WHEREAS, the governing body of the City of Paola, Kansas (the "City") is authorized by K.S.A. 10-427 *et seq.* (the "Refunding Act") to issue its general obligation bonds to refund outstanding general obligation bonds of the City; and

WHEREAS, pursuant to the Refunding Act and K.S.A. 10-101 to 10-125, inclusive, as supplemented and amended (the "Bond Act"), the City finds and determines it is necessary and appropriate to issue general obligation refunding bonds for the purpose of refunding in advance of their maturity the callable portion of the City's outstanding General Obligation Bonds, Series A, 2007, maturing in the years 2017 through 2025 (the "Refunded Bonds"); and

WHEREAS, the governing body has determined that in the current market for municipal bonds, the City has the opportunity to issue its general obligation bonds to achieve interest cost savings on the obligations represented by the Refunded Bonds and to structure a more orderly plan of finance for the City; and

WHEREAS, the governing body finds it necessary and appropriate to authorize and provide for the issuance of such general obligation bonds for the purposes described herein.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF PAOLA, KANSAS:

SECTION 1. Authorization of the Bonds. The City's General Obligation Refunding Bonds, Series 2014, of the City in the total principal amount of \$2,485,000 (the "Bonds") are authorized to be issued for the purposes of (a) providing funds to refund the Refunded Bonds, and (b) to pay costs of issuing the Bonds.

SECTION 2. Security for the Bonds. The Bonds are general obligations of the City, payable as to principal and interest, in part from special assessments levied upon certain properties in the City 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, both real and personal, within the territorial limits of the City. The balance of the Bonds are payable as to both principal and interest thereon from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, both real and personal, within the territorial limits

of the City. The full faith, credit and resources of the City are pledged to secure the payment of the principal of and the interest on the Bonds as the same severally become due and payable.

SECTION 3. Terms, Details and Conditions of the Bonds. The Bonds shall be dated and bear interest, mature and be payable at such times, and in such forms, be subject to redemption and payment prior to maturity, and be issued and delivered in the manner prescribed and subject to the provisions, covenants and agreements set forth in a resolution adopted by the governing body of the City (the “Resolution”) concurrently with this Ordinance.

SECTION 4. Designation of Paying Agent and Bond Registrar; Issuer/Agent Agreement. Pursuant to K.S.A. 10-620 *et seq.*, the governing body elects to have the provisions of the Kansas Bond Registration Law apply to the Bonds and designates and appoints the Treasurer of the State of Kansas, Topeka, Kansas, as the Bond Registrar and Paying Agent for the bonds (the “Paying Agent”). The terms, conditions and provisions under which the Paying Agent will perform its duties are set forth in an Agreement between Issuer and Agent dated as of October 6, 2014 (the “Issuer/Agent Agreement”). The Issuer/Agent Agreement, in substantially the form presented to the governing body with this Ordinance, is approved and the Mayor and City Clerk are authorized to execute and deliver the Issuer/Agent Agreement for and on behalf of the City. The provisions of the Issuer/Agent Agreement are incorporated here by this reference.

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 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 other 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 such taxes shall be deposited in the Series 2014 Principal and Interest Account, as defined in the Resolution.

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

SECTION 6. Tax Covenants. The governing body of the City covenants and agrees that as long as any of the Bonds remain outstanding and unpaid, it will not use or permit the use of the proceeds of the Bonds in a manner which, if such use had been reasonably expected on the date of issuance and delivery of the Bonds, would have caused the Bonds to be “arbitrage bonds” within the meaning of Section 103(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”); and that it will comply with all applicable requirements of Section 148 of the Code and the applicable rules and regulations of the United States Treasury Department promulgated under the Code. The governing body further covenants to take all such action in its power as may be required from time to time in order to assure the continued tax-exempt status of the interest on

the Bonds, and to comply with all provisions of the Code, as the same be amended, and any applicable rules and regulations of the United States Treasury Department issued thereunder.

SECTION 7. Authorization of Official Statement; Continuing Disclosure. The governing body of the City ratifies its previous approval of the form and content of the Preliminary Official Statement for the Bonds dated September 15, 2014 and “deems final” the Preliminary Official Statement, except for the omission of certain information as permitted by Securities and Exchange Commission Rule 15c2-12 (the “Rule”). The City approves the form and content of those additions to the Preliminary Official Statement necessary to prepare the final Official Statement and authorizes the use of the final Official Statement (in its entirety) in the reoffering of the Bonds by the original purchaser of the Bonds. The Mayor is authorized to execute and the City Clerk to attest the final Official Statement on behalf of the City. Under the Rule the City “deems final” the final Official Statement. The City covenants and agrees to provide continuing disclosure as required by the Rule and as set forth in the Continuing Disclosure Undertaking submitted to the governing body with this Ordinance and attached as an exhibit to the Preliminary Official Statement. The Mayor is authorized to execute and the City Clerk to attest the Continuing Disclosure Undertaking on behalf of the City.

SECTION 8. Designation as Qualified Tax-Exempt Obligations. The governing body of the City designates the Bonds as “qualified tax-exempt obligations” as defined in Section 265(b) (3) of the Code.

SECTION 9. Further Authority. The City and its officers, agents and employees are authorized and directed to, take such actions, expend such moneys and execute such other documents, certificates and instruments as may be necessary or desirable in order to carry out and comply with this Ordinance and to give effect to the transactions contemplated hereby, including final certificates required to be included in the official Transcript of Proceedings relating to the authorization and issuance of the Bonds (including certificates or agreements of the City evidencing compliance with the tax covenants applicable to the Bonds as described in Section 6), all without further action by the governing body.

SECTION 10. Severability. If any section, paragraph, clause or provision of this Ordinance is, for any reason, held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any remaining provisions of this Ordinance.

SECTION 11. Governing Law. This Ordinance and the Bonds shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

SECTION 12. Effective Date. This Ordinance shall be in force and take effect from and after its adoption and approval and its publication one time in the City’s official newspaper.

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ADOPTED AND APPROVED by the governing body of the City of Paola, Kansas on September 23, 2014.

CITY OF PAOLA, KANSAS

[seal]

By _____
Artie Stuteville, Mayor

ATTEST:

By _____
Daniel G. Droste, City Clerk