

AGENDA
Independence City Commission
Thursday, December 8, 2016
Veterans Room Memorial Hall 5:30 PM

Call to Order

Pledge of Allegiance to the United States of America

Appointments

Planning Commission/Board of Zoning Appeals – Applications Due December 15, 2016

Independence Historic Preservation and Resource Commission – Applications Due December 15, 2016

Adoption of the Consent Agenda

a. Appropriations

1. A-1780
2. P-1744

b. Consider minutes of the November 10, 22, 23 (2) and 25, 2016 City Commission meetings [CITIZENS].

c. Consider awarding chemical bids for use at the water treatment plant in 2017 [CITIZENS/CITY EMPLOYEES].

d. Consider authorizing donating bicycles to fix up for children [CITIZENS].

e. Consider an ordinance assessing special assessments for abating nuisances [CITIZENS].

f. Consider approving a change order with South Roofing & Contracting to remove the Ash Youth Center roof from their contract for roof repairs [CITIZENS].

g. Consider an agreement with Aviation Support and Maintenance Services for maintenance of the AWOS and Navaid Systems at the Independence Municipal Airport [CITIZENS/BUSINESS & INDUSTRY].

Public Hearing

h. Public hearings to consider condemnation of the following structures as dangerous and unsafe:

1. 519 N. 6th Street
2. 832 S. 18th Street
3. 1005 W. Pine Street
4. 1300 W. Locust Street
5. 1304 W. Locust Street

Items for Commission Action

i. Consider an ordinance adjusting the solid waste rates as budgeted effective January 1, 2017 [CITIZENS].

j. Consider an ordinance adjusting the utility rates as budgeted effective January 1, 2017 [CITIZENS].

k. Consider a request from Montgomery County Public Works to extend the timeframe for a conditional use permit for a supplementary parking lot at the Southwest Corner of Wald Avenue and Myrtle Street [OTHER GOVERNMENTAL ENTITIES].

- l. Consider an ordinance authorizing the City to issue taxable IRB's for the purpose of purchasing, acquiring, constructing, installing and equipping certain modifications and additions to an existing aircraft manufacturing facility; authorizing certain other documents and actions in connection therewith; and authorizing the release of certain documents in connection with related taxable industrial revenue bonds which are no longer outstanding [BUSINESS & INDUSTRY].**
- m. Consider an ordinance authorizing the issuance of taxable industrial revenue bonds, Series 2016 (Hugo's Industrial Supply Project) for the purpose of paying the costs of the acquisition and improvement of an existing commercial facility; and authorizing certain other documents and actions in connection therewith [CITIZENS/BUSINESS & INDUSTRY].**
- n. Consider setting a hearing date of December 19, 2016 at 5:30 PM to revise the budget [CITIZENS/CITY EMPLOYEES].**
- o. Consider a resolution rescinding condemnation action for the following properties [CITIZENS]:**
 - 1. 1009 W Maple**
 - 2. 1016 W Maple**
 - 3. 1017 W Myrtle**
 - 4. 1020 W Maple**
 - 5. 1208 W. Locust**
 - 6. 1307 W. Laurel**
 - 7. 200 N. 25th**
 - 8. 205 N 24th**
 - 9. 311 S. 16th**
 - 10. 317 N 18th**
 - 11. 505 S. 13th**
 - 12. 525 S. 15th**
 - 13. 604 N 10th**
 - 14. 608 N 10th (Garage Only)**
 - 15. 612 E Magnolia**
 - 16. 804 S 19th St**
 - 17. 815 W. Main (Garage Only)**
- p. Consider options for Garden Club roof replacement or repair [CITIZENS].**
- q. Consider releasing a mortgage for the property located at 901 E. Birch [CITIZENS].**
- r. Consider extending the downtown grant program deadline to January 13, 2017 [CITIZENS].**

Reports

- s. Sales tax report [CITIZENS].**
- t. Update on City projects [CITIZENS].**

Commission Comments

Public Concerns

Executive Session(s)

Adjournment

Date: December 5, 2016
To: City Commission
From: Micky Webb, City Manager
Subject: December 8, 2016 Commission Meeting

Adoption of the Consent Agenda

a. Appropriations

1. A-1780
2. P-1744

b. Consider minutes of the November 10, 22, 23 (2) and 25, 2016 City Commission meetings [CITIZENS].

c. Consider awarding chemical bids for use at the water treatment plant in 2017 [CITIZENS/CITY EMPLOYEES].

Bids were received on December 1, 2016 at 2 PM for chemicals to be purchased in 2017 for use at the water treatment plant. The attached bid tab shows the bids received with the low bids highlighted. City staff recommends accepting the low bid for each chemical.

d. Consider authorizing donating bicycles to fix up for children [CITIZENS].

The Police Chief has received two requests for donation of bicycles from two different groups, the Home Sweet Home shelter and Montgomery County Department of Corrections. The purpose of both requests is to refurbish the bicycles and provide them to children without functioning bicycles. City staff recommends authorizing the Police Chief to donate unclaimed bicycles to these groups for the purpose of donating them back to children in the community that do not have functioning bicycles.

e. Consider an ordinance assessing special assessments for abating nuisances [CITIZENS].

Attached is an ordinance levying a special tax for abating nuisances on certain properties. The nuisance costs being assessed are expenses related to the condemnation process paid by the City for publication, asbestos abatement, removal, etc. City staff recommends adopting the attached ordinance.

f. Consider approving a change order with South Roofing & Contracting to remove the Ash Youth Center roof from their contract for roof repairs [CITIZENS].

At your November 10, 2016 meeting the Commission packet included the attached change order with South Roofing, in addition to an agreement with Wray Roofing to replace the roof at the Ash Youth Center. The agreement with Wray roofing was approved contingent on approval of the USD and Recreation Commission, however, the change order removing the roof repair from South Roofing's contract was not specifically mentioned in the motion. Therefore, City staff recommends approving the attached change order removing the Ash Youth Center from South Roofing & Contracting's contract for roof repairs due to hail damage.

g. Consider an agreement with Aviation Support and Maintenance Services for maintenance of the AWOS and Navaid Systems at the Independence Municipal Airport [CITIZENS/BUSINESS & INDUSTRY].

Attached is an agreement for maintenance of the AWOS and Navaid Systems at the Independence Municipal Airport. City staff recommends approval pending the City Attorney's review and any recommended modifications.

Public Hearing

h. Public hearings to consider condemnation of the following structures as dangerous and unsafe:

- 1. 519 N. 6th Street**
- 2. 832 S. 18th Street**
- 3. 1005 W. Pine Street**
- 4. 1300 W. Locust Street**
- 5. 1304 W. Locust Street**

The Building Inspector will review the condition of the above properties at the public hearings. After each public hearing, the Commission will need to determine if they wish to adopt a resolution condemning the property as dangerous and unsafe.

Items for Commission Action

i. Consider an ordinance adjusting the solid waste rates as budgeted effective January 1, 2017 [CITIZENS].

Attached is an ordinance increasing the solid waste rates 5% as approved in the 2017 budget. City staff recommends adopting the attached ordinance implementing the increase for solid waste rates as approved in the 2017 budget.

j. Consider an ordinance adjusting the utility rates as budgeted effective January 1, 2017 [CITIZENS].

Attached is an ordinance increasing the water/sewer rates 5% as approved in the 2017 budget. As the Commission is aware, Lochner is currently conducting a utility rate study. As of November 30, 2016 when City staff checked the status the rate study is still not complete. Since the 2017 utility revenue included in the approved budget was dependent on the 5% increase in water/sewer rates by delaying adoption of the attached ordinance in time for the new rate to go into effect on January 1, 2017 will result in a utility budget revenue shortfall. Approving this ordinance for the water/sewer rate increase as included in the 2017 budget does not preclude the City Commission from adopting additional ordinances in 2017 if the Commission wishes based on the utility rate study results. City staff recommends adopting the attached ordinance implementing the increase for utility rates as approved in the 2017 budget.

k. Consider a request from Montgomery County Public Works to extend the timeframe for a conditional use permit for a supplementary parking lot at the Southwest Corner of Wald Avenue and Myrtle Street [OTHER GOVERNMENTAL ENTITIES].

Attached is a request from Jim Wright, Montgomery County Public Works Assistant Coordinator requesting that the timeframe in Resolution No. 2010-06 for a conditional use permit for construction of a supplemental parking lot at the southwest corner of Wald Avenue and Myrtle be extended. Item No. 11 indicating that; *“Parking lot construction and all requirements of the conditional use permit shall be completed within one year of the approval of the conditional use permit, or the conditional use permit will be void, unless such delay is approved by the City.”*

The conditional use permit was approved on February 4, 2010. Staff checked with the City Attorney who indicated that the City Commission could extend this deadline rather than requiring Montgomery County to start over with a new conditional use permit request with the Planning Commission.

- l. Consider an ordinance authorizing the City to issue taxable IRB's for the purpose of purchasing, acquiring, constructing, installing and equipping certain modifications and additions to an existing aircraft manufacturing facility; authorizing certain other documents and actions in connection therewith; and authorizing the release of certain documents in connection with related taxable industrial revenue bonds which are no longer outstanding [BUSINESS & INDUSTRY].**

Attached are documents relating to the issuance of taxable IRB's for the purpose of purchasing, acquiring, constructing, installing and equipping certain modifications and additions to an existing aircraft manufacturing facility; authorizing certain other documents and actions in connection therewith; and authorizing the release of certain documents in connection with related taxable industrial revenue bonds which are no longer outstanding. A representative of the bond counselor will be available to answer any questions.

- m. Consider an ordinance authorizing the issuance of taxable industrial revenue bonds, Series 2016 (Hugo's Industrial Supply Project) for the purpose of paying the costs of the acquisition and improvement of an existing commercial facility; and authorizing certain other documents and actions in connection therewith [CITIZENS/BUSINESS & INDUSTRY].**

Attached are documents relating issuance of taxable industrial revenue bonds, Series 2016 (Hugo's Industrial Supply Project) for the purpose of paying the costs of the acquisition and improvement of an existing commercial facility; and authorizing certain other documents and actions in connection therewith. A representative of the bond counselor will be available to answer any questions.

- n. Consider setting a hearing date of December 19, 2016 at 5:30 PM to revise the budget [CITIZENS/CITY EMPLOYEES].**

The City Clerk/Finance Director recommends setting the date of December 16, 2016 at 5:30 PM for a public hearing to consider revising the budget.

- o. Consider a resolution rescinding condemnation action for the following properties [CITIZENS]:**

- 1. 1009 W Maple**
- 2. 1016 W Maple**
- 3. 1017 W Myrtle**
- 4. 1020 W Maple**
- 5. 1208 W. Locust**
- 6. 1307 W. Laurel**
- 7. 200 N. 25th**
- 8. 205 N 24th**
- 9. 311 S. 16th**
- 10. 317 N 18th**
- 11. 505 S. 13th**
- 12. 525 S. 15th**
- 13. 604 N 10th**
- 14. 608 N 10th (Garage Only)**
- 15. 612 E Magnolia**
- 16. 804 S 19th St**
- 17. 815 W. Main (Garage Only)**

Attached is a resolution rescinding condemnation action for the above listed properties.
City staff recommends approval.

p. Consider options for Garden Club roof replacement or repair [CITIZENS].

The Garden Club House located in Riverside Park has sustained hail damage and was previously approved by the insurance adjuster to replace the roof with asphalt type shingles. Prior to the work occurring, Ken Brown came to City Hall and advised that he did not feel the asphalt shingles were appropriate for this historic building that currently has an asbestos tile type roof. At that time, City staff stopped the work and proceeded to gather information on alternatives to the asphalt shingle roof.

As the Commission may recall, the water treatment pump house had asbestos tiles and were replaced with a Davinci style roof that somewhat replicated the original look. We have received a price for a Davinci style roof, however, the style of the Garden House Roof is somewhat different than the tiles that were on the water treatment pump house. Another alternative was Sienna style shingles that more closely match the existing roof.

The insurance adjuster has advised that they will not provide additional funding for these other roof types as only a certain amount of tiles were hail damaged. The insurance adjuster has offered to find and purchase salvaged asbestos tiles and replace those that are broken and not replace the entire roof. The estimate provided by the adjuster did not include the cost to abate the asbestos tiles that are replaced, which could total an additional \$1,000 to \$1,500.

Attached is a chart showing the various alternatives and related costs, as well as photos of the different styles of shingles and the existing roof. City staff would like direction from the Commission on which option they prefer for the Garden Club roof. Once an option is selected by the Commission, City staff would like approval to sign any related documents to get this project completed.

q. Consider releasing a mortgage for the property located at 901 E. Birch [CITIZENS].

Attached is a mortgage release prepared by the City Attorney requested by the Housing Authority.

r. Consider extending the downtown grant program deadline to January 13, 2017 [CITIZENS].

The Housing Director has requested to extend the deadline for the downtown grant to January 13, 2017.

Reports

s. Sales tax report [CITIZENS].

Attached is the latest sales tax report.

t. Update on City projects [CITIZENS].

The City Manager will provide an update on City projects.

Commission Comments

Public Concerns

Executive Session(s)

Adjournment

Date: December 5, 2016
To: City Commission
From: Micky Webb, City Manager
Subject: December 8, 2016 Commission Meeting

Adoption of the Consent Agenda

a. Appropriations

- 1. A-1780**
- 2. P-1744**

ORDINANCE NO A – 1780

An ordinance making appropriation for the payment of certain claims. Be it ordained by the City Council of the City of Independence.

Section 1. That in order to pay the claims herein stated which have been properly audited and approved. There is hereby appropriated out of the respective funds in the City Treasury the sum for each claim.

Section 2. That this ordinance shall take effect and be in full force from and after its passage.

Approved this 8th Day of December 2016.

_____ Mayor

Attest _____ City Clerk

Ordinance #A - 1780
\$ 616,203.00

PACKET: 18247 Payroll Entries - 11/18/1
 VENDOR SET: 01 City of Independence+
 BANK: AP Community National Bank

VENDOR	I.D.	NAME	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
032014		INTERNAL REVENUE SERVICE						
	I-T1 201611182344	FEDERAL INCOME TAX WITHHELD	D	11/21/2016		18,120.66	000000	
	I-T3 201611182344	FICA WITHHELD	D	11/21/2016		23,121.58	000000	
	I-T4 201611182344	MEDICARE WITHHELD	D	11/21/2016		5,407.62	000000	46,649.86
013350		KANSAS WITHHOLDING TAX						
	I-T2 201611182344	KANSAS TAX WITHHELD	D	11/25/2016		6,068.82	000000	6,068.82
032008		KPERS						
	I-01 201611182344	KPERS WITHHELD	D	11/28/2016		12,890.30	000000	
	I-02 201611182344	OPTIONAL GROUP LIFE INSURANCE	D	11/28/2016		130.14	000000	
	I-14 201611182344	KPERS BUYBACK	D	11/28/2016		99.42	000000	
	I-25 201611182344	OPTIONAL GROUP LIFE/C	D	11/28/2016		270.23	000000	
	I-28 201611182344	KPERS WITHHELD	D	11/28/2016		15,980.40	000000	
	I-36 201611182344	OGLI - SPOUSE	D	11/28/2016		17.80	000000	29,388.29

* * B A N K T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	0	0.00	0.00	0.00
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	3	0.00	82,106.97	82,106.97
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
BANK TOTALS:	3	0.00	82,106.97	82,106.97

PACKET: 18247 Payroll Entries - 11/18/1
VENDOR SET: 01 City of Independence+
BANK: ALL

** REGISTER GRAND TOTALS *

* * T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	0	0.00	0.00	0.00
HANDWRITTEN CHECKS:	0	0.00	0.00	0.00
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	3	0.00	82,106.97	82,106.97
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	3	0.00	82,106.97	82,106.97

** POSTING PERIOD RECAP **

FUND	PERIOD	AMOUNT
01	11/2016	59,898.91CR
31	11/2016	476.01CR
33	11/2016	13,704.29CR
37	11/2016	3,361.82CR
53	11/2016	4,665.94CR
=====		
ALL		82,106.97CR

TOTAL ERRORS: 0

TOTAL WARNINGS: 0

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
002112	ADVANCE INSURANCE COMPANY I-NOV 16 LIFE INS	ADVANCE INSURANCE COMPANY	D	12/09/2016		298.96CR	000000	298.96
003431	BLUE CROSS/BLUE SHIELD OF I-NOV 16 HEALTH INS	BLUE CROSS/BLUE SHIELD OF	D	12/09/2016		73,127.25CR	000000	73,127.25
013110	KANSAS DEPARTMENT OF I-OCT 16 SALES TAX	KANSAS DEPARTMENT OF	D	12/09/2016		2,225.90CR	000000	2,225.90
032034	VALNET TELECOMMUNICATIONS I-793088	VALNET TELECOMMUNICATIONS	D	12/09/2016		113.22CR	000000	113.22
032855	WESTAR ENERGY I-ELECT 11/2016	WESTAR ENERGY	D	12/09/2016		39,763.28CR	000000	39,763.28
033052	ATMOS ENERGY I-GAS BILLS 11/2016	ATMOS ENERGY	D	12/09/2016		7,811.44CR	000000	7,811.44
033148	CABLE ONE I-CABLE 11/2016	CABLE ONE	D	12/09/2016		1,616.93CR	000000	1,616.93
035464	CONOCO-PHILLIPS FLEET SERVICES I-47794788	CONOCO-PHILLIPS FLEET SERVICES	D	12/09/2016		178.02CR	000000	178.02
036007	HEARTLAND ACQUISITION LLC I-000080	HEARTLAND ACQUISITION LLC	D	12/09/2016		16.00CR	000000	16.00
034940	PHIL'S PAINT & BODY I-CK#57536	PHIL'S PAINT & BODY	H	12/09/2016		1,975.00CR	057536	1,975.00
035478	LOCHNER I-C00010835-C03	LOCHNER	H	12/09/2016		44,413.06CR	057537	44,413.06
036775	GCC ENTERPRISES I-32000360222016-02	GCC ENTERPRISES	H	12/09/2016		257,494.32CR	057538	257,494.32
036281	AT&T U-VERSE I-148192789 - 11/10	AT&T U-VERSE	H	12/09/2016		93.95CR	057539	93.95
333395	WALMART COM - PARK I-STMT 11/3/16	WALMART COM - PARK	H	12/09/2016		1,340.92CR	057688	1,340.92

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
035516	WALMART COM - WTR I-STMT 11/03/16	WALMART COM - WTR	H	12/09/2016		625.37CR	057689	625.37
033568	GALAXIE BUSINESS I-STMT 10/31/16	GALAXIE BUSINESS	H	12/09/2016		11,076.10CR	057690	11,076.10
036786	HEATHER BRYANT I-FOOD - WTR CRISIS	HEATHER BRYANT	H	12/09/2016		359.39CR	057691	359.39
002100	A.W.O.L. I-12/2016-STATEMENT	FUNDING	R	12/09/2016		2,000.00CR	057718	2,000.00
019370	AIRGAS MID SOUTH, INC. I-9057066305 I-9057156824 I-9057433647 I-9057618349	AIRGAS MID SOUTH, INC. AIRGAS MID SOUTH, INC. AIRGAS MID SOUTH, INC. AIRGAS MID SOUTH, INC.	R R R R	12/09/2016 12/09/2016 12/09/2016 12/09/2016		16.87CR 109.37CR 97.81CR 165.13CR	057719 057719 057719 057719	 389.18
002510	ASHCRAFT TIRE COMPANY INC I-0011054 I-0011064 I-0011101 I-0011122 I-0011129 I-0011209 I-10978 I-11106 I-11107 I-11224	ASHCRAFT TIRE COMPANY INC ASHCRAFT TIRE COMPANY INC ASHCRAFT TIRE COMPANY INC ASHCRAFT TIRE COMPANY INC ASHCRAFT TIRE COMPANY INC ASHCRAFT TIRE COMPANY INC 603 BATTERIES 507 TIRE FLAT 104 WHEEL BALANCES	R R R R R R R R R R	12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016		659.28CR 145.36CR 283.13CR 169.39CR 224.15CR 1,507.19CR 299.90CR 102.50CR 18.11CR 111.78CR	057720 057720 057720 057720 057720 057720 057720 057720 057720 057720	 3,520.79
035889	AT&T I-#6203362810-6508	911 ACCT 6203362810	R	12/09/2016		150.84CR	057721	150.84
035990	AT&T I-#0577228814-001	911 ACCT 0577228814-001	R	12/09/2016		27.22CR	057722	27.22
034736	AT&T MOBILITY I-287259440768X11272	AT&T MOBILITY	R	12/09/2016		1,560.82CR	057723	1,560.82
002570	AUTO ZONE I-1605164043/167211 I-1605172192	AUTO ZONE IPD-WIPERS FOR UNIT	R R	12/09/2016 12/09/2016		47.24CR 42.98CR	057724 057724	 90.22

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
036366	BANK OF AMERICA I-40 201611182344	811-513-72/4382690-STANDRIDGE	R	12/09/2016		50.00CR	057725	50.00
036634	BAY BRIDGE ADMINISTRATORS, LLC I-201611212348	SEC 125 BENEFITS	R	12/09/2016		1,656.66CR	057726	1,656.66
030075	BARBARA S. BEURSKENS I-STATEMENTS 11/2016 I-STATEMENTS 11/28 I-STATEMENTS 11/29 I-STATEMENTS/11-16	REIMBURSEMENTS REIMBURSEMENTS REIMBURSEMENTS REIMBURSEMENTS	R	12/09/2016 12/09/2016 12/09/2016 12/09/2016		70.63CR 38.00CR 13.75CR 4.50CR	057727 057727 057727 057727	 126.88
032689	BARRY C. BEURSKENS I-STMT 10-30-16	HAY	R	12/09/2016		200.00CR	057728	200.00
036718	BILL'S ELECTRIC, INC I-0050988-IN	BILL'S ELECTRIC, INC	R	12/09/2016		440.00CR	057729	440.00
035073	BLANKINSHIP ELECTRIC I-612	GATE REPAIR	R	12/09/2016		4,519.00CR	057730	4,519.00
003460	BOUND TREE MEDICAL LLC I-82325071 I-82335751 I-82336575	BOUND TREE MEDICAL LLC BOUND TREE MEDICAL LLC BOUND TREE MEDICAL LLC	R	12/09/2016 12/09/2016 12/09/2016		12.20CR 1,059.40CR 216.96CR	057731 057731 057731	 1,288.56
036296	CATZ EMBROIDERY I-67	APPLY PATCHES/ALTER 210	R	12/09/2016		75.00CR	057732	75.00
004497	JEFF CHUBB - C/O SCOVEL, I-12/2016-STATEMENT	CITY ATTORNEY'S FEES	R	12/09/2016		4,350.00CR	057733	4,350.00
004640	CITY OF INDEP-PETTY CASH I-REIMB 12/02/16	CITY OF INDEP-PETTY CASH	R	12/09/2016		233.77CR	057734	233.77
032159	CJ'S THREADS I-14471	CJ'S THREADS	R	12/09/2016		52.00CR	057735	52.00
034269	CLASS LTD I-002387	CUSTODIAL LABOR	R	12/09/2016		564.00CR	057736	564.00
036467	COFFEYVILLE REGIONAL MEDICAL CENTER I-G68201611182344	CS#2012CV0044C-LEPLEY	R	12/09/2016		243.62CR	057737	243.62

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
036000	LYDIA F COLLINS I-PRIZES FOR BINGO	LYDIA F COLLINS	R	12/09/2016		300.00CR	057738	300.00
030090	DAVID J. COWAN I-11222016 I-11302016 I-12022016 I-7196666	DAVID J. COWAN DAVID J. COWAN DAVID J. COWAN DAVID J. COWAN	R	12/09/2016 12/09/2016 12/09/2016 12/09/2016		249.30CR 274.72CR 56.04CR 40.44CR	057739 057739 057739 057739	620.50
005065	CROWN PRODUCTS, INC. OF KANSAS I-132416	FUEL FILTERS/FARM	R	12/09/2016		1,493.30CR	057740	1,493.30
036716	DON W CUSHING JR. I-P EF - ASBESTOS	DON W CUSHING JR.	R	12/09/2016		34.78CR	057741	34.78
036349	D & A ELECTRICAL SYSTEMS, LLC I-160769	GATE REPAIR	R	12/09/2016		556.93CR	057742	556.93
032103	DOLLAR GENERAL CORPORATION I-1000572257	DOLLAR GENERAL CORPORATION	R	12/09/2016		5.00CR	057743	5.00
006670	DOWNING SALES & I-062010	SWITCHES	R	12/09/2016		114.75CR	057744	114.75
032819	EASYLINK SERVICES I-04384921611	EASYLINK SERVICES	R	12/09/2016		100.00CR	057745	100.00
022155	EMERT, CHUBB & GETTLER, LLC I-12/2016-STATEMENT	MUNICIPAL COURT PROSECUTOR	R	12/09/2016		2,581.57CR	057746	2,581.57
007170	CHARLES L. EMPSON, M.D.,P I-12/2016-STATEMENT	EMS DIRECTOR/CITY PHYSICIAN	R	12/09/2016		500.00CR	057747	500.00
035115	EXPRESS EMPLOYMENT I-18055252-3/CEM I-18101847-4/CEM I-18101847-4SAN I-18101847-4STREET I-181123700-9/CEM I-18123700-9STREET I-18144354-0STREET	EXPRESS EMPLOYMENT EXPRESS EMPLOYMENT LABOR LABOR EXPRESS EMPLOYMENT LABOR LABOR	R	12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016		1,735.20CR 1,605.06CR 2,291.92CR 1,350.38CR 1,388.16CR 1,107.75CR 1,368.28CR	057748 057748 057748 057748 057748 057748 057748	10,846.75

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
008030	FEDEX I-5-606-81420	FEDEX	R	12/09/2016		27.08CR	057749	27.08
035748	FIRE X INC. I-STMT 11/1/16	FIRE X INC.	R	12/09/2016		364.00CR	057750	364.00
036569	FOX AUTO DETAIL I-00321	FOX AUTO DETAIL	R	12/09/2016		225.00CR	057751	225.00
009030	GADES SALES COMPANY INC. I-0069917-IN	LED LIGHTS	R	12/09/2016		218.71CR	057752	218.71
033568	GALAXIE BUSINESS I-STMT 11/30/16	GALAXIE BUSINESS	R	12/09/2016		6,061.00CR	057753	6,061.00
009050	GALLS AN ARAMARK CO., LLC I-006077988-Goza	GOZA PAYROLL DED BOOTS	R	12/09/2016		191.92CR	057754	191.92
009230	GILMORE & BELL I-36293	GILMORE & BELL	R	12/09/2016		900.00CR	057755	900.00
033059	REBECCA HAMILTON I-X-MAS TREE DECOR	REBECCA HAMILTON	R	12/09/2016		84.68CR	057756	84.68
036629	HENRY SCHEIN I-35958691 I-35959021	HENRY SCHEIN HENRY SCHEIN	R R	12/09/2016 12/09/2016		637.02CR 64.24CR	057757 057757	701.26
010440	HUGO'S INDUSTRIAL SUPPLY I-155658 I-161322 I-161344 I-161975 I-162037 I-162321 I-162421 I-STMT 11/2016	WIPES CLEANER, SPRAY CLEANING SUPPLIES HUGO'S INDUSTRIAL SUPPLY HUGO'S INDUSTRIAL SUPPLY HUGO'S INDUSTRIAL SUPPLY HUGO'S INDUSTRIAL SUPPLY HUGO'S INDUSTRIAL SUPPLY	R R R R R R R R	12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016 12/09/2016		39.53CR 19.39CR 196.43CR 18.56CR 177.31CR 22.38CR 32.52CR 2,604.35CR	057758 057758 057758 057758 057758 057758 057758 057758	3,110.47
011100	ICMA RETIREMENT TRUST - 4 I-15 201611182344	ICMA WITHHELD	R	12/09/2016		25.00CR	057759	25.00
011182	INDEPENDENCE COMMUNITY CO I-83068	INDEPENDENCE COMMUNITY CO	R	12/09/2016		513.39CR	057760	513.39

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
011211	INDEPENDENCE FIRE FIGHTER							
	I-09 201611182344	FIRE INSURANCE WITHHELD	R	12/09/2016		123.82CR	057761	123.82
011180	INDEPENDENCE COMMUNITY							
	I-06 201611182344	COMMUNITY CHEST WITHHELD	R	12/09/2016		13.00CR	057762	13.00
033149	INDEPENDENCE FIREMEN'S							
	I-23 201611182344	FUNDING/FIREMEN'S ASSOCIATION	R	12/09/2016		120.00CR	057763	120.00
033777	INDEPENDENCE GUN CLUB							
	I-12/2016-FEE	MAINTENANCE FEE/RIFLE BERM	R	12/09/2016		69.71CR	057764	69.71
032735	INDEPENDENCE HISTORICAL							
	I-12/2016-FUNDING	FUNDING	R	12/09/2016		1,416.67CR	057765	1,416.67
011215	INDEPENDENCE MAIN STREET							
	I-12/2016-STATEMENT	FUNDING FOR INDEP. MAIN STR.	R	12/09/2016		1,666.67CR	057766	1,666.67
011240	INDEPENDENCE OVERHEAD							
	I-39950	INDEPENDENCE OVERHEAD	R	12/09/2016		100.00CR	057767	100.00
011280	INDEPENDENCE USD 446							
	I-12/2016-STATEMENT	ASH ALLOTMENT	R	12/09/2016		2,000.00CR	057768	2,000.00
036703	JERRY HARRISON							
	I-Harrison-water emg	DRINKS&ICE-WATER EMERG	R	12/09/2016		22.60CR	057769	22.60
034245	K & L SAFETY PRODUCTS							
	I-680	K & L SAFETY PRODUCTS	R	12/09/2016		233.37CR	057770	233.37
013066	KANSAS ASSOCIATION OF							
	I-120116 order date	2017 MEMBERSHIP FOR 201	R	12/09/2016		80.00CR	057771	80.00
013082	KANSAS BOARD OF EMS							
	I-12012016	KANSAS BOARD OF EMS	R	12/09/2016		170.00CR	057772	170.00
013141	KANSAS DEPARTMENT OF							
	I-2017 AST	REGISTRATION-FUEL TANKS	R	12/09/2016		20.00CR	057773	20.00
032449	KANSAS PAYMENT CENTER							
	I-W16201611182344	MG3D*00095C/KEITH COPITHKE	R	12/09/2016		349.85CR	057774	
	I-W51201611182344	MG02D*000861/0000212235MELTON	R	12/09/2016		161.08CR	057774	
	I-W52201611182344	MG-2013-DM-000003-I-DSCOLTHARP	R	12/09/2016		184.62CR	057774	
	I-W61201611182344	MG04DM00185C/0000252462 LEMOS	R	12/09/2016		59.54CR	057774	755.09

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
013310	KANSAS STATE TREASURER I-REIN FEES 11/2016	KANSAS STATE TREASURER	R	12/09/2016		1,231.46CR	057775	1,231.46
035618	KANSASLAND TIRE WHOLESAL I-262581 & 264111	IPD - TIRES	R	12/09/2016		967.60CR	057776	967.60
036028	MATTHEW KENT I-AMUSE LIC	MATTHEW KENT	R	12/09/2016		5.00CR	057777	5.00
013290	KSFFA I-11292016	KSFFA	R	12/09/2016		50.00CR	057778	50.00
033182	LAKELAND OFFICE SYSTEMS, I-IN130483	LAKELAND OFFICE SYSTEMS,	R	12/09/2016		90.82CR	057779	
	I-IN141001	LAKELAND OFFICE SYSTEMS,	R	12/09/2016		61.65CR	057779	152.47
034168	LAUREL ST BAKERY I-12022016	LAUREL ST BAKERY	R	12/09/2016		135.00CR	057780	135.00
014400	LINNS AIR COOLED ENGINES I-908268	LINE	R	12/09/2016		6.00CR	057781	
	I-908269	FUEL LINE	R	12/09/2016		29.99CR	057781	35.99
015680	MID CONTINENT BAND I-12/2016-STATEMENT	FUNDING	R	12/09/2016		758.34CR	057782	758.34
032556	MIDWEST MINERALS, INC I-146566	ROCK	R	12/09/2016		386.34CR	057783	386.34
035290	MONTGOMERY COUNTY I-5419	MONTGOMERY COUNTY	R	12/09/2016		148.00CR	057784	148.00
035074	NEOSHO MEMORIAL REGIONAL MED CNTR I-G71201611182344	2016-LM-000251 HELKENBERG	R	12/09/2016		333.34CR	057785	333.34
035913	NEWTONS TRUE VALUE I-11282016	NEWTONS TRUE VALUE	R	12/09/2016		81.97CR	057786	
	I-11292016	NEWTONS TRUE VALUE	R	12/09/2016		15.74CR	057786	
	I-STMT 11/2016	NEWTONS TRUE VALUE	R	12/09/2016		1,334.35CR	057786	1,432.06
018120	O'REILLY AUTO PARTS I-0154-138991	WIPER BLADES	R	12/09/2016		32.12CR	057787	
	I-0154-139853	DEF FLUID	R	12/09/2016		11.99CR	057787	
	I-0154-140248	BLADES	R	12/09/2016		12.86CR	057787	
	I-0154-141001	CLAMP	R	12/09/2016		3.39CR	057787	
	I-0154-141104	OIL	R	12/09/2016		10.72CR	057787	
	I-136600/136627/1389	O'REILLY AUTO PARTS	R	12/09/2016		105.79CR	057787	176.87

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
036300	OFFICE OF THE STATE FIRE MARSHAL I-454036	OFFICE OF THE STATE FIRE MARSH	R	12/09/2016		60.00CR	057788	60.00
034187	PACIFIC TELEMAGEMENT- JAROTH, INC. I-881417	PACIFIC TELEMAGEMENT- JAROTH	R	12/09/2016		78.00CR	057789	78.00
032320	PASSAUER, MIKE I-QUIKTRIP#00062	PASSAUER, MIKE	R	12/09/2016		25.00CR	057790	25.00
003230	PHILIP J. BERNHART I-T RAU 16-0531	PHILIP J. BERNHART	R	12/09/2016		200.00CR	057791	200.00
032321	PITNEY BOWES I-MTR FILL 12/05/16	PITNEY BOWES	R	12/09/2016		1,000.00CR	057792	1,000.00
019425	POSITIVE PROMOTIONS I-05599974	POSITIVE PROMOTIONS	R	12/09/2016		8.42CR	057793	8.42
036753	PRO CARPET BUILDING SERVICES, LLC I-12/2016-STATEMENT	JANITORIAL SERVICE - BLDG D	R	12/09/2016		1,180.00CR	057794	1,180.00
033732	QUEST DIAGNOSTICS I-9167838400	QUEST DIAGNOSTICS	R	12/09/2016		52.74CR	057795	52.74
020030	QUILL CORPORATION I-1631940 I-2073181	QUILL CORPORATION QUILL CORPORATION	R R	12/09/2016 12/09/2016		499.95CR 234.95CR	057796 057796	 734.90
036396	RANDY MELLEN I-SANTA @ BANQUET	RANDY MELLEN	R	12/09/2016		100.00CR	057797	100.00
036628	RICKS RIBS & BBQ I-0277 on 120116	IPD-QUARTERLY FISH MTG	R	12/09/2016		265.00CR	057798	265.00
022110	SAYERS ACE HARDWARE INC. I-021332 I-K32165 I-STMT 11/2016	TWIST TIE ROLLS-NEEWOLLAH CABLE TIES SAYERS ACE HARDWARE INC.	R R R	12/09/2016 12/09/2016 12/09/2016		14.36CR 12.99CR 254.83CR	057799 057799 057799	 282.18
036207	SECURITY BENEFIT I-201611212347 I-201611212349	RETIREMENT CONTRIBUTIONS RETIREMENT CONTRIBUTIONS	R R	12/09/2016 12/09/2016		8,506.36CR 5,708.57CR	057800 057800	 14,214.93

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
022400	SHERWIN WILLIAMS I-4745-2	ROLLERS	R	12/09/2016		12.38CR	057801	12.38
036563	SHRED-IT USA, LLC I-8121184165	IPD SHRED SVC 101916	R	12/09/2016		112.28CR	057802	112.28
036610	SHRUMARD PROPERTIES LLC I-42 201611182344	COLTHARP HOUSE PAYMENT	R	12/09/2016		240.00CR	057803	240.00
036788	SMITH'S AUTO & TRUCK REPAIR I-1312	SMITH'S AUTO & TRUCK REPAIR	R	12/09/2016		637.87CR	057804	637.87
036785	SPECIES 360 I-170332	2017 MEMBERSHIP	R	12/09/2016		546.00CR	057805	546.00
035859	JOSHUA C STANDRIDGE I-11182016 I-11282016 I-11292016	JOSHUA C STANDRIDGE JOSHUA C STANDRIDGE JOSHUA C STANDRIDGE	R R R	12/09/2016 12/09/2016 12/09/2016		12.12CR 553.44CR 142.28CR	057806 057806 057806	707.84
035270	STAR LUBE AUTO I-67012 I-67149 I-67834	OIL CHANGE - 2007 CHEV STAR LUBE AUTO STAR LUBE AUTO	R R R	12/09/2016 12/09/2016 12/09/2016		40.49CR 34.99CR 62.49CR	057807 057807 057807	137.97
032898	STERICYCLE, INC. I-4006703140	STERICYCLE, INC.	R	12/09/2016		258.75CR	057808	258.75
033644	TOUCHTONE COMMUNICATIONS I-6203322500 12/02	TOUCHTONE COMMUNICATIONS	R	12/09/2016		72.73CR	057809	72.73
024660	TWIGS FLORAL & GIFTS I-131374	REDDY FUNERAL	R	12/09/2016		49.95CR	057810	49.95
035800	VIEVU I-17866	RECOVER DISC AND REPAIR	R	12/09/2016		619.00CR	057811	619.00
026097	VOLZ WELDING AND MACHINE I-11765 I-11778	SWEEPER REPAIR DUMPSTER REPAIR	R R	12/09/2016 12/09/2016		2,088.36CR 311.35CR	057812 057812	2,399.71
036787	GARY WALTERS I-AMB - WALTERS	GARY WALTERS	R	12/09/2016		495.51CR	057813	495.51

PACKET: 18378 Regular Payments - 12/09/16

VENDOR SET: 01

BANK : AP Community National Bank

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
035391	MICKY N WEBB - LIFE INSURANCE							
	I-12/2016-LIFE INS	LIFE INSURANCE PREMIUMS	R	12/09/2016		83.09CR	057814	83.09
027530	WOODS LUMBER COMPANY							
	I-240342	LIGHT BULBS	R	12/09/2016		17.96CR	057815	
	I-241428	PADLOCK	R	12/09/2016		9.99CR	057815	
	I-243566	WOODS LUMBER COMPANY	R	12/09/2016		139.99CR	057815	
	I-52819	WOODS LUMBER COMPANY	R	12/09/2016		107.00CR	057815	
	I-STMT 11/2016	WOODS LUMBER COMPANY	R	12/09/2016		2,999.68CR	057815	3,274.62

* * T O T A L S * *	NO#	DISCOUNTS	CHECK AMT	TOTAL APPLIED
REGULAR CHECKS:	98	0.00	91,566.92	91,566.92
HANDWRITTEN CHECKS:	8	0.00	317,378.11	317,378.11
PRE-WRITE CHECKS:	0	0.00	0.00	0.00
DRAFTS:	9	0.00	125,151.00	125,151.00
VOID CHECKS:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
CORRECTIONS:	0	0.00	0.00	0.00
REGISTER TOTALS:	115	0.00	534,096.03	534,096.03

TOTAL ERRORS: 0

TOTAL WARNINGS: 0

PACKET: 18378 Regular Payments - 12/09/16

VENDOR SET: 01

BANK : AP Community National Bank

VENDOR	NAME / I.D.	DESC	CHECK TYPE	CHECK DATE	DISCOUNT	AMOUNT	CHECK NO#	CHECK AMOUNT
--------	-------------	------	---------------	---------------	----------	--------	--------------	-----------------

** POSTING PERIOD RECAP **

FUND	PERIOD	AMOUNT
01	12/2016	169,782.95CR
08	12/2016	5,328.06CR
17	12/2016	1,591.37CR
23	12/2016	257,494.32CR
26	12/2016	3,941.49CR
31	12/2016	13,338.08CR
32	12/2016	44,413.06CR
33	12/2016	23,317.41CR
37	12/2016	8,070.88CR
40	12/2016	70.63CR
44	12/2016	2,000.00CR
49	12/2016	109.66CR
53	12/2016	4,562.06CR
57	12/2016	20.46CR
64	12/2016	55.60CR
=====		
ALL		534,096.03CR

ORDINANCE NO P - 1744

An ordinance making appropriation for the payment of certain claims. Be it ordained by the City Council of the City of Independence.

Section 1. That in order to pay the claims herein stated which have been properly audited and approved. There is hereby appropriated out of the respective funds in the City Treasury the sum for each claim.

Section 2. That this ordinance shall take effect and be in full force from and after its passage.

Approved this 8th Day of December 2016.

_____ Mayor

Attest _____ City Clerk

Ordinance #P - 1744
\$ 131,498.53

- b. Consider minutes of the November 10, 22, 23 (2) and 25, 2016 City Commission meetings [CITIZENS].**

Minutes of the Independence City Commission's November 10, 2016 Meeting.

The Independence City Commission met on November 10, 2016 at 5:30pm in the Veterans Room at Memorial Hall. Mayor Gary Hogsett, Commissioner Leonhard Caflisch, and Commissioner Fred Meier were present,

City Staff

Micky Webb, City Manager
Kelly Passauer, Assistant City Manager
Brenda Weaver, Deputy City Clerk
Mike Passauer, Public Works Director

Visitors

Gene Carlson	Paul and Carol Fairbank
Daniel Turr	Lonnie Gorman
Charlotte Caflisch	Debbie Miller
Mike Craig	Pat Bride
Jennifer Beurskens	Louis Ysusi
Jeff Weimer	Judy Ysusi
Larry Weimer	Ned Stichman
Jacob Everitt	Mary Jo Meier
Jerry Bright	Joseph Wynn
Jon Risner	

Appointments

Library Board of Trustees – 1 Resignation – Applications extended to November 18, 2016

Adoption of the Consent Agenda

a. Appropriations

1. A-1778

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Caflisch, the commission approved A-1778 for \$956,398.49.

Aye: Caflisch, Hogsett, Meier

Nay: None

2. P-1742

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Caflisch, the commission approved P-1742 for \$128,689.05.

Aye: Caflisch, Hogsett, Meier

Nay: None

- b. Consider minutes of the October 26, 2016 City Commission meeting [CITIZENS].

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Caflisch, the commission approved the minutes of the October 26, 2016 City Commission meeting.

Aye: Caflisch, Hogsett, Meier

Nay: None

- c. Consider proclaiming November 26, 2016 as Small Business Saturday [BUSINESS & INDUSTRY].

Attached is a proclamation requested by Main Street declaring November 26, 2016 as Small Business Saturday. They requested this item be added to the consent agenda. City staff recommends approval.

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Caflisch, the commission approved the proclamation declaring November 26, 2016 as Small Business Saturday.

Aye: Caflisch, Hogsett, Meier

Nay: None

- d. Consider a resolution of support for a tax credit housing project applied for by Cohen Esrey Affordable Partners, LLC for 300 East Myrtle Street [CITIZENS/QUALITY OF LIFE SYSTEMS].

Attached is a resolution of support and narrative for the proposed tax credit housing project for the former Washington School building. City staff recommends approval.

Motion:

On the motion of Commissioner Caflisch, seconded by Mayor Hogsett, the commission adopted Resloution 2016-062 supporting a tax credit housing project applied for by Cohen Esrey Affordable Partners, LLC for 300 East Myrtle Street.

Aye: Caflisch, Hogsett, Meier

Nay: None

- e. Consider a request from Relay for Life to hold a 5K Run at Riverside Park on November 19, 2016 from 8 AM until 10 AM [CITIZENS].

Attached is a request from Relay for Life, represented by Debra Caldwell to hold a 5K Run in the park on November 19, 2016 from 8 AM until 10 AM. They originally wanted to hold it in the afternoon, however, in checking with staff several buildings were checked out that day and shutting down park streets would limit access to those facilities. City staff recommends authorizing the run pending coordination with the Park and Zoo Director and obtaining special event insurance.

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Caflisch, the commission authorized the run pending coordination with the Park and Zoo Director and obtaining special event insurance.

Aye: Caflisch, Hogsett, Meier

Nay: None

- f. Consider awarding a contract to DBI for construction and installation of the new AWOS III PT at the Independence Municipal Airport [BUSINESS & INDUSTRY].

Attached is a memo and documentation relating to awarding the installation of the new AWOS III PT system at the Independence Municipal Airport. The total project cost is \$165,000, with the City share being \$16,500. City staff recommends awarding the contract to DBI.

Motion:

On the motion of Commissioner Caflisch, seconded by Mayor Hogsett, the commission awarded the contract to DBI for construction and installation of the new AWOS III PT at the Independence Municipal Airport.

Aye: Caflisch, Hogsett, Meier

Nay: None

- g. Consider accepting a TBRA grant in the amount of \$90,000 [CITIZENS/QUALITY OF LIFE SYSTEMS].

The Independence Housing Authority applied for and received a Tenant Based Rental Assistance Grant in the amount of \$90,000. City staff recommends accepting the grant and authorizing signing any related documents.

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Caflisch, the commission accepted the grant and authorized signing any related documents.

Aye: Caflisch, Hogsett, Meier

Nay: None

Public Hearing

- h. Public hearing to consider condemnation of 309 Cypress as dangerous and unsafe [CITIZENS].

After the public hearing, the Commission will need to determine if they wish to proceed with condemnation. If so, the motion would be to adopt a resolution condemning the property and providing a certain number of days to diligently pursue repair or removal.

The Mayor opened the public hearing.

The building inspector presented the background on this property, noting that it does not pass an HQS inspection.

Gene Carlson, property owner, addressed the commission regarding the property.

April Nutt explained that the house was not actually condemned because the previous owner had signed a document allowing removal.

The Mayor closed the public hearing.

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the commission adopted Resolution 2016-063 condemning 309 Cypress as dangerous and unsafe.

Aye: Hogsett, Meier

Nay: Caflisch

Items for Commission Action

- i. Consider bids received for removal of the following previously condemned properties [CITIZENS]:
 - 1. 508 S. 16th
 - 2. 804 W. Main
 - 3. 601 S. 1st
 - 4. 609 E. Poplar
 - 5. 625 N. 16th

Minutes of the Independence City Commission's November 10, 2016 Meeting.

The City received bids for removal of the above properties on November 3, 2016. Only one bidder, JRB, provided bids as follows:

Address	JRB
508 S 16th	\$5,800.00
804 W Main	\$5,800.00
601 S 1st	\$3,200.00
609 E Poplar	\$3,400.00
625 N 16th	\$3,800.00
Total	\$22,000.00

City staff recommends awarding the bids to JRB as noted in the above table.

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Caflisch, the commission awarded the bid for 508 S 16th to JRB for \$5,800 .

Aye: Hogsett, Meier, Caflisch

Nay: None

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the commission tabled discussion on the bid for demolition of 804 W Main.

Aye: Hogsett, Meier, Caflisch

Nay: None

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission awarded the bid for 601 S 1st to JRB for \$3,200 .

Aye: Hogsett, Meier, Caflisch

Nay: None

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the commission awarded the bid for 609 E Poplar to JRB for \$3,400 .

Aye: Hogsett, Meier, Caflisch

Nay: None

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission awarded the bid for 625 N 16th to JRB for \$3,800 .

Aye: Hogsett, Meier, Caflisch

Nay: None

- j. Consider setting the date of January 26, 2017 for public hearings to consider condemnation of the following properties as dangerous and unsafe:

1. 909 E. Hill
2. 412 N. 19th

The Building Inspector will review the above properties at the meeting for consideration of setting public hearings to consider condemnation as dangerous and unsafe.

Motion:

On the motion of Commissioner Meier, seconded by Commissioner Caflisch, the commission adopted Resolution 2016-060, setting the date of January 26, 2017 for a public hearing to consider condemning 909 E. Hill as dangerous and unsafe.

Aye: Hogsett, Meier, Caflisch

Nay: None

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission adopted Resolution 2016-061, setting the date of January 26, 2017 for a public hearing to consider condemning 412 N. 19th as dangerous and unsafe.

Aye: Hogsett, Meier, Caflisch

Nay: None

- k. Consider final assessed valuation and final mill levy [CITIZENS].

Attached is a memo from the Finance Director/City Clerk regarding her recommendation regarding the final assessed valuation and final mill levy.

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission approved the final mill levy .

Aye: Hogsett, Meier, Caflisch

Nay: None

- l. Consider a request to override the State Historic Preservation Office for a project at 117 N. Penn in the downtown historic district [BUSINESS & INDUSTRY/CITIZENS].

Attached is a letter from Jennie Chinn, State Historic Preservation Officer (SHPO) in regards to the review of a project to alter and/or improve a contributing building in the Downtown Historic District which is on the National Register. The property owner is requesting that the Commission consider overriding the SHPO. In order to do that, after investigation and a public hearing the Independence City Commission must find no alternatives and verifies that all planning has been done to minimize harm to this building and its neighbors. The city is then required to give five days' notice of such determination to the SHPO before issuing the permit for work.

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the commission considered all relevant factors and there is no reasonable or prudent alternative to the proposal and planning has been done to minimize harm to this building and its neighbors.

Aye: Hogsett, Meier, Caflisch

Nay: None

- m. Consider quotes received for replacement of the heating system at the Independence Municipal Airport round top hangar [CITIZENS].

Attached is an email recommendation from Sean Clapp of Heckman & Associates and a copy of the quotes received to replace the heating system at the round top which has recently been leased out to a new business.

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the commission approved the bid for the radiant tube heaters for the round top hangar.

Aye: Hogsett, Meier, Caflisch

Nay: None

- n. Consider an agreement with Mike Conway to purchase one acre in the West Laurel Industrial Park with an option for a 2nd acre [CITIZENS/BUSINESS & INDUSTRY].

Attached is an agreement prepared by the City Attorney for sale of one acre in the West Laurel Industrial Park with an option to purchase a second acre at a later date. The City Attorney will review the agreement at the meeting.

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the commission approved the agreement with Mike Conway to purchase one acre in the West Laurel Industrial Park with an option for a 2nd acre.

Aye: Hogsett, Meier, Caflisch

Nay: None

- o. Consider an agreement to replace the Ash Center Roof due to hail damage [CITIZENS/EDUCATION].

Attached is an email narrative from Sean Clapp of Heckman & Associates regarding replacement of the Ash Center Roof due to hail damage. As the Commission is aware, the City entered into an interlocal agreement many years ago with the school district and Recreation Commission to share expenses relating to the Ash Center. We will review this project in further detail at the meeting.

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission approved the bid submitted by Wray Roofing contingent upon the school district and Recreation Commission approving their portions of the project.

Aye: Hogsett, Meier, Caflisch

Nay: None

Reports

- p. Report on sales tax [BUSINESS & INDUSTRY].

Attached is the latest sales tax report.

- q. Update on City projects [CITIZENS].

City staff will provide updates on City projects.

The City Manager reported that the rate study is being updated due to a staff error that excluded all outside of the city accounts.

Downtown trees are in progress, but it has been recommended to wait until after the first frost.

Water line project for Labette Health – we have encountered more rock than we expected, and may have to rent equipment to help us get through that.

Newspaper wanted to know if we would like to do a thank you to all city employees who helped on the festival and invited the Commission to be part of that as well.

- r. Report on City board minutes [CITIZENS].

Attached are minutes from the October 18, 2016 Recreation Commission meeting.

Commission Comments

- Commissioner Cafilisch – wondered if we have revised costs for operating building D or new budget to look at.
- Mayor Hogsett would like to discuss the agreement with Treanor.

Public Concerns

Debbie Miller – Last week, she obtained from the District Court a copy of the summary order related to sewer district 2. Two things should be of great concern to any commissioner. First, Judge Collins noted the city was unable to provide information relevant to the case. Earlier this year, she filed 2 Open Records complaints against the City. She now has 14 more complaints and have recently retained an attorney to explore the possibility of filing a civil suit against the city. Secondly, for the last 5 years, the city has raised the water and sewer rates 5 percent for a compounded rate of over 27 percent. State law imposes a mandatory duty to establish and set reasonable rates. The judge noted the City has not done that. For the last 5 years, the City has violated our rates and our laws when setting those rates. These ill gotten revenues have been moved from the water department to the general fund. We now have a \$3 million dollar bill to repair water facilities which should have been maintained. We are facing the same issue with City hall. We have endured a City government that has been poorly, and sometimes illegally, run for the last 6 years. Please do not renew Micky Webb's contract. No one should have to endure a city government that is poorly run.

Executive Session(s)

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission called a 15 minute executive session according to Kansas Statue 75-4319 (b) (2) for the purpose of consultation with an attorney

for the body or agency which would be deemed privileged in the attorney-client relationship, to end at 7:30. The executive session included Mayor Hogsett, Commissioner Meier, Commissioner Caflisch, Micky Webb, Kelly Passauer, Jeff Chubb.

Aye: Caflisch, Meier, Hogsett

Nay: None

Mayor Hogsett called the meeting to order at 7:30.

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission called a 20 minute executive session according to Kansas Statue 75-4319 (b) (1) for the purpose of personnel matters of nonelected personnel, to end at 7:40. The executive session included Mayor Hogsett, Commissioner Meier, and Commissioner Caflisch.

Aye: Caflisch, Meier, Hogsett

Nay: None

Adjournment

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission adjourned the meeting.

Aye: Caflisch, Meier, Hogsett

Nay: None

Gary Hogsett, Mayor

Attest:

Leonhard Caflisch, Commissioner

Jennifer D. Rutledge
Director of Finance/City Clerk

Fred Meier, Commissioner

Minutes of the Independence City Commission's November 22, 2016 Meeting.

The Independence City Commission met on November 22, 2016 at 5:30pm in the Veterans Room at Memorial Hall. Mayor Gary Hogsett, Commissioner Leonhard Caflisch, and Commissioner Fred Meier were present. Others present included:

City Staff

Micky Webb, City Manager
Kelly Passauer, Assistant City Manager
Jennifer Rutledge, Director of Finance/City Clerk
Dave Cowan, Public Safety Director
Jerry Harrison, Police Chief
Don Cushing, Building Inspector
Mike Passauer, Public Works Director

Visitors

Danny Turr	Ned Stichman
Robert Meadows	Dorcas Sutton
Belva Wilson	Jared & Jen Guevitt
CharltonSmith	Mary Jo Meier
Andy McLenon	Jerry Bright
Jon Risner	Patrick McDill
Charlotte Caflisch	Jerry Weim
Lisa Richard	

Call to Order

Pledge of Allegiance to the United States of America

Appointments

Library Board of Trustees – 1 Resignation – Applications extended to November 18, 2016

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission appointed Tom Sewell to the Library Board of Trustees.

Aye: Caflisch, Hogsett, Meier

Nay: None

Adoption of the Consent Agenda

- a. Appropriations

1. A-1779

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Caflisch, the commission approved A-1779 for \$617,659.29.

Aye: Caflisch, Hogsett, Meier

Nay: None

2. P-1743

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the commission approved P-1743 for \$125,733.56.

Aye: Caflisch, Hogsett, Meier

Nay: None

Public Hearing

- b. Public hearing for North Penn Revitalization district (adjourned from a previous meeting) [CITIZENS].

This hearing was adjourned from your October 26, 2016 meeting. Attached is the plan. If the Commission wishes to proceed it is recommended that a motion be made to approve an ordinance adopting the North Penn Revitalization plan and designation of a neighborhood revitalization area; and authorize the Mayor to sign an interlocal agreement.

The Mayor opened the public hearing. The City Manager addressed a question that had been asked previously – stating that the property on Penn just South of the railroad tracks is part of the Downtown Neighborhood Revitalization District. The Mayor closed the public hearing.

Motion:

On the motion of Commissioner Meier, seconded by Commissioner Caflisch, the commission adopted Ordinance 4229 adopting a North Penn Neighborhood Revitalization Plan.

Aye: Caflisch, Hogsett, Meier

Nay: None

Presentation

- c. Presentation of Life Saver Awards to Fire/EMS personnel [CITY EMPLOYEES].

At the meeting Public Safety Director David Cowan will present Life Saver Awards to Fire/EMS personnel who went above and beyond to save lives.

Gary Hogsett presented Life Saver Awards to Chris Furr, Bryson Zimmerman, Chad Merando, and Steve Newton.

Items for Commission Action

- d. Consider a request from FORPAZ to install an electronic sign at Penn & Oak [CITIZENS/QUALITY OF LIFE SYSTEM].

Attached is information from FORPAZ regarding an electronic sign they wish to install on the northeast corner of Penn & Oak. FORPAZ representatives will be available to review their request.

Andy McLennon presented the sign proposal to the commission.

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the commission approved the request to put an electronic sign at Penn & Oak with it being turned over to the City at completion.

Aye: Caflisch, Hogsett, Meier

Nay: None

- e. Consider partnering with the Independence Community Orchard to allow City equipment and personnel to haul off old foundations from their new site at 1400 W. Laurel [CITIZENS/QUALITY OF LIFE SYSTEM].

If the Commission will recall, this is the former Star Mill property which was offered to the City as a donation at a previous meeting. Since the City could not determine any City use of the property the City did not accept the donation. Since that time the Independence Community Orchard has acquired the property. We have received a request for assistance from the Independence Community Orchard to allow City staff to assist them with hauling off old foundations from this site at 1400 W. Laurel.

Motion:

On the motion of Commissioner Caflisch, seconded by Commissioner Meier, the commission authorized use of a City dump truck to haul debris from 1400 W Laurel to a disposal site selected by the Community Orchard.

Aye: Caflisch, Hogsett, Meier

Nay: None

- f. Consider reviewing the condition of the following previously condemned structures [CITIZENS]:
1. 201 E. Main – has a new owner, Family of Christ Church.
 2. 624 N. 17th – has a new owner, Charlton Smith.
 3. 321 S. 14th –

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the commission authorized City Staff to set a date to receive bids for removal of 321 S. 14th.

Aye: Caflisch, Hogsett, Meier

Nay: None

City staff will review with the Commission the above previously condemned structures.

- g. Consider scheduling a worksession with TreanorHL regarding scope of services [CITIZENS].

City staff was directed to get feedback from each Commissioner to forward to TreanorHL to assist them in finalizing a scope of work. City staff has received such feedback from two of the three Commissioners. City staff recommends setting a worksession with TreanorHL to work out the scope of services so this project can move forward. City staff and Andrew Pitts with TreanorHL would be available for a late afternoon or evening worksession on Wednesday, November 30; Monday, December 5; or Thursday, December 8, 2016. Since the Commission already has a Commission meeting scheduled for December 8, 2016 at 5:30 PM you may wish to hold the worksession prior to regular meeting if you prefer not to be tied up another evening.

Motion:

On the motion of Commissioner Caflisch, seconded by Mayor Hogsett, the commission set a meeting with TreanorHL at 5:00pm on Thursday, December 8, 2016.

Aye: Caflisch, Hogsett, Meier

Nay: None

- h. Consider steps to protect the City water supply.

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission adopted Resolution 2016-065 declaring a water emergency and staff will implement the existing plan.

Aye: Caflisch, Hogsett, Meier

Nay: None

- i. Consider a request to override the State Historic Preservation Office for a project at 117 N Penn in the Downtown Historic district.

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the approved the request to override the State Historic Preservation Office based on all relevant factors and that there is no feasible or prudent alternative that is viable and economical for the proposed project.

Aye: Caflisch, Hogsett, Meier

Nay: None

Reports

- j. Update on City projects [CITIZENS].

City Manager Micky Webb will provide an update on City projects.

City Manager told the commission that the City has applied for a grant for an aerial, that Kelly Aerospace has asked for the City to partner with them for more work on the Roundtop, and provided an update on the apparatus bay.

- k. Report on City board minutes [CITIZENS].

Attached are the approved August 16, 2016 minutes of the Tree Board and the unapproved November 16, 2016 Independence Recreation Commission meetings.

Commission Comments

Public Concerns

Executive Session(s)

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the commission called a 20 minute executive session according to Kansas Statue 75-4319 (b) (1) for the purpose of personnel matters of nonelected personnel, to end at 7:20. The executive session included Mayor Hogsett, Commissioner Meier, Commissioner Caflisch.

Aye: Caflisch, Meier, Hogsett

Nay: None

The Mayor called the meeting to order at 7:40.

City Staff clarified that the water emergency status currently means that businesses will be notified that we are conservation mode.

Adjournment

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission adjourned the meeting.

Aye: Caflisch, Meier, Hogsett

Nay: None

Gary Hogsett, Mayor

Leonhard Caflisch, Commissioner

Fred Meier, Commissioner

Attest:

Jennifer D. Rutledge
Director of Finance/City Clerk

Minutes of the Independence City Commission's November 23, 2016 Special Meeting.

The Independence City Commission met on November 23, 2016 at 10:30am in the Municipal Courtroom at Temporary City Hall. Mayor Gary Hogsett, Commissioner Leonhard Caflisch, and Commissioner Fred Meier were present. Others present included:

City Staff

Micky Webb, City Manager
Kelly Passauer, Assistant City Manager
Jennifer Rutledge, Director of Finance/City Clerk
Dave Cowan, Public Safety Director
Jerry Harrison, Police Chief
Don Cushing, Building Inspector
Mike Passauer, Public Works Director
Terry Lybarger, Utilities Director
April Nutt, Housing Director
Rick Whitson, Fire Captain

Visitors

Scott Barnhart, MG Co LEPP	Steve Harsha, KDEM
Shawn Wallis, EM	Bobby Dierks
Jeff Welshans, KDEM	Phillip Chappuie

Call to Order

Items for Commission Action

- a. Consider taking action for a City Wide Water Emergency.

Motion:

On the motion of Commissioner Meier, seconded by Commissioner Caflisch, the commission restricted all water use to only life-sustaining uses until further notice.

Aye: Caflisch, Meier, Hogsett

Nay: None

Adjournment

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission adjourned the meeting.

Aye: Caflisch, Meier, Hogsett

Nay: None

Minutes of the Independence City Commission's November 23, 2016 Special Meeting.

Gary Hogsett, Mayor

Leonhard Caflisch, Commissioner

Fred Meier, Commissioner

Attest:

Jennifer D. Rutledge
Director of Finance/City Clerk

Minutes of the Independence City Commission's November 23, 2016 Special Meeting.

The Independence City Commission met on November 23, 2016 at 5:30pm in the Municipal Courtroom at Temporary City Hall. Mayor Gary Hogsett, Commissioner Leonhard Caflisch, and Commissioner Fred Meier were present. Others present included:

City Staff

Micky Webb, City Manager
Kelly Passauer, Assistant City Manager
Jennifer Rutledge, Director of Finance/City Clerk
Dave Cowan, Public Safety Director
Jerry Harrison, Police Chief
Don Cushing, Building Inspector
Mike Passauer, Public Works Director
Terry Lybarger, Utilities Director
April Nutt, Housing Director
Rick Whitson, Fire Captain

Visitors

Scott Barnhart, MG Co LEPP	Doug Anderson
Shawn Wallis, EM	Sharon Malrood
Steve Harsha, KDEM	Linda Spencer
Les Puderbaugh	Charlotte Caflisch
Andy Taylor	Lisa Richard
Jacob Dick	Ron Furnas
Susan Fienen	Janet Tucker
Doug Fienen	Skylar Porter
Darnell Lawrie	Betty Hybarger
Tionne Johnson	Larry McHugh
John Adams	Andy Nallt
Joe Davolt	Lisa Wilson
Jerry Bright	Layne Wilson

Call to Order

Items for Commission Action

- a. Consider taking action for a City Wide Water Emergency.

The City Manager updated the commission on the water emergency.

No Action was taken.

Minutes of the Independence City Commission's November 23, 2016 Special Meeting.

Adjournment

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission adjourned the meeting.

Aye: Caflisch, Meier, Hogsett

Nay: None

Gary Hogsett, Mayor

Leonhard Caflisch, Commissioner

Fred Meier, Commissioner

Attest:

Jennifer D. Rutledge
Director of Finance/City Clerk

Minutes of the Independence City Commission's November 25, 2016 Special Meeting.

The Independence City Commission met on November 25, 2016 at 7:00am in the Municipal Courtroom at Temporary City Hall. Mayor Gary Hogsett, Commissioner Leonhard Caflisch, and Commissioner Fred Meier were present. Others present included:

City Staff

Micky Webb, City Manager
Kelly Passauer, Assistant City Manager
Jennifer Rutledge, Director of Finance/City Clerk
Dave Cowan, Public Safety Director
Jerry Harrison, Police Chief
Terry Lybarger, Utilities Director
April Nutt, Housing Director

Visitors

Shawn Wallis, EM	Amanda Williams
Andy Taylor	Jerry Harrison

Call to Order

Items for Commission Action

- a. Consider a resolution cancelling the water emergency.

Motion:

On the motion of Commissioner Meier, seconded by Commissioner Caflisch, the commission adopted resolution 2106-066 cancelling the water emergency for the City of Independence.

Aye: Caflisch, Meier, Hogsett

Nay: None

Adjournment

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission adjourned the meeting.

Aye: Caflisch, Meier, Hogsett

Nay: None

Minutes of the Independence City Commission's November 25, 2016 Special Meeting.

Gary Hogsett, Mayor

Leonhard Caflisch, Commissioner

Fred Meier, Commissioner

Attest:

Jennifer D. Rutledge
Director of Finance/City Clerk

c. Consider awarding chemical bids for use at the water treatment plant in 2017 [CITIZENS/CITY EMPLOYEES].

Bids were received on December 1, 2016 at 2 PM for chemicals to be purchased in 2017 for use at the water treatment plant. The attached bid tab shows the bids received with the low bids highlighted. City staff recommends accepting the low bid for each chemical.

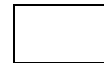
Chemical Bids 2017

Opening Date 12-1-16

COMPANY NAMES		HAWKINS WATER GROUP	Lhoist North America	Haycarb USA, Inc.	U. S. Lime	DPC ENTERPRISES , L.P.	Mississippi Co.	Thatcher Company Of Montana	Brnntag Southwest Inc.	F2 Industries	D&F Services	Univar USA	Shannon Chemical Corp.	Low Bids
1. PEBBLE QUICK LIME		N/A	\$2.5000	N/A	\$183.4100	N/A	\$237.7800	N/A	\$231.0000	N/A	N/A	N/A	N/A	\$183.4100 per Ton
2. LIQUID CHLORINE		\$0.3000	N/A	N/A	N/A	\$0.2740	N/A	N/A	\$0.2995	N/A	N/A	N/A	N/A	\$0.2740 per lb.
3. SODIUM SILICO FLOURIDE		N/A	N/A	N/A	N/A	N/A	N/A	\$0.6614	\$0.5475	N/A	N/A	N/A	N/A	\$0.5475 per lb.
4. MURATIC ACID		\$0.3200	N/A	N/A	N/A	N/A	N/A	N/A	\$0.4500	N/A	N/A	N/A	N/A	\$0.3200 per lb.
5. POTASSIUM PERMAGANATE		\$3.5000	N/A	N/A	N/A	N/A	N/A	\$2.0490	\$2.2400	\$2.1280	N/A	N/A	\$3.6700	\$2.0490 per lb.
6. POWDERED ACTIVATED CARBON		\$1.0000	N/A	\$0.8000	N/A	N/A	N/A	N/A	\$0.5850	N/A	N/A	N/A	N/A	\$0.5850 per lb.
7. LIQUID AMMONIUM SULFATE		\$0.3000	N/A	N/A	N/A	N/A	N/A	N/A	\$0.2050	N/A	\$0.2250	N/A	N/A	\$0.2050 per lb.
Phone Numbers		1-620-212-0312		1-855-2272	1-800-366-5106 ex19	800 378 1689 316 253 8885 JOE	1-800-437-5463	800 999 1862	1-800-722-3145 ex5	1-877-828-1652	1-816-289-0974	253-872-5084	1-800-999-1862	
Sales Rep.		J HODGDON	RICHARD WEEMS	Syapa Pathirathil	Kurt Klutts	Joe Davis	Richard Perry	Brad Scott	JIM DELOZIER	William Ferrell	Mark Kern	Michelle Week	Brad Scott	

Dinia

Sodium Chlorite		D&F Services
Sherri Downing 1-913-991-8883		900 gallon order
LIQUID ALUM DFLOC 3610		2500 GALLON ORDER
POLYMER DFLOC 3080		KEEP 2 DRUMS ON THE FLOOR



d. Consider authorizing donating bicycles to fix up for children [CITIZENS].

The Police Chief has received two requests for donation of bicycles from two different groups, the Home Sweet Home shelter and Montgomery County Department of Corrections. The purpose of both requests is to refurbish the bicycles and provide them to children without functioning bicycles. City staff recommends authorizing the Police Chief to donate unclaimed bicycles to these groups for the purpose of donating them back to children in the community that do not have functioning bicycles.

Kelly Passauer

From: Jerry Harrison
Sent: Thursday, December 01, 2016 8:48 AM
To: Kelly Passauer; David Cowan
Subject: Agenda Request

I believe we have a commission meeting on the 8th. Jerry Bright contacted me Tuesday or Wednesday I believe and told me he and the mens' shelter have a place to work on bikes now so they are ready for donations. He wants to have them in time to fix them and deliver them for christmas to needy persons.

I was approached this morning by the jail admin and asked if we would donate bikes to their "D-40" crew, the jail work detail. The prisoners want to work on bikes and give them to needy kids for christmas as well.

Jerry is supposed to meet with me today and discuss details. I would like to get on the agenda for the next meeting:

I am requesting the commission consider approving a donation of found property, several bicycles, that have no evidentiary value, to Jerry Bright and Chris Mitchell. These gentlemen have agreed to fix the bikes and donate them to needy persons in our community for Christmas.

I am requesting the commission consider approving a donation of found property, several bicycles that have no evidentiary value, to the Montgomery County Department of Corrections "D-40 Work Crew", a group of prisoners overseen by jailers, they also have agreed to fix the bikes and donate them to needy persons in our community for Christmas.

--

Jerry Harrison
Chief of Police
Independence Police Department
120 N. 4th
Independence KS 67301

e. Consider an ordinance assessing special assessments for abating nuisances [CITIZENS].

Attached is an ordinance levying a special tax for abating nuisances on certain properties. The nuisance costs being assessed are expenses related to the condemnation process paid by the City for publication, asbestos abatement, removal, etc. City staff recommends adopting the attached ordinance.

ORDINANCE NO. 4231

AN ORDINANCE LEVYING A SPECIAL TAX IN THE CITY OF INDEPENDENCE, KANSAS, ON THE PROPERTIES HEREINAFTER DESCRIBED FOR THE PURPOSE OF PAYING THE COST AND EXPENSE OF ABATING NUISANCES ON SAID PROPERTY.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF INDEPENDENCE, KANSAS:

SECTION 1. There is hereby levied upon the properties hereinafter described in the City of Independence, Kansas, a special tax in nuisance on said property, all in the City of Independence, Kansas and described as follows:

LEGAL

Lot 3, Block 13, Concannon's Addition to the City of Independence, Montgomery County, Kansas

COMMON: 1009 W Maple

AMOUNT: \$ 2,983.83

LEGAL

Lot 8, Block 12, Concannon's Addition to the City of Independence, Montgomery County, Kansas

COMMON: 1016 W Maple

AMOUNT: \$ 5,754.86

LEGAL

Lot 5, Block 5, Concannon's Addition to the City of Independence, Montgomery County, Kansas

COMMON: 1017 W Myrtle

AMOUNT: \$ 4,922.83

LEGAL

Lot 7, Block 12, Concannon's Addition to the City of Independence, Montgomery County, Kansas

COMMON: 1020 W Maple

AMOUNT: \$ 6,719.38

LEGAL

Lot 10, Foster's Addition to the City of Independence, Montgomery County, Kansas

COMMON: 1208 W Locust

AMOUNT: \$ 3,420.33

ORDINANCE NO. 4231

LEGAL

The North 150 feet of Lot 5, Subdivision of West Side Addition to the City of Independence, Montgomery County, Kansas

COMMON: 1307 W. Laurel

AMOUNT: \$ 6,349.74

LEGAL

Lots 7 and 8, Block 1, Pugh's First Addition to the City of Independence, Montgomery County, Kansas

COMMON: 200 N 25th

AMOUNT: \$ 5,595.83

LEGAL

Lot 5, Block 1, Pugh's First Addition to the City of Independence, Montgomery County, Kansas

COMMON: 205 N 24th

AMOUNT: \$ 2,971.46

LEGAL

The South 50 feet of the North half of Lot 76, Glenwood Addition to the City of Independence, Montgomery County, Kansas

COMMON: 311 S 16th

AMOUNT: \$ 4,6927.03

LEGAL

The South 55 feet of Lots 7 and 8, Block 1, Whiteman's Addition to the City of Independence, Montgomery County, Kansas

COMMON: 317 N 18th

AMOUNT: \$ 3,832.45

LEGAL

Lot 2, Block 3, Fosters Brothers Addition to the City of Independence, Montgomery County, Kansas

COMMON: 505 S 13th

AMOUNT: \$ 268.30

ORDINANCE NO. 4231

LEGAL

Lots 3 and 4 and the South one and one-ninth ft. of Lot 2, Lydia C. Nigh's Subdivision of the S/2 of Lot 12 and N/2 of Lot 16, Holdman's Suburban Addition, City of Independence, being a part of the NW/4 and SE/4 of Section 36, Township 32 South of Range 15 East of the 6th P.M., Montgomery County, Kansas

COMMON: 525 S 15th

AMOUNT: \$ 2,823.10

LEGAL

Lot 65, Elmhurst Addition to the City of Independence, Montgomery County, Kansas

COMMON: 604 N 10th

AMOUNT: \$ 10,145.58

LEGAL

Lot 66, Elmhurst Addition to the City of Independence, Montgomery County, Kansas

COMMON: 608 N 10th (garage only)

AMOUNT: \$1,210.11

LEGAL

West 52 feet of Lot 5, Block 72, Original City of Independence, Montgomery County, Kansas

COMMON: 612 E Magnolia

AMOUNT: \$225.33

LEGAL

Lot 17, Block 17, Blooms Addition to the City of Independence, Montgomery County, Kansas

COMMON: 804 S 19th

AMOUNT: \$1,191.90

LEGAL

West 52 feet of Lot 5, Block 72, Original City of Independence, Montgomery County, Kansas

COMMON: 612 E Magnolia

AMOUNT: \$225.33

ORDINANCE NO. 4231

an expense incurred by said City for abating the nuisance from said properties, and after due and proper proceedings has been taken therefore, said Special Tax is hereby levied to pay the cost and expenses of abating nuisances as by law provided, in the amount set opposite each tract so described.

SECTION 2. It shall be the duty of the City clerk of Independence, Kansas, to certify to the County Clerk of Montgomery County, Kansas, the taxes levied against the property above described and provided for in Section 1 of this Ordinance are to be placed upon the tax roles for collection subject to the same penalty and collected in the same manner as other taxes are by law collected.

SECTION 3. This Ordinance shall take effect and be in force after its final passage and publication in the official paper of the City.

Passed and approved this 8th day of December, 2016.

Mayor

Jennifer D. Rutledge, City Clerk

- f. Consider approving a change order with South Roofing & Contracting to remove the Ash Youth Center roof from their contract for roof repairs [CITIZENS].**

At your November 10, 2016 meeting the Commission packet included the attached change order with South Roofing, in addition to an agreement with Wray Roofing to replace the roof at the Ash Youth Center. The agreement with Wray roofing was approved contingent on approval of the USD and Recreation Commission, however, the change order removing the roof repair from South Roofing's contract was not specifically mentioned in the motion. Therefore, City staff recommends approving the attached change order removing the Ash Youth Center from South Roofing & Contracting's contract for roof repairs due to hail damage.



AIA® Document G701™ – 2001

Change Order

PROJECT (Name and address):	CHANGE ORDER NUMBER: 001	OWNER: ☐
City of Independence KS Hail Damage Repair Projects Kansas	DATE:	ARCHITECT: ☐
TO CONTRACTOR (Name and address):	ARCHITECT'S PROJECT NUMBER: H&A1427	CONTRACTOR: ☐
South Roofing & Contracting 1704 W. Main Independence, KS 67301	CONTRACT DATE: November 16, 2015	FIELD: ☐
	CONTRACT FOR:	OTHER: ☐

THE CONTRACT IS CHANGED AS FOLLOWS:

(Include, where applicable, any undisputed amount attributable to previously executed Construction Change Directives)

Remove Glenn Ash Youth Center from project

The original Contract Sum was	\$ 110,759.90
The net change by previously authorized Change Orders	\$ 0.00
The Contract Sum prior to this Change Order was	\$ 110,759.90
The Contract Sum will be decreased by this Change Order in the amount of	\$ 17,873.39
The new Contract Sum including this Change Order will be	\$ 92,886.51

The Contract Time will be unchanged by Zero (0) days.

The date of Substantial Completion as of the date of this Change Order therefore is

NOTE: This Change Order does not include changes in the Contract Sum, Contract Time or Guaranteed Maximum Price which have been authorized by Construction Change Directive until the cost and time have been agreed upon by both the Owner and Contractor, in which case a Change Order is executed to supersede the Construction Change Directive.

NOT VALID UNTIL SIGNED BY THE ARCHITECT, CONTRACTOR AND OWNER.

<u>Heckman & Associates, P.A.</u>	<u>South Roofing & Contracting</u>	<u>City of Independence</u>
ARCHITECT (Firm name)	CONTRACTOR (Firm name)	OWNER (Firm name)
P.O. Box 1314, Independence, KS 67301	1704 W. Main, Independence, KS 67301	City Hall, 120 N. 6th St., Independence, KS 67301
ADDRESS	ADDRESS	ADDRESS
BY (Signature)	BY (Signature)	BY (Signature)
<u>John E. Heckman, AIA</u>	<u>Rick South</u>	<u></u>
(Typed name)	(Typed name)	(Typed name)
DATE	DATE	DATE

- n. Consider an agreement with Mike Conway to purchase one acre in the West Laurel Industrial Park with an option for a 2nd acre [CITIZENS/BUSINESS & INDUSTRY].

Attached is an agreement prepared by the City Attorney for sale of one acre in the West Laurel Industrial Park with an option to purchase a second acre at a later date. The City Attorney will review the agreement at the meeting.

Motion:

On the motion of Commissioner Meier, seconded by Mayor Hogsett, the commission approved the agreement with Mike Conway to purchase one acre in the West Laurel Industrial Park with an option for a 2nd acre.

Aye: Hogsett, Meier, Caflisch

Nay: None

- o. Consider an agreement to replace the Ash Center Roof due to hail damage [CITIZENS/EDUCATION].

Attached is an email narrative from Sean Clapp of Heckman & Associates regarding replacement of the Ash Center Roof due to hail damage. As the Commission is aware, the City entered into an interlocal agreement many years ago with the school district and Recreation Commission to share expenses relating to the Ash Center. We will review this project in further detail at the meeting.

Motion:

On the motion of Mayor Hogsett, seconded by Commissioner Meier, the commission approved the bid submitted by Wray Roofing contingent upon the school district and Recreation Commisiion approving their portions of the project.

Aye: Hogsett, Meier, Caflisch

Nay: None

Reports

- p. Report on sales tax [BUSINESS & INDUSTRY].

Attached is the latest sales tax report.

- q. Update on City projects [CITIZENS].

City staff will provide updates on City projects.

The City Manager reported that the rate study is being updated due to a staff error that excluded all outside of the city accounts.

- g. Consider an agreement with Aviation Support and Maintenance Services for maintenance of the AWOS and Navaid Systems at the Independence Municipal Airport [CITIZENS/BUSINESS & INDUSTRY].**

Attached is an agreement for maintenance of the AWOS and Navaid Systems at the Independence Municipal Airport. City staff recommends approval pending the City Attorney's review and any recommended modifications.

INTEROFFICE MEMORANDUM

TO: KELLY PASSAUER, ASSISTANT CITY MANAGER
FROM: MICHAEL H. CONWAY, CONSULTANT
SUBJECT: MAINTENANCE SERVICE FOR EXISTING AWOS
DATE: 11/29/2016
CC:

Attached is the annual maintenance agreement and services for the existing AWOS at the airport. After the new system is installed this agreement will switch over to also take care of the new system.



AVIATION SUPPORT AND MAINTENANCE SERVICES Order and Pricing Schedule

DBT Transportation Services 2655 Crescent Drive, Ste A-1 Lafayette, Colorado 80026 Email: CS@DBTtranServ.com	Customer: City of Independence Independence Municipal Airport (IDP) 811 W, Laurel Independence, KS 67301 Email: airport@independenceks.gov
--	---

This Order and Pricing Schedule is incorporated by reference into the **Agreement for Transportation Services and Maintenance** between the parties, and the **Statement of Work**, and made a part thereof.

The Effective Date of this Agreement is December 1st, 2016.

The Term of this Agreement shall be for a period of 1 year(s) from the Effective Date.

Services (check as applicable)	Parts	Excluded
☒ Periodic/Pre-Season Maintenance	3 trips	
☒ Equipment Restoration	Unlimited	
☒ Data Service – NADIN Service		

Equipment	Manufacturer/Model	Equipment	Manufacturer/Model
☐ VOR		☐ RWIS	
☐ DME		☐ RWIS Runway	
☐ LOC		☐ NDB	
☐ GS		☐ Control Tower	
☒ AWOS	Vaisala	☐ Markers	
☐ RVR		☐ Other	

Fees		Contract Total: \$ 5,800.00
Annual Fee	\$ 5,800.00	Invoiced Annually.
Unplanned Outage Fee	\$ 1,500.00	per day (ex. lightning strike, bird strike)
Facility Visit Fee	\$ 1,500.00	per day (ex. flight check)
Holiday Fee	\$ 500.00	per day additional
Cancellation/Delay Fee	\$ 500.00	per day

Statement of Work and Additional Terms

Attachment 1: Terms and Conditions

Attachment 2: Statement of Work - AWOS Maintenance

Attachment 3: Statement of Work - Data Services

Invoice Contact (Accts. Payable):

Name: City of Independence - Micky WebbAddress: 811 W. Laurel
Independence, KS 67301Phone: 620-332-2500Email: mickyw@independenceks.com

Airport Manager/Authority:

Name: Cody ShamblinAddress: RR1 Box 233
Independence, KS 67301Phone: 620-332-2531Email: airport@independenceks.comInvoice Instructions: _____

Accepted and agreed to by the duly authorized signatories below.

DBT Transportation Services

By: Michael TrosclairTitle: Sales ManagerDate: 11/19/2016

City of Independence (IDP)

By: _____

Title: _____

Date: _____



Attachment 1
DBT Transportation Services LLC
Agreement for Aviation Support and Maintenance Services Terms and Conditions

1. PURPOSE/SERVICES:

1.1 Customer desires to engage DBT Transportation Services, LLC (DBT) to render certain professional and/or technical services, including as recited in the Statement of Work ("SOW") and as indicated in the Order and Pricing Schedule, related to the support, maintenance and servicing of certain Equipment, and DBT desires to render such services under the terms and conditions of this Attachment 1, the SOW and the Order and Pricing Schedule. All terms not defined herein, including "Services", "Equipment" and "Term", shall have the meaning set forth in the Order and Pricing Schedule. This Attachment 1, the Order and Pricing Schedule and the SOW make up the complete agreement (the "Agreement") between Customer and DBT, and each may be amended, upon mutual written agreement, from time to time throughout the Term.

1.2 This Attachment 1 constitutes the terms and conditions offered with respect to the provision of Services and Equipment recited in the Order and Pricing Schedule and shall become a binding contract upon the execution of the Order and Pricing Schedule either by facsimile or in PDF form, by Customer and DBT. No contrary or additional terms or conditions proposed by Customer under any other document, including but not limited to a Customer purchase order, will be accepted by DBT, and any such proposed contrary or additional terms are hereby rejected unless otherwise mutually agreed to in a written fully executed instrument. DBT's performance pursuant to this Attachment 1, the Order and Pricing Schedule and the SOW shall be deemed unqualified acceptance of the terms and conditions set forth below.

2. PAYMENT/OTHER EXPENSES/ADDITIONAL CHARGES:

2.1 Customer agrees to pay DBT the amounts recited in the Order and Pricing Schedule.

2.2 DBT shall invoice Customer on an annual, quarterly or monthly basis, as applicable, based on the Services for the Equipment specified as more particularly recited under the Order and Pricing Schedule. Payment by Customer shall be net thirty (30) days of the invoice date.

2.3 Customer may withhold payment of any amounts to be paid to DBT which are disputed in good faith by Customer. In the event there is a dispute in connection with a submitted invoice, the parties shall confer on the invoice within five (5) days of receipt, and only the payment for that portion of the invoice in question may be withheld for ten (10) days after the payment due date so as to allow the parties to cooperatively resolve any dispute. Following the elapse of such ten (10) days, Customer shall pay, unless otherwise agreed by the parties, all the amounts due and owing to DBT under the invoice.

2.4 In accordance with the Order and Pricing Schedule, if restoration, repairs or other maintenance Services are required for an unplanned Equipment failure or outage, Customer shall pay DBT the recited "Unplanned Outage Fee". The "Unplanned Outage Fee" is billed in half-day increments, portal to portal, plus travel costs and expenses. Unplanned outages are defined as any restoration outside of normal or anticipated causes of Equipment failure, which outside causes include, but are not limited to, acts of God, weather damage, lightning strikes, vandalism or other damage caused by unauthorized airport personnel or third parties. The "Unplanned Outage Fee" is billed for each day or part thereof that Services are required.

2.5 In accordance with the Order and Pricing Schedule, the applicable "Holiday Fee" as recited in the Order and Pricing Schedule applies to the following holidays when Services are rendered: New Year's Eve, New Year's Day, Memorial Day, July 4th (Independence Day), Labor Day, Thanksgiving Day, the day after Thanksgiving Day, Christmas Eve and Christmas Day. If an Equipment failure or outage occurs on any of the foregoing holidays, Customer shall pay DBT the "Holiday Fee" in addition to the "Unplanned Outage Fee" as well as any other fees due and payable to DBT.

2.6 In accordance with the Order and Pricing Schedule, Customer Site (as subsequently defined) visits are defined as any Site visit not required for Equipment Services. Upon Customer's written request and DBT's written acceptance thereof and subject to mutually agreeable times, DBT will visit Customer Sites concurrent with Federal Aviation Administration (FAA) required or requested



Customer Site visits. Customer agrees to pay the "Facility Visit Fee" to DBT for such Customer Site visits. The "Facility Visit Fee" is billed in half-day increments, portal to portal, plus travel costs and expenses.

2.7 In accordance with the Order and Pricing Schedule, and in DBT's sole opinion, if cancellations or excessive delays, in the provisions of Services occur as a result of Customer's fault, actions or causes, Customer shall pay DBT the "Cancellation/Delay Fee". The "Cancellation/Delay Fee" is billed in half-day increments, portal to portal, plus travel costs and expenses.

3. TERM:

3.1 The Term of the Agreement is in accordance with the Order and Pricing Schedule, shall be as recited in the Order and Pricing Schedule unless earlier terminated pursuant to this Attachment 1.

3.2 The parties may extend, upon mutual written agreement, the Term of the Agreement.

4. TERMINATION/OBLIGATIONS UPON TERMINATION:

4.1 This Agreement may be terminated by DBT, without cause and at any time, upon ninety (90) days written notice. The period of termination shall start from the date of the notice to Customer. Customer shall not be obligated to pay for any Services rendered after the date of termination, except that Customer shall be responsible for non-cancellable expense or commitment amounts that occur before the termination date and that such amounts shall remain due, owing and payable after the date of termination. The parties acknowledge that any amounts paid to DBT shall be non-refundable.

4.2 In the event of a material breach by Customer, DBT shall notify, in writing, Customer of such material breach. Customer shall be permitted thirty (30) days from the date of receipt of such notice to cure such breach to DBT's satisfaction. In the event the breach is cured to DBT's satisfaction, the Agreement shall not terminate. However, if the breach is not so cured, DBT may elect to promptly terminate the Agreement following the lapse of such thirty (30) days from the receipt of such notice. In the event of termination of the Agreement due to a material breach by Customer, other than of the type specified in Section 7.1 herein, the obligations under Section 4.3 shall be applicable.

4.3 In the event of termination of the Agreement either as provided herein or upon expiration of the Agreement, each party shall promptly return all Confidential Information (as subsequently defined) of the other party and DBT shall submit a final invoice, as recited above, for Services rendered up to the date of termination and for all non-cancellable expense or commitment amounts that occur before the termination date, which amounts remain due, owing and payable. Customer shall promptly pay such invoiced amount net ten (10) days from the invoice date.

5. WARRANTIES:

5.1 DBT warrants and represents that all Services provided by DBT shall be performed by qualified field technicians and by other personnel, who have all certifications and licenses required by the FAA. Further, DBT warrants and represents that all Services provided hereunder shall be of a professional quality consistent with general industry standards and shall be performed in accordance with the requirements of the SOW and as specified under the Agreement.

5.2 DBT represents and warrants that it is an independent contractor that makes its services available to the general public, has its own place of business and maintains its own sets of books and records, which reflect its own income and expenses. Further, DBT shall operate as an independent contractor and shall not represent itself as an agent, partner or joint venturer of Customer. DBT shall not obligate Customer in any manner, nor cause Customer to be liable under any contract or under any other type of commitment. Alternately, Customer shall not obligate DBT in any manner, nor cause DBT to be liable under any contract or under any other type of commitment.

5.3 THIS IS A SERVICE AGREEMENT. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, DBT MAKES NO WARRANTIES AND EXPLICITLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE OR RELIABILITY OR ACCURACY OF ANY GENERATED DATA OR INFORMATION FROM THE EQUIPMENT. THE EXPRESS WARRANTIES PROVIDED IN SECTIONS 5.1 AND 5.2 ARE EXCLUSIVE, AND DBT MAKES NO OTHER WARRANTIES, EXPRESS, STATUTORY



OR IMPLIED, WRITTEN OR ORAL, TO CUSTOMER REGARDING, RELATED TO OR ARISING FROM THE SERVICES RENDERED UNDER THE AGREEMENT, THE USE OR POSSESSION OF DBT CONFIDENTIAL AND PROPRIETARY INFORMATION, ANY REPORT OR DATA GENERATED UNDER OR IN CONNECTION WITH THIS AGREEMENT, IN ANY MANNER OR FORM WHATSOEVER.

6. LIMITATION OF LIABILITY / INDEMNIFICATION:

6.1 DBT will be permitted to enter Customer's premises ("Site") and have access to Customer's personnel or equipment upon reasonable notice and during normal business hours; provided that DBT complies with Customer's security procedures. DBT shall maintain aviation products and comprehensive liability insurance, as recited below, during the Term of the Agreement. DBT agrees to take all reasonable precautions to prevent any injury to persons or any damage to property in the performance of the Services as rendered by DBT under the Agreement. However, in the event Customer is negligent or engages in misconduct, then Customer shall be liable for such damages as provided herein.

6.2 DBT's entire liability hereunder to Customer for any breach of the Agreement shall be limited only to the amounts of fees paid hereunder to DBT in connection with the Services that gave rise to the claim, except for any damages or claims for damages or equitable relief resulting from DBT's breach of Customer's proprietary and/or confidential interest as set forth in Section 9. Potential liability for claims by third parties is covered by Sections 6.4 and 6.5 below. NEITHER PARTY SHALL BE LIABLE FOR LOSSES OR DAMAGES WHICH ARE INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY, INCLUDING WITHOUT LIMITATION, ANY LOSS OF PROFITS OR REVENUE (EXCLUSIVE OF THE FULL PAYMENT FOR SERVICES RENDERED PURSUANT TO THE TERMS OF THE AGREEMENT) INCURRED BY EITHER PARTY WHETHER IN AN ACTION BASED ON CONTRACT OR TORT, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER FORESEEABLE OR UNFORESEEABLE, BASED ON CLAIMS OF SUPPLIER OR ANY OTHER PARTY ARISING OUT OF BREACH OR FAILURE OF EXPRESS OR IMPLIED WARRANTY, BREACH OF CONTRACT, MISREPRESENTATION, NEGLIGENCE, STRICT LIABILITY IN TORT, FAILURE OF ANY REMEDY TO ACHIEVE ITS ESSENTIAL PURPOSE, OR OTHERWISE ARISING FROM OR RELATED TO THE THIS AGREEMENT, AND THE SERVICES PERFORMED HEREUNDER, EXCEPT WITH RESPECT TO DAMAGES INCURRED WITH REGARD TO CLAIMS OF INFRINGEMENT, MISUSE OR MISAPPROPRIATION OF A PARTY'S PROPRIETARY AND/OR CONFIDENTIAL INFORMATION.

6.3 With regard to proprietary and/or confidential information and rights and interests, either party shall be entitled to pursue any legal and/or equitable action, including injunctive relief, against the other with regard to any misuse, misappropriation or breach of any term or condition recited herein with regard to such other party's confidential and/or proprietary claims.

6.4 Customer shall defend, indemnify and save harmless DBT, or its agents, employees, consultants or contractors, from any and all third-party claims, demands, suits, actions or proceedings of any kind or nature, including without limitation Worker's Compensation claims, of or by anyone that directly results from or directly arises out of Customer's actions, activities or events in connection with the Agreement or with respect to any negligent action, intentional or willful act or omission by Customer, or its agents, employees, consultants or contractors; provided, however, that DBT shall not be indemnified, held harmless and/or defended by Customer in connection with the foregoing claims of property damages, or death or personal injury where DBT, or its agents, employees, consultants or contractors, are, in any manner, negligent, or, in any manner, commit willful or intentional acts or omissions that result in such claims made. Customer's obligations to indemnify, defend and hold harmless will survive the termination of the Agreement for a period of one (1) year from the date of termination. DBT agrees to notify Customer within five (5) business days after it has received written notification of such loss due to damage to property, injuries or death to persons.

6.5 DBT shall defend, indemnify and save harmless Customer, or its agents, employees, consultants or contractors, from any and all third-party claims, demands, suits, actions or proceedings of any kind or nature, including without limitation Worker's Compensation claims, of or by anyone that directly results from or directly arises out of DBT's actions, activities or events in connection with the Agreement, including negligent Services, intentional or willful acts or omissions of DBT, or its agents, employees, consultants or contractors; provided, however, that Customer shall not be indemnified, held harmless and/or defended by DBT in connection with the foregoing claims of property damages, or death or personal injury where Customer, or its agents, employees, consultants or contractors, are, in any manner, negligent, or, in any manner, commit willful or intentional acts or omissions that result in such claims made. DBT's obligations to indemnify, defend and hold harmless will survive the termination of the Agreement for a period of one (1) year from the date of termination. Customer agrees to notify DBT within five (5) business days after it has received written notification of such loss due to damage to property, injuries or death to persons. Indemnification obligations of DBT under this section are subject to the limits set forth in Section 6.6.



6.6 During the term of the Agreement and for a period of at least one (1) year after completion of DBT's obligations pursuant hereunder, DBT will maintain the following levels of insurance coverage with a reputable and financially sound insurance carrier: (a) workers' compensation insurance as required by applicable law; (b) employer's liability insurance with limits not less than US \$1 MILLION; (c) Commercial General Liability, including Products and completed Operations and Contractual Liability, with a minimum combined single limit of US \$2 MILLION per occurrence; (d) Excess Liability Insurance with limits not less than US \$5 MILLION; and (e) Aviation Liability Insurance of US \$10 MILLION per occurrence. DBT shall, at its own expense, maintain with a reputable insurer (and provide written certificate(s) of insurance to Customer if and when requested) for a period of one (1) year after the fulfillment of the SOW under the Agreement. IN CONNECTION WITH ANY INDEMNITY BY DBT HEREUNDER, DBT'S ENTIRE LIABILITY SHALL BE LIMITED ONLY UP TO THE AMOUNTS OF INSURANCE COVERAGE REQUIRED IN CONNECTION WITH THE CLAIM MADE; AND THEREFORE, IN NO EVENT SHALL DBT BE LIABLE FOR ANY AMOUNTS BEYOND THE LIMITATIONS OF INSURANCE COVERAGE RECITED HEREIN FOR ANY CLAIMS MADE UNDER DBT'S INDEMNIFICATION OF CUSTOMER UNDER SECTION 6.5.

7. FORCE MAJEURE

7.1 Neither party shall be deemed to have breached the Agreement by reason of delay or failure in performance resulting from causes beyond the control, and without the fault or negligence, of the party. Such causes include, but may not be limited to, an act of God, an act of war or public enemy, riot, epidemic, fire, flood, quarantine, embargo, epidemic, unusually severe weather or other disaster, or compliance with laws, governmental acts or regulations, in any case, not in effect as of the date of the Agreement, or other causes similar to the foregoing beyond the reasonable control of the party so affected. The party seeking to avail itself of any of the foregoing excuses must promptly notify the other party of the reasons for the failure or delay in connection with the performance hereunder and shall exert its best efforts to avoid further failure or delay. However, the Agreement shall terminate, as provided under Section 4, if such delay or failure persists for one-hundred twenty (120) consecutive days and there is no foreseeable remedy or cure available.

8. ASSIGNMENT

8.1 Customer shall not be permitted to assign, in whole or in part, the Agreement or any rights or obligations hereunder except with the written authorization of DBT, which authorization shall not be unreasonably withheld. In the event of any permitted assignment or transfer of the Agreement or the obligations under the Agreement, the parties agree that such obligations shall be binding upon the assigning or transferring party's executors, administrators and legal representatives, and the rights of assignor or transferor shall inure to the benefit of assignee or transferee. Any attempted transfer, assignment, sale or conveyance, or delegation in violation of this Section 8 shall be null and void.

9. CONFIDENTIAL AND/OR PROPRIETARY INFORMATION

9.1 During the Term of the Agreement, each party may be exposed either in writing, orally or through observation to the other party's confidential and/or proprietary information ("Information"). Information includes, but is not limited to, product specifications, drawings, design plans, product blueprints, ideas, inventions, methods, processes, chemical formulations, chemical compounds, mechanical/electrical specifications, current and future product plans, system architectures, product strategies, software (object, source or microcode), scientific or technical data, prototypes, demonstration packages, documents, marketing strategy, customer lists, equipment, personnel information, business strategies, financial information, instruction manuals, the Agreement and any other business and/or technical information related to the atmospheric and weather technology fields, or any Information marked with a disclosing party's confidential or similar type legend. If the Information is orally or visually disclosed, then such Information shall be reduced to a summary writing by the disclosing party within thirty (30) days of such disclosure, marked as "confidential" and delivered to the receiving party.

9.2 The receiving party shall use the Information only for the purposes of the Agreement and for no other purpose whatsoever. The receiving party shall not disclose, disseminate or distribute the Information to any third party. However, DBT shall be permitted to disclose Information to agents, employees, subcontractors and consultants, who have a definable need to know, and who are under written obligations commensurate with the terms and conditions recited herein. The receiving party shall protect the Information by using the same degree of care, but no less than a reasonable degree of care, it would to protect its own information of a like nature. Information shall remain confidential for a period of two (2) years following termination of the Agreement; except that any Information which is designated as a trade secret shall remain confidential until one of the events recited in Section 9.3 occurs.

9.3 The receiving party shall not be obligated to maintain the confidentiality of the Information if such Information: a) is or becomes a matter of public knowledge through no fault of the receiving party; b) is disclosed as required by law; provided that, the receiving party promptly notifies the disclosing party of such request to disclose so that disclosing party has the opportunity to seek a protective or similar order to prevent such disclosure of Information; c) is authorized, in writing, by the disclosing party for release; d) was rightfully in the receiving party's possession before receipt from disclosing party; or e) is rightfully received by the receiving party from a third party without a duty of confidentiality.

9.4 No license under any trademark, patent, copyright or other intellectual property right is granted, either expressed or implied, by the disclosing of such Information by the disclosing party to the receiving party.

10. DISPUTES/ARBITRATION/GOVERNING LAW/OTHER

10.1 The parties shall first try to resolve any dispute relating to or arising from the Agreement through good faith negotiations and agreement by the parties. If the parties are unable to resolve the dispute through negotiation and still seek resolution, the dispute may be submitted to, and settled by binding arbitration, by a single arbitrator chosen by the American Arbitration Association in accordance with the Commercial Rules of the American Arbitration Association. The prevailing party shall be entitled to reasonable and documented attorney's fees and administrative fees in the event an action is brought. Notwithstanding the foregoing, the arbitrator shall award any damages subject to the limitations on liability and indemnification recited herein. Any court having jurisdiction over the matter may enter judgment on the award of the arbitrator. Service of a petition to confirm the arbitration award may be made by First Class mail or by commercial express mail, to the attorney for the party or, if unrepresented, to the party at the last known business address.

10.2 With regard to the subject matter recited herein, the Agreement (including addenda or amendments added hereto) comprises the entire understanding of the parties hereto and as such supersedes any oral or written agreement. Any inconsistency in the Agreement shall be resolved by giving precedence in the following order:

- a) The Order and Pricing Schedule
- b) The SOW
- c) This Attachment 1
- d) Any addenda added hereto

10.3 This Agreement shall not be modified or amended except by written amendment executed by both parties. All requirements for notices hereunder must be in writing. The parties further acknowledge that facsimile signatures or signatures in PDF are fully binding and constitute a legal method of executing the Agreement.

10.4 Sections 4, 5, 6, 7, 9 and 10 shall survive termination of the Agreement.

10.5 If any of the provisions of the Agreement are declared to be invalid, such provisions shall be severed from the Agreement and the other provisions hereof shall remain in full force and effect. The rights and remedies of the parties to the Agreement are cumulative and not alternative.

10.6 This Agreement may be executed in one or more counterparts, each of which shall be deemed to be a duplicate original, but all of which, taken together, shall be deemed to constitute a single instrument.

10.7 This Agreement is made under and shall be construed according to the laws of the State of Colorado, notwithstanding the applicability of conflicts of laws principles.

10.8 The parties shall adhere to all applicable U.S. Export Administration Laws and Regulations and shall not export or re-export any technical data or materials received under the Agreement or the direct product of such technical data or materials to any proscribed country or person listed in the U.S. Export Administration Regulations unless properly authorized by the U.S. Government.





AWOS and Navaid Maintenance Statement of Work

1. Description of Equipment Services

- 1.1 **Periodic Maintenance** consists of such periodic routine tests and adjustments as may be required by the equipment manufacturer and by the FAA for non-Federal facilities in accordance with 14 C.F.R Part 171 and AC 150/5220-16C as they may be modified or superseded from time to time.
- 1.2 **Equipment Restoration.** In the event of an unplanned equipment failure or outage, DBT Transportation Services shall notify the customer as to the restoration plan of action within one (1) business day after the outage is reported and complete restoration services in a reasonable prompt manner. Diagnosis may be performed remotely and render the system inoperable until which time replacement equipment/parts can arrive to Customer's site. Repairs required due to Acts of God, lightning, vandalism, etc. are excluded and will be billed at the Unplanned Outage price.
- 1.3 All services provided by DBT shall be performed by qualified field technicians having all required certifications and licenses required by the FAA and OSHA. DBT will also maintain a full Aviation Products and Liability Insurance policy for the term of the contract.
- 1.4 DBT shall record test results in a station log and maintain the required 6000 series records, copies of which will be provided to the FAA as required.
- 1.5 DBT shall make a best effort to maintain and repair all equipment. Customer acknowledges that components and equipment under contract may be obsolete rendering repair or restoration of equipment impossible.

2. Testing Equipment and Replacement Parts – Nav aids Only

- 2.1 Customer shall at its own expense furnish, maintain and calibrate test equipment in accordance with FAA requirements.
- 2.2 Customer shall maintain at its own expense an inventory of replacement parts for the Equipment to be utilized by DBT when providing Service under this Agreement. In the event parts necessary for maintenance or restoration of the Equipment are not available in Customer's Inventory, DBT will provide such part(s) and invoice the Customer for required part(s). If customer does not have the necessary spare parts available for use in restoring the Equipment, DBT reserves the right to charge \$1500 for a return trip charge.

3. Customer Responsibilities

- 3.1 Customer shall be responsible for monitoring the status of the systems following maintenance by DBT.
- 3.2 Customer shall be responsible for providing transportation and/or access for DBT personnel between the airport office and the location of the Equipment.
- 3.3 Customer shall be responsible for providing security in and around the Equipment to be maintained under the Agreement.
- 3.4 Customer shall be responsible for any loss or damage to the Equipment for reasons other than the fault of DBT and for providing any insurance Customer may desire to cover any such loss or damage.
- 3.5 Customer shall be responsible for the issuance of all NOTAMS (Notice to Airmen) relating to the status of the facilities to be maintained under this Agreement.
- 3.6 Customer shall be responsible for maintaining the grounds and buildings associated with the NAVAID (Navigational Aids) and Equipment in good repair and in compliance with all FAA and all applicable laws.
- 3.7 Customer shall be responsible for the purchase of all replacement components for AWOS and Navaid equipment.



Data Service Statement of Work

AviMet Data Link is an automated weather dissemination service for the distribution of Automated Weather Observation System ("AWOS") data to the Federal Aviation Administration's (FAA) Weather Message Switching Center Replacement ("WMSCR") System. DBT Transportation shall provide the AWOS observations to WMSCR in accordance with FAA specifications every twenty (20) minutes twenty-four (24) hours per day, seven (7) days per week.

Public Hearing

h. Public hearings to consider condemnation of the following structures as dangerous and unsafe:

- 1. 519 N. 6th Street**
- 2. 832 S. 18th Street**
- 3. 1005 W. Pine Street**
- 4. 1300 W. Locust Street**
- 5. 1304 W. Locust Street**

The Building Inspector will review the condition of the above properties at the public hearings. After each public hearing, the Commission will need to determine if they wish to adopt a resolution condemning the property as dangerous and unsafe.

Jennifer D. Rutledge
Director of Finance - City Clerk
811 W Laurel Street
Independence, Kansas 67301
620-332-2505 Cityclerk@independenceks.gov

November 4, 2016

Clayton Bramble
519 N 16th
Independence, KS 67301

Re: 519 N 16th, Independence, KS

To Whom It May Concern:

This letter is to inform you that the City Commission has scheduled a public hearing to consider the above property as dangerous and unsafe at their December 8, 2016 meeting. The Commission meets at 5:30 pm in the Veterans Room at Memorial Hall.

Sincerely,

THE CITY OF INDEPENDENCE, KANSAS

A handwritten signature in black ink, appearing to read "Jennifer D. Rutledge", written in a cursive style.

Jennifer D. Rutledge
Director of Finance - City Clerk









Jennifer D. Rutledge
Director of Finance - City Clerk
811 W Laurel Street
Independence, Kansas 67301
620-332-2505 Cityclerk@independenceks.gov

November 4, 2016

Eugene Lyons
832 S 18th
Independence, KS 67301

Re: 832 S 18th, Independence, KS

To Whom It May Concern:

This letter is to inform you that the City Commission has scheduled a public hearing to consider the above property as dangerous and unsafe at their December 8, 2016 meeting. The Commission meets at 5:30 pm in the Veterans Room at Memorial Hall.

Sincerely,

THE CITY OF INDEPENDENCE, KANSAS



Jennifer D. Rutledge
Director of Finance - City Clerk









Jennifer D. Rutledge
Director of Finance - City Clerk
811 W Laurel Street
Independence, Kansas 67301
620-332-2505 Cityclerk@independenceks.gov

November 4, 2016

Steve Wood
1005 W Pine
Independence, KS 67301

Re: 1005 W Pine, Independence, KS

To Whom It May Concern:

This letter is to inform you that the City Commission has scheduled a public hearing to consider the above property as dangerous and unsafe at their December 8, 2016 meeting. The Commission meets at 5:30 pm in the Veterans Room at Memorial Hall.

Sincerely,

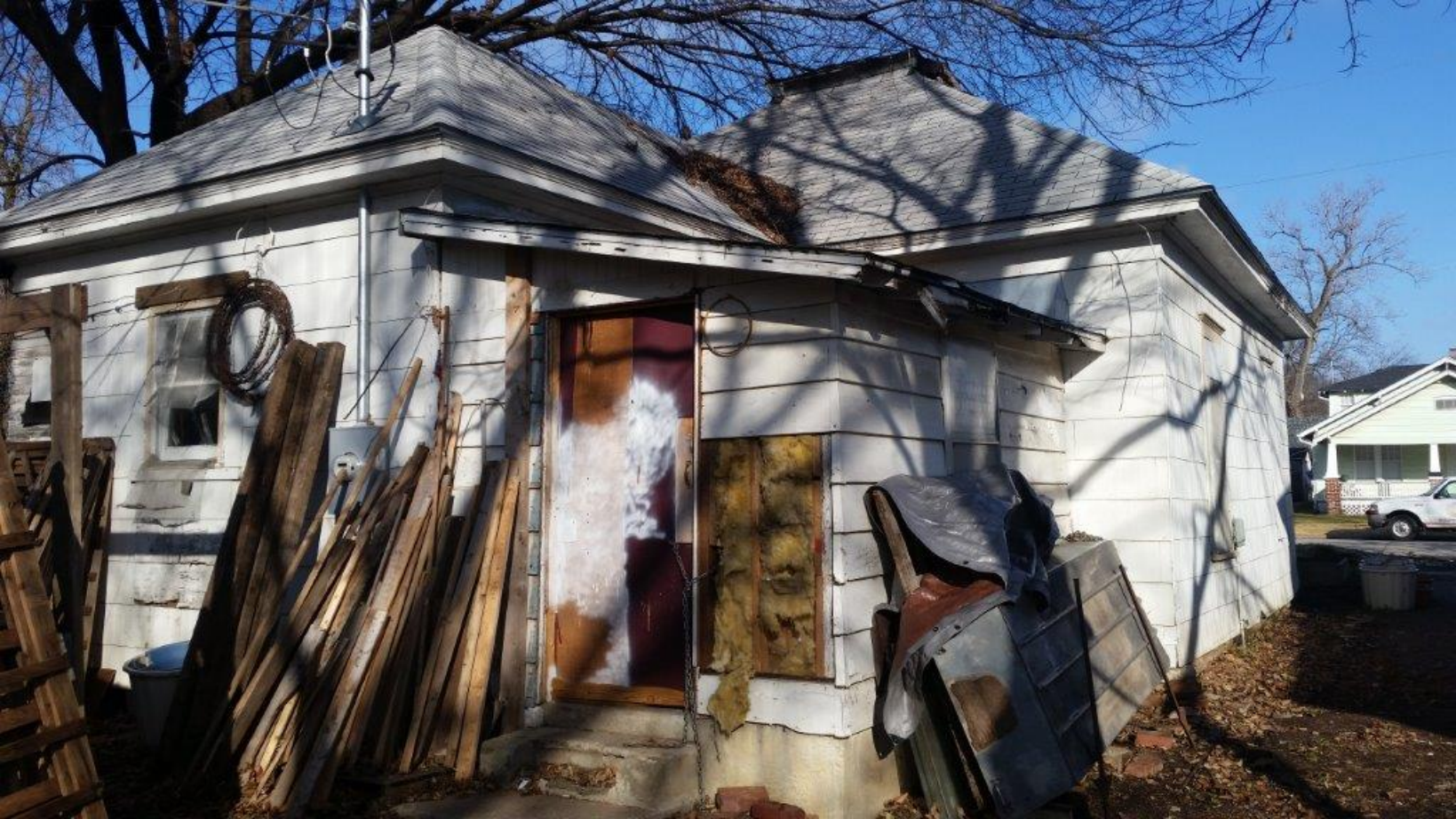
THE CITY OF INDEPENDENCE, KANSAS

A handwritten signature in black ink, appearing to read "Jennifer D. Rutledge", with a stylized flourish at the end.

Jennifer D. Rutledge
Director of Finance - City Clerk









Jennifer D. Rutledge
Director of Finance - City Clerk
811 W Laurel Street
Independence, Kansas 67301
620-332-2505 Cityclerk@independenceks.gov

November 4, 2016

Nita Smith
1304 W Locust St.
Independence, KS 67301

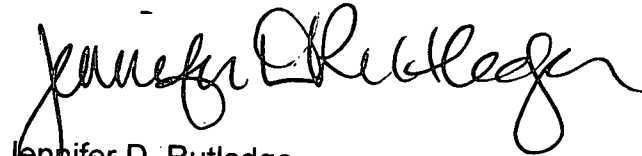
Re: 1300 W Locust, Independence, KS

To Whom It May Concern:

This letter is to inform you that the City Commission has scheduled a public hearing to consider the above property as dangerous and unsafe at their December 8, 2016 meeting. The Commission meets at 5:30 pm in the Veterans Room at Memorial Hall.

Sincerely,

THE CITY OF INDEPENDENCE, KANSAS

A handwritten signature in black ink, appearing to read "Jennifer D. Rutledge", written over a horizontal line.

Jennifer D. Rutledge
Director of Finance - City Clerk









Jennifer D. Rutledge
Director of Finance - City Clerk
811 W Laurel Street
Independence, Kansas 67301
620-332-2505 Cityclerk@independenceks.gov

November 4, 2016

Nita Smith
1304 W Locust St.
Independence, KS 67301

Re: 1304 W Locust, Independence, KS

To Whom It May Concern:

This letter is to inform you that the City Commission has scheduled a public hearing to consider the above property as dangerous and unsafe at their December 8, 2016 meeting. The Commission meets at 5:30 pm in the Veterans Room at Memorial Hall.

Sincerely,

THE CITY OF INDEPENDENCE, KANSAS

A handwritten signature in black ink, appearing to read "Jennifer D. Rutledge", written in a cursive style.

Jennifer D. Rutledge
Director of Finance - City Clerk









Items for Commission Action

- i. Consider an ordinance adjusting the solid waste rates as budgeted effective January 1, 2017 [CITIZENS].**

Attached is an ordinance increasing the solid waste rates 5% as approved in the 2017 budget. City staff recommends adopting the attached ordinance implementing the increase for solid waste rates as approved in the 2017 budget.

ORDINANCE # 4233

AN ORDINANCE AMENDING APPENDIX D - FEE SCHEDULE, "CHAPTER 90. SOLID WASTE" OF THE CODE OF THE CITY OF INDEPENDENCE, KANSAS, 1995.

Now therefore, be it ordained by the Governing Body of the City of Independence, Kansas, that Appendix D - Fee Schedule, "Chapter 90. Solid Waste" of the Code of the City of Independence, Kansas, 1995, be amended to read as follows:

Section 1

Appendix D - Fee Schedule.

Chapter 90. Solid Waste.

(1) Residential:

- a. Single-family household unit:
 - 1. Location of container not more than 20 feet from street or alley, per month, per unit. \$19.45
 - 2. Location of container more than 20 feet from street or alley, per month, per unit. \$26.05
 - 3. Unoccupied or vacant single-family household unit for which water service has not been disconnected, per month, per unit. \$11.58
- b. Hardship rates:
 - 1. Location of container not more than 20 feet from street or alley, per month, per unit. \$14.58
 - 2. Location of container more than 20 feet from street or alley, per month, per unit. \$19.56

(2) Commercial and all other establishments:

- a. Twice-a-week collection service, using two 32-gallon containers or less:
 - 1. Per month \$24.89
 - 2. Plus, per each additional 32-gallon container or less, per month \$15.05
- b. Six-day-a-week collection service, using two 32-gallon containers or less:
 - 1. Per month \$64.60
 - 2. Plus, per each additional 32-gallon container or less, per month \$35.01

(3) All other establishments using large refuse containers (dumpsters):

Monthly Charges Per Size Of Dumpster

Collections								
per week	1-yard	1.5-yard	2-yard	3-yard	4-yard	5-yard	6-yard	
1	\$54.41	\$66.56	\$78.72	\$103.02	\$127.34	\$151.65	\$175.69	
2	\$76.41	\$88.56	\$100.72	\$125.02	\$149.34	\$173.65	\$197.69	
3	\$98.41	\$110.56	\$122.72	\$147.02	\$171.34	\$195.65	\$219.69	
4	\$120.41	\$132.56	\$144.72	\$169.02	\$193.34	\$217.65	\$241.69	
5	\$142.41	\$154.56	\$166.72	\$191.02	\$215.34	\$239.65	\$263.69	
6	\$164.41	\$176.56	\$188.72	\$213.02	\$237.34	\$261.65	\$285.69	

Section 2

Appendix D, "Chapter 90, Solid Waste", of the Code of the City of Independence, Kansas, 1995, is hereby amended.

Section 3

This ordinance shall be in effect with the first billing in January, 2017.

Section 4

ORDINANCE # 4233

This ordinance shall be in full force and effect from and after passage, approval and publication in the official city newspaper.

PASSED AND APPROVED this 8th day of December, 2016.

Mayor

Attest:

Director of Finance / City Clerk

j. Consider an ordinance adjusting the utility rates as budgeted effective January 1, 2017 [CITIZENS].

Attached is an ordinance increasing the water/sewer rates 5% as approved in the 2017 budget. As the Commission is aware, Lochner is currently conducting a utility rate study. As of November 30, 2016 when City staff checked the status the rate study is still not complete. Since the 2017 utility revenue included in the approved budget was dependent on the 5% increase in water/sewer rates by delaying adoption of the attached ordinance in time for the new rate to go into effect on January 1, 2017 will result in a utility budget revenue shortfall. Approving this ordinance for the water/sewer rate increase as included in the 2017 budget does not preclude the City Commission from adopting additional ordinances in 2017 if the Commission wishes based on the utility rate study results. City staff recommends adopting the attached ordinance implementing the increase for utility rates as approved in the 2017 budget.

ORDINANCE NO. 4232

AN ORDINANCE AMENDING CITY CODE – APPENDIX D – FEE SCHEDULE

Now therefore, be it ordained by the Governing Body of the City of Independence, Kansas, that “Appendix D – Fee Schedule”, to the Code of the City of Independence, Kansas, 1995, is amended as follows:

SECTION 1

CHAPTER 106. UTILITIES

- (3) Water rates for premises located within the city:
 - a. First 1,000 gallons or any part thereof...\$7.54
 - b. Next 9,000 gallons or any part thereof, per 1,000 gallons...\$3.50
 - c. Next 50,000 gallons or any part thereof, per 1,000 gallons...\$2.92
 - d. Next 500,000 gallons or any part thereof, per 1,000 gallons...\$2.71
 - e. Next 750,000 gallons or any part thereof, per 1,000 gallons...\$2.12
 - f. All over 1,310,000 gallons, per 1,000 gallons...\$1.92
- (4) Water rates for premises located outside the city:
 - a. First 1,000 gallons or any part thereof...\$11.32
 - b. Next 9,000 gallons or any part thereof, per 1,000 gallons...\$5.27
 - c. Next 50,000 gallons or any part thereof, per 1,000 gallons...\$4.38
 - d. Next 500,000 gallons or any part thereof, per 1,000 gallons...\$4.10
 - e. Next 750,000 gallons or any part thereof, per 1,000 gallons...\$3.10
 - f. All over 1,310,000 gallons, per 1,000 gallons...\$2.88
- (5) Hardship rates, water:
 - a. First 1,000 gallons or any part thereof...\$5.65
 - b. Next 9,000 gallons or any part thereof, per 1,000 gallons...\$2.63
 - c. Next 50,000 gallons or any part thereof, per 1,000 gallons...\$2.18
 - d. Next 500,000 gallons or any part thereof, per 1,000 gallons...\$2.04
 - e. Next 750,000 gallons or any part thereof, per 1,000 gallons...\$1.60
 - f. All over 1,310,000 gallons, per 1,000 gallons...\$1.44
- (6) Sewer rates for premises located within the city:
 - a. Minimum charge, per month...\$21.44
 - b. Per 1,000 gallons of water used per month...\$4.01
- (7) Sewer rates for premises located outside the city:
 - a. Premises located outside the corporate limits of the city and furnished with sewer service by the city's sewage disposal system shall pay an additional sewer service charge equal to 25% of the water service charge as determined by city ordinance, or an additional sewer service charge equal to 65% of the sewer service charge as determined under the provisions of this article for those customers **not** connected to the city's water system pertaining to

ORDINANCE NO. 4232

premises located outside the corporate limits of the city. The additional charges provided under this section will be used for capital related costs.

- (8) Hardship rates, sewer:
 - a. Minimum charge, per month...\$16.08
 - b. Per 1,000 gallons of water used per month...\$3.00
- (9) Sewer rates for Montgomery County Sewer District #2:
 - a. Minimum charge, per month...\$32.51
 - b. Per 1,000 gallons of water used per month...\$6.70
- (13) Water connection fee for premises located within the city:
 - a. 5/8 inch meters...\$300.00
 - b. For meters in excess of 5/8 inch, the connection fee shall be determined by the cost of labor and materials, but shall in no case be less than...\$300.00
- (14) Water connection fee for premises located outside the city:
 - a. 5/8 inch meters...\$350.00
 - b. For meters in excess of 5/8 inch, the connection fee shall be determined by the cost of labor and materials, but shall in no case be less than...\$350.00
- (15) Sewer service connection fee for premises located inside the city...\$100.00
- (16) Sewer service connection fee for premises located outside the city...\$150.00
- (17) Systems development charge (Ord. # 4082) imposed upon all persons who are issued a building permit or a permit for connection to the water and/or sewer system...\$1,000.00

SECTION 2

Appendix D, "Chapter 106. Utilities", of the Code of Independence, Kansas, 1995, is hereby amended.

SECTION 3

This ordinance shall be in effect with the first billing in January 2017.

ORDINANCE NO. 4232

SECTION 4

This ordinance shall be in full force and effect from and after passage, approval and publication in the official city newspaper.

PASSED AND APPROVED this _____ day of _____ 20____.

Mayor

Director of Finance / City Clerk

k. Consider a request from Montgomery County Public Works to extend the timeframe for a conditional use permit for a supplementary parking lot at the Southwest Corner of Wald Avenue and Myrtle Street [OTHER GOVERNMENTAL ENTITIES].

Attached is a request from Jim Wright, Montgomery County Public Works Assistant Coordinator requesting that the timeframe in Resolution No. 2010-06 for a conditional use permit for construction of a supplemental parking lot at the southwest corner of Wald Avenue and Myrtle be extended. Item No. 11 indicating that; *“Parking lot construction and all requirements of the conditional use permit shall be completed within one year of the approval of the conditional use permit, or the conditional use permit will be void, unless such delay is approved by the City.”*

The conditional use permit was approved on February 4, 2010. Staff checked with the City Attorney who indicated that the City Commission could extend this deadline rather than requiring Montgomery County to start over with a new conditional use permit request with the Planning Commission.

From: [Jim Wright](#)
To: ["Kelly Passauer"](#)
Subject: Conditional use permit
Date: Monday, November 21, 2016 12:32:53 PM

Kelly,

Montgomery County Public Works is requesting the City Commissioners to grant an extension on a Conditional Use Permit (Resolution No. 2010-06).

Jim Wright
Montgomery County Public Works Asst. Coord.
O 620-330-1170
C 620-330-2405



4000

STATE OF KANSAS MONTGOMERY COUNTY
FILED FOR RECORD
MARLYN DOLHOUGH REGISTER OF DEEDS
JAN 20 AM 2:30 2010 Receipt No.: 39809
\$4.00

BOOK: 558 PAGE: 575

RESOLUTION NO. 2010-06**A RESOLUTION AUTHORIZING A CONDITIONAL USE PERMIT FOR
SUPPLEMENTARY PARKING AT THE SOUTHWEST CORNER OF WALD AVENUE
& MYRTLE STREET**

WHEREAS, at a public hearing conducted on January 5, 2010, the Independence Planning and Zoning Commission voted to approve a request for a conditional use permit for supplementary parking at the southwest corner of Wald Avenue and Myrtle Street.

NOW THEREFORE, BE IT RESOLVED by the Governing Body of the City of Independence, Kansas:

The recommendation of the Independence Planning & Zoning Commission to issue a conditional use permit for supplementary parking at the southwest corner of Wald Avenue and Myrtle Street, Independence, Kansas, is approved as hereinafter modified.

The property in question has the following legal description:

East 50' of Lot 1, County Clerk's Subdivision of Out lot 35, to the City of Independence, Montgomery County, Kansas

The conditional use permit is subject to the following conditions:

1. The applicant must meet the conditions set forth in "Section 1013.0 Supplementary Parking" of the Zoning Code, including, but not limited to the following requirements:
 - a. Surface material: Areas used for standing and maneuvering of vehicles shall have concrete, asphalt concrete, or asphalt double-seal surfaces maintained adequately for all-weather use, and so drained as to avoid flow of water across sidewalks.
 - b. Screening and buffer setback required:
 - i. Parking and loading areas adjacent to or within residential districts or adjacent to residential uses shall be designed to minimize disturbance of residents by the erection between the uses of a sight-obscuring fence of not less than five feet nor more than six feet in height, except where vision clearance is required, in lieu of such sight-obscuring fence, shrubs, trees or hedges may be substituted as approved by City staff.
 - ii. No off-street parking will be permitted within less than four feet of the property line under separate ownership.

- c. Lighting: Artificial lighting which may be provided shall be so deflected as not to shine or create glare in any residential district, on any adjacent dwelling, or create glare for oncoming traffic on City streets.
- d. Service drives:
 - i. Service drives to off-street parking areas shall be designed and constructed to facilitate the flow of traffic, provide maximum safety of traffic access and egress, and maximum safety for pedestrians and vehicular traffic on the site. The number of service drives shall be limited to the minimum that will allow the property to accommodate the traffic to be anticipated. Service drives shall not be more than 30 feet in width, nor less than 25 feet for two-way drives, nor less than 16 feet for one-way drives. In the case of a corner lot, service drives shall be located not closer than 30 feet to the intersecting street line. Service drives shall be located not closer than four feet to a side lot line, except that a common service drive of two adjacent properties with width not exceeding 30 feet may be provided at the common lot line.
 - ii. Service drives shall have a minimum vision clearance area formed by the intersection of the driveway centerline, the street right-of-way line, and a straight line joining said lines through points 30 feet from their intersection.
 - iii. Service drives shall be from the street to the parking and shall have concrete, asphalt concrete, or asphalt double-seal surfaces, maintained adequately for all-weather use, and so drained as to avoid flow of water across sidewalks.
- e. Plan: A plan drawn to scale shall be approved by the City prior to developing the proposed parking lot. Such plan shall include the following:
 - i. Delineation of individual parking and loading spaces by adequate striping.
 - ii. Circulation area necessary to serve spaces.
 - iii. Access to streets and property to be served.
 - iv. Curb cuts.
 - v. Dimensions, continuity, and substance of required screening.
 - vi. Grading, drainage, surfacing and subgrading details.
 - vii. Delineation of obstacles to parking and circulation in finished parking area.
 - viii. Specification as to signs and bumper guards.
 - ix. The nature and extent of landscaping and screening on the site.

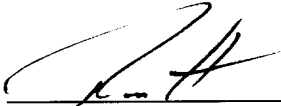
2. Drainage plan: The applicant shall provide a drainage plan prepared by a licensed engineer and construct those improvements designed to limit an increase in runoff drainage from the property above its current rate.
3. Minimum parking space dimensions: The minimum parking space dimensions shall be approved by the City prior to development.
4. Compliance with City Codes: The applicant must be in compliance with all City codes and must continue to be in compliance with all City codes including the requirement to obtain any required permits; such as a demolition permit, curb cut permit, etc.
5. Utility location: The applicant will notify Kansas One-Call and have the utilities located prior to construction.
6. Restrictions on use: The lot will be utilized for Montgomery County employee parking only and will not be utilized for storage of materials, equipment or disabled vehicles.
7. Sound system: There will be no sound amplification to be placed on the parking lot.
8. Landscaping and structures: Any landscaping or structures that are constructed adjoining any other properties will be the responsibility of Montgomery County to maintain and keep in good repair.
9. Litter: The applicant shall police the parking lot and adjoining areas to remove any litter.
10. Signage: If the applicant wishes to provide signage on this lot, such signage shall be limited to informational signs, i.e. directional signs and exiting and entrance signs. The size, type and placement of such signage shall be approved by the City.
11. Parking lot construction and all requirements of the conditional use permit shall be completed within one year of the approval of the conditional use permit, or the conditional use permit will be void, unless such delay is approved by the City.
12. If the applicant changes the use of the facilities served by the parking lot to any other use then the continuation of the conditional use permit will require review and approval by the City.
13. If the applicant sells the adjoining facilities and the sale does not include the parking lot or if the parking lot is no longer needed to serve the adjoining facilities then the lot will be cleared of all improvements and returned to an unimproved tract containing grass.
14. The Planning Commission may review continuation of this conditional use permit at its discretion for continuation of the conditional use. Such approval shall not be unreasonably withheld.

15. The conditional use permit is not transferable to another location.

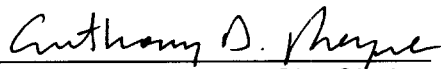
If any of the above conditions are not met the conditional use permit will no longer be valid.

Adopted and approved by the Governing Body of the City of Independence, Kansas, on the 4th day of February 2010.

(attest)



Mayor



Director of Finance / City Clerk



1. **Consider an ordinance authorizing the City to issue taxable IRB's for the purpose of purchasing, acquiring, constructing, installing and equipping certain modifications and additions to an existing aircraft manufacturing facility; authorizing certain other documents and actions in connection therewith; and authorizing the release of certain documents in connection with related taxable industrial revenue bonds which are no longer outstanding [BUSINESS & INDUSTRY].**

Attached are documents relating to the issuance of taxable IRB's for the purpose of purchasing, acquiring, constructing, installing and equipping certain modifications and additions to an existing aircraft manufacturing facility; authorizing certain other documents and actions in connection therewith; and authorizing the release of certain documents in connection with related taxable industrial revenue bonds which are no longer outstanding. A representative of the bond counselor will be available to answer any questions.

ORDINANCE NO. []

OF THE
CITY OF INDEPENDENCE, KANSAS

AUTHORIZING THE ISSUANCE OF
CITY OF INDEPENDENCE, KANSAS
TAXABLE INDUSTRIAL REVENUE BONDS
SERIES 2016
(CESSNA AIRCRAFT COMPANY)

(Published in *The Independence Daily Reporter*, December 12, 2016)

ORDINANCE NO. [____]

AN ORDINANCE AUTHORIZING THE CITY OF INDEPENDENCE KANSAS, TO ISSUE ITS TAXABLE INDUSTRIAL REVENUE BONDS, SERIES 2016 (CESSNA AIRCRAFT COMPANY), FOR THE PURPOSE OF PURCHASING, ACQUIRING, CONSTRUCTING, INSTALLING AND EQUIPPING CERTAIN MODIFICATIONS AND ADDITIONS TO AN EXISTING AIRCRAFT MANUFACTURING FACILITY; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND AUTHORIZING THE RELEASE OF CERTAIN DOCUMENTS IN CONNECTION WITH RELATED TAXABLE INDUSTRIAL REVENUE BONDS WHICH ARE NO LONGER OUTSTANDING.

WHEREAS, the City of Independence, Kansas (the "City" or "Issuer") is authorized by K.S.A. 12-1740 to 12-1749d, inclusive, as amended (the "Act"), to acquire, renovate and equip certain facilities (as defined in the Act) for commercial, industrial and manufacturing purposes, and to enter into leases and lease-purchase agreements with any persons, firm or corporation for said facilities, and to issue revenue bonds for the purpose of paying the cost of any such facilities and to refund such revenue bonds previously issued; and

WHEREAS, pursuant to Resolution Nos. 5-07, 2000-36, 2004-29, 2006-62, and 2013-09 the City has heretofore found and determined that it is desirable in order to promote, stimulate and develop the general economic welfare and prosperity of the City and the State of Kansas that the City issue, in one or more series, its taxable industrial revenue bonds for the purpose of purchasing, acquiring, constructing and installing certain industrial and commercial facilities for the production of single engine piston and jet aircraft (the "Facility"), said Facility to be leased by the City to Cessna Aircraft Company, a Kansas corporation, its successor and assigns (the "Company"); and

WHEREAS, pursuant to such authorization, the City has heretofore issued fifteen series of its taxable industrial revenue bonds in the aggregate principal amount of \$108,987,705; and

WHEREAS, the City does hereby find and determine that it is desirable to issue an additional series of bonds under the authorization granted by above described resolutions, such bonds to be designated its Taxable Industrial Revenue Bonds, Series 2016 (Cessna Aircraft Company) in the aggregate principal amount of not to exceed \$420,000 (the "Series 2016 Bonds") for the purpose of purchasing, acquiring, constructing and installing a portion of the Facility (the "2016 Project Additions"); and

WHEREAS, the Series 2016 Bonds are more fully described in the Thirteenth Supplemental Trust Indenture dated as of the Issue Date by and between the City and the Trustee (the "Thirteenth Supplemental Trust Indenture"), which Thirteenth Supplemental Trust Indenture further supplements and amends the Trust Indenture dated as of December 20, 1996 (the "1996 Indenture") by and between the City and Boatman's National Bank, predecessor trustee to The Bank of New York Mellon Trust Company, N.A. (the "Trustee") (the 1996 Indenture, as supplemented from time to time in accordance with the provisions thereof, hereinafter referred to as the "Indenture"), and in the Thirteenth Supplemental Lease hereinafter authorized; and

WHEREAS, the 2016 Project Additions shall be leased by the City to the Company pursuant to the Thirteenth Supplemental Lease dated as of the Issue Date by and between the City and the Company (the "Thirteenth Supplemental Lease"), which Thirteenth Supplemental Lease further supplements and amends the Lease Agreement dated as of December 20, 1996 (the "1996 Lease") by and between the City and the Company (the 1996 Lease, as supplemented and amended from time to time in accordance with the provisions thereof, hereinafter referred to as the "Lease"); and

WHEREAS, the Series 2016 Bonds and the interest thereon shall not constitute an indebtedness of the City within the meaning of any constitutional provision or statutory limitation, shall not constitute nor give rise to a pecuniary liability of the City, nor shall any Series 2016 Bond or the interest thereon be a charge against the general credit or taxing powers of the City; and

WHEREAS, the Series 2016 Bonds are not general obligations of the City and are payable solely from certain fees, rentals, revenues and other amounts derived by the City pursuant to the Lease and, under certain circumstances, from the proceeds of the Series 2016 Bonds and insurance and condemnation awards; and

WHEREAS, pursuant to the Indenture, the Series 2016 Bonds shall be equally and ratably secured and on a parity with the City's outstanding Series 2006 Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2012 Bonds, Series 2014 Bonds, Series 2015 Bonds and any other Additional Bonds (as such terms are defined in the Indenture); and

WHEREAS, the City further finds and determines that it is necessary and desirable in connection with the issuance of the Series 2016 Bonds: (1) to execute and deliver the Thirteenth Supplemental Trust Indenture for the purpose of issuing and securing the Series 2016 Bonds, and (2) to enter into the Thirteenth Supplemental Lease pursuant to which the City shall cause the 2016 Project Additions to be leased to the Company in consideration of payments of Supplemental Basic Rent, Supplemental Additional Rent and other charges provided for therein.

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

Section 1. Definition of Terms. All terms and phrases not otherwise defined herein shall have the respective meanings set forth in the Indenture and Lease.

Section 2. Authority to Cause the 2016 Project Additions to be Purchased, Acquired, Constructed and Installed. The City is hereby authorized to cause the 2016 Project Additions to be purchased, acquired, constructed and installed all in the manner and as more particularly described in the Thirteenth Supplemental Trust Indenture and in the Thirteenth Supplemental Lease hereinafter authorized.

Section 3. Authorization of and Security for the Series 2016 Bonds. There is hereby authorized and directed to be issued the series of revenue bonds to be designated "City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 2016 (Cessna Aircraft Company)" in the aggregate principal amount of not to exceed \$420,000 the purpose of paying the cost of purchasing, acquiring, constructing and installing the 2016 Project Additions. The Series 2016 Bonds shall be in such final principal amount, 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 in the manner prescribed and subject to the provisions, covenants and agreements set forth in the Thirteenth Supplemental Trust Indenture. The Series 2016 Bonds shall be equally and ratably secured and on a parity with the Series 2006 Bonds, Series 2007 Bonds, the Series 2008 Bonds, the Series 2012 Bonds, the

Series 2014 Bonds, the Series 2015 Bonds and any other Additional Bonds (collectively, the “Bonds”), all as more specifically set forth in the Thirteenth Supplemental Trust Indenture herein authorized. The Series 2016 Bonds shall be special limited obligations of the City payable solely from the revenues derived by the City pursuant to the Lease or otherwise in connection with the Facility. The Series 2016 Bonds shall not be general obligations of or constitute a pledge of the faith and credit of the City within the meaning of a constitutional or statutory provision and shall not be payable in any manner from tax revenues. The Series 2016 Bonds shall be secured under the provisions of the Indenture and are authorized thereby.

Section 4. Authorization of Thirteenth Supplemental Trust Indenture. The City is hereby authorized to enter into the Thirteenth Supplemental Trust Indenture, under which the City shall pledge and assign to the Trustee, for the benefit of the holders of the Series 2016 Bonds, the Trust Estate created thereby, all upon the terms and conditions set forth in the Indenture.

Section 5. Lease of the 2016 Project Additions. The City shall cause the 2016 Project Additions to be leased by the City to the Company pursuant to and in accordance with the provisions of the Thirteenth Supplemental Lease.

Section 6. Authorization of Bond Purchase Agreement. The Series 2016 Bonds shall be sold and delivered to Cessna Aircraft Company, upon the terms and subject to the provisions of the Bond Purchase Agreement dated as of the Issue Date (the “Bond Purchase Agreement”), herein authorized, by and between the City and the Company, as Purchaser.

Section 7. Authorization of Release Documents. The City is hereby authorized to execute a Bill of Sale conveying the 2006 Project from the City to the Company, a Termination of Seventh Supplemental Lease and a Cancellation of Seventh Supplemental Trust Indenture (as all such terms are defined in the Indenture) (collectively, the “Release Documents”) and to deliver such Release Documents upon receipt of Certification by the Trustee that none of the Issuer’s Taxable Industrial Revenue Bonds, Series 2006 (Cessna Aircraft Company) remain Outstanding and upon receipt from the Company of the other consideration required under the Lease, and performance by the Company of all conditions precedent to exercise of its purchase option under the Lease.

Section 8. Execution of Series 2016 Bonds and Agreements. The Mayor or Vice Mayor of the City of Independence, Kansas, is hereby authorized and directed to execute the Series 2016 Bonds and deliver the same 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 Indenture. The Mayor or Vice Mayor is hereby further authorized and directed to execute and deliver the Thirteenth Supplemental Trust Indenture, the Thirteenth Supplemental Lease, the Bond Purchase Agreement and the Release Documents for and on behalf of and as the act and deed of the City with such minor corrections or amendments thereto as the Mayor or Vice Mayor shall approve, which approval shall be evidenced by his or her execution thereof, and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the purposes and intent of this Ordinance. The City Clerk or the Deputy City Clerk of the City are hereby authorized and directed to attest the execution of the Series 2016 Bonds, the Thirteenth Supplemental Trust Indenture, the Thirteenth Supplemental Lease, the Bond Purchase Agreement, the Release 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 9. Pledge of the Project. The City hereby pledges the 2016 Project Additions and the net revenues therefrom to the payment of the Bonds, including the Series 2016 Bonds, in accordance with

K.S.A. 12-1744. The lien created by such pledge shall be discharged when all of the Bonds shall be deemed to have been paid within the meaning of the Indenture.

Section 10. Further Authority. The City shall, and the officers, agents and employees of the City are hereby authorized and directed to, take such action, expend such funds and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the provisions of this Ordinance and to carry out, comply with and perform the duties of the City with respect to the Series 2016 Bonds, the Thirteenth Supplemental Trust Indenture and the Thirteenth Supplemental Lease all as necessary to carry out and give effect to the transaction contemplated hereby and thereby.

Section 11. Effective Date. This Ordinance shall take effect and be in full force from and after its adoption by the governing body of the Issuer and publication once in the official newspaper of the Issuer.

[Remainder of this page intentionally left blank]

ADOPTED by the Governing Body of the City of Independence, Kansas this 8th day of December, 2016.

CITY OF INDEPENDENCE, KANSAS

[Seal]

Mayor

Attest:

City Clerk

EXCERPT OF MINUTES

The City Commission of the City of Independence, Kansas, met in regular session, at the usual meeting place in said City on December 8, 2016 at 5:30 p.m., with the Mayor, presiding and the following members present:

The following members were absent:

Among other business, there came on for consideration and adoption the following ordinance:

AN ORDINANCE AUTHORIZING THE CITY OF INDEPENDENCE KANSAS, TO ISSUE ITS TAXABLE INDUSTRIAL REVENUE BONDS, SERIES 2016 (CESSNA AIRCRAFT COMPANY), FOR THE PURPOSE OF PURCHASING, ACQUIRING, CONSTRUCTING, INSTALLING AND EQUIPPING CERTAIN MODIFICATIONS AND ADDITIONS TO AN EXISTING AIRCRAFT MANUFACTURING FACILITY; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND AUTHORIZING THE RELEASE OF CERTAIN DOCUMENTS IN CONNECTION WITH RELATED TAXABLE INDUSTRIAL REVENUE BONDS WHICH ARE NO LONGER OUTSTANDING.

After discussion, upon motion by _____, seconded by _____, each section of the Ordinance was passed by a majority of the members present.

A majority of the members having voted in favor of the passage of said Ordinance, it was designated Ordinance No. _____ and was ordered to be executed by the Mayor and by the City Clerk, and the City Clerk was directed to publish the Ordinance or a summary thereof one time in the official city newspaper as required by law and provided therein.

[Remainder of this page intentionally left blank]

CITY CLERK'S
CERTIFICATION OF EXCERPT OF MINUTES

I hereby certify that the following is a true and correct Excerpt of Minutes of the December 8, 2016, meeting of the City Commission of the City of Independence, Kansas, relating to the adoption of Ordinance No. _____.

Jennifer Rutledge, City Clerk

(Published in *The Independence Daily Reporter*, December 12, 2016)

ORDINANCE NO. _____

On December 8, 2016, the governing body of the City of Independence, Kansas passed an ordinance entitled:

AN ORDINANCE AUTHORIZING THE CITY OF INDEPENDENCE KANSAS, TO ISSUE ITS TAXABLE INDUSTRIAL REVENUE BONDS, SERIES 2016 (CESSNA AIRCRAFT COMPANY), FOR THE PURPOSE OF PURCHASING, ACQUIRING, CONSTRUCTING, INSTALLING AND EQUIPPING CERTAIN MODIFICATIONS AND ADDITIONS TO AN EXISTING AIRCRAFT MANUFACTURING FACILITY; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH; AND AUTHORIZING THE RELEASE OF CERTAIN DOCUMENTS IN CONNECTION WITH RELATED TAXABLE INDUSTRIAL REVENUE BONDS WHICH ARE NO LONGER OUTSTANDING.

The Taxable Industrial Revenue Bonds approved by the Ordinance are being issued by the City in two series in the aggregate principal amount of \$420,000 for the purpose of paying the costs of purchasing, acquiring, constructing and installing additions to certain industrial and commercial facilities for the production of single engine piston and jet aircraft (the "Facility") located in Montgomery County, Kansas within three miles of the city limits of the City and leased to Cessna Aircraft Company. The Bonds will be special limited obligations of the Issuer payable solely from the revenues of the Lease of the Facility. The Taxable Industrial Revenue Bonds approved by the Ordinance will be secured on a parity with previous series of Taxable Industrial Revenue Bonds issued by the City for the purpose of financing portions of the Facility. The Ordinance also authorizes the release of certain documents in connection with the City's Taxable Industrial Revenue Bonds, Series 2006 (Cessna Aircraft Company). A complete text of the Ordinance may be obtained or viewed free of charge of the office of the City Clerk, 120 N. Sixth, Independence, Kansas 67301. A reproduction of the Ordinance is available for not less than seven days following the publication date of this Summary at www.independenceks.org.

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

DATED: December 8, 2016

City Attorney

GILMORE & BELL, P.C.
11/29/2016

BOND PURCHASE AGREEMENT

Between

CITY OF INDEPENDENCE, KANSAS

AND

CESSNA AIRCRAFT COMPANY

DATED AS OF DECEMBER 15, 2016

BOND PURCHASE AGREEMENT

\$420,000 Taxable Industrial Revenue Bonds Series 2016 (Cessna Aircraft Company)

The undersigned, CITY OF INDEPENDENCE, KANSAS, a municipal corporation (the "City"), hereby agrees with CESSNA AIRCRAFT COMPANY (formerly The Cessna Aircraft Company), a corporation organized under the laws of the State of Kansas (the "Company" and "Purchaser"), as follows:

PART I

1.1. Authorization of Bond Proceeds. (a) The City has authorized or will authorize, in compliance with the requirements of law, an issue of its Taxable Industrial Revenue Bonds in the aggregate principal amount of \$420,000 to be designated its "Taxable Industrial Revenue Bonds, Series 2016 (Cessna Aircraft Company)" (the "Series 2016 Bonds"). The Series 2016 Bonds are to mature, to bear interest at rates of interest and to be redeemable as provided in an Thirteenth Supplemental Trust Indenture dated as of December 15, 2016 (the "Thirteenth Supplemental Trust Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A. (successor trustee to INTRUST Bank, Wichita, Kansas), as Trustee. The Thirteenth Supplemental Trust Indenture further supplements and amends a certain Trust Indenture by and between the City and Trustee dated as of December 20, 1996 (the "1996 Indenture"), by and between the same parties (the 1996 Indenture as supplemented and amended from time to time in accordance with the provisions thereof hereinafter referred to as the "Indenture"). The Series 2016 Bonds are equally and ratably secured and on a parity with the Bonds heretofore issued under and secured by the Indenture.

The City will use the proceeds from the sale of the Series 2016 Bonds to pay the costs of constructing, purchasing, acquiring and installing certain equipment, machinery and tooling at a certain aircraft manufacturing facility located in the City (the "Project Additions").

The Project Additions shall be leased under an Thirteenth Supplemental Lease dated as of December 15, 2016 (the "Thirteenth Supplemental Lease") to be entered into between the City, as Landlord, and the Company, as Tenant. The Thirteenth Supplemental Lease supplements and amends a certain Lease dated as of December 20, 1996 between the City and the Company (the "1996 Lease"), (said 1996 Lease as supplemented and amended from time to time in accordance with the provision thereof hereinafter referred to as the "Lease").

1.2. Sale and Purchase of Bonds; Closing. The City agrees to sell to the Purchaser, and subject to the terms and conditions hereof and in reliance on the respective representations and warranties of the City contained herein, the Purchaser will purchase from the City, on the Closing Date hereinafter provided, the principal amount of the Series 2016 Bonds at the price of 100% of the principal amount thereof, together with accrued interest thereon from the date of registration of the Series 2016 Bonds, if any, as specified in the Indenture, to the Closing Date (as defined below).

The date for the purchase and sale of the Bonds hereunder (the "Closing Date") shall be December 15, 2016, or such other business day acceptable to the parties hereto.

On the Closing Date, the City will deliver to the Purchaser the Bonds against payment therefor by Federal Funds payable to The Bank of New York Trust Mellon Trust Company, N.A., as Trustee for the account of the City, at the office of said Bank in St. Louis, Missouri.

1.3. Representations and Warranties of City. The City represents and warrants to the Purchaser that:

(a) The City is duly organized and existing as a municipal corporation of the State of Kansas authorized to issue taxable industrial revenue bonds pursuant to Kansas Statutes Annotated 12-1740 *et seq.*, as amended (the "Act").

(b) When delivered to and paid for by the Purchaser in accordance with the provisions of this Agreement, the Series 2016 Bonds will have been duly authorized, executed, authenticated, issued and delivered; the Bonds will constitute valid and binding limited obligations of the City payable solely and only from the revenues specified in the Indenture and in conformity with, and entitled to the benefit and security of, the Indenture and the Lease; and this Agreement, the Series 2016 Bonds, the Indenture, the Lease and all action taken by the City in connection therewith shall be in conformity with the Act.

(c) The execution and delivery of this Agreement, the Indenture, the Series 2016 Bonds and the Lease, and compliance with the provisions hereof and thereof, will not conflict with or constitute a breach of or default under any agreement or other instrument to which the City is a party or any existing law, administrative regulation, court order or consent decree to which the City is subject.

(d) On the Closing Date, the Indenture will have been duly executed and delivered by the City and will have been signed by the Trustee and will be in full force and effect and the Lease will have been duly executed and delivered by the City and will have been signed by the Company and will be in full force and effect.

(e) The City will cause the proceeds from the sale of the Series 2016 Bonds to be deposited as required by the Indenture and used for the purposes set forth in the Indenture.

(f) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the City wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Agreement or the validity of the Series 2016 Bonds, the Indenture or the Lease.

(g) No additional or further approval, consent or authorization of, or filing with, any governmental or public agency or authority not already obtained by the City is required in connection with the issuance and sale of the Series 2016 Bonds or entering into and performing the obligations of the City under this Agreement, the Series 2016 Bonds, the Indenture or the Lease.

(h) The City has all requisite power and authority to enter into and perform this Agreement, to issue the Series 2016 Bonds, to use the proceeds as contemplated by the Thirteenth Supplemental Indenture, to enter into and perform the Thirteenth Supplemental Lease, to adopt the Ordinance authorizing and securing the Series 2016 Bonds and comply with the provisions thereof, and to pledge the rents, revenues and receipts from the Project Additions for the benefit of the holders of the Series 2016 Bonds.

PART II

2.1. Representations and Warranties of Company. The Company further represents and warrants to the City that:

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Kansas and in all other states and jurisdictions wherein the character of the properties owned or held under lease by it or the nature of the business transacted by it makes such qualification necessary.

(b) Pursuant to the terms of the Lease, the Company will authorize the proceeds from the sale of the Series 2016 Bonds hereunder to be applied to pay, or reimburse the Company for the payment, of Project Costs as such term is defined in the Indenture.

(c) The Lease and this Bond Purchase Agreement are valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms except as may be limited by (i) the provisions of the United States Bankruptcy Code and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights, generally, now or hereafter in effect; or, (ii) general equity principles which may limit the specific enforcement of certain remedies, but which do not affect the validity of such documents.

(d) The Company has duly authorized the taking of any and all action necessary at the date hereof to carry out and give effect to the transactions contemplated to be performed by it in the Lease and this Bond Purchase Agreement.

(e) The Company is purchasing the Series 2016 Bonds to be delivered to it hereunder for investment solely for its own account and not with a view to, or for resale in connection with the distribution thereof. The Company understands that the Series 2016 Bonds have not been registered under the securities laws of any state or under the provisions of Section 5 of the Securities Act of 1933, as amended (the "Act"), and that the Series 2016 Bonds may not be transferred unless they are subsequently registered under the Act and all applicable state laws requiring registration as a condition of resale, or unless an exemption from such registration is available, with the consequence that the Company may therefore need to bear the risks of its investment for an indefinite time. The Company also understands that no trading market now exists for the Series 2016 Bonds.

(f) The Company acknowledges and agrees that no transfer, sale, assignment or hypothecation of any Series 2016 Bond or Bonds shall be made unless: 1) there shall have been delivered to the Company and the Trustee prior to the transfer, sale, assignment or hypothecation an opinion of nationally recognized bond counsel, satisfactory to the Company and the Trustee, to the effect that registration under the Securities Act of 1933 and registration under any applicable state securities law or laws is not required; or 2) there shall be a registration statement in effect under the Securities Act of 1933 and under any applicable state securities laws requiring a state-level registration statement with respect to the transfer, assignment, sale or hypothecation, and in the case of both 1) and 2), there shall have been compliance with all applicable state and federal securities laws and all applicable rules and regulations thereunder. The Company further acknowledges that the Trustee shall be deemed to be under "stop transfer" orders with respect to any requested transfer of any Series 2016 Bond or Bonds unless and until the Trustee has been furnished satisfactory proof of compliance with the foregoing conditions for transfer.

(g) The Company has undertaken to verify the accuracy, completeness and truth of any and all statements made or omitted to be made concerning any of the material facts relating to this transaction, including information regarding its business and financial condition, and warrants and acknowledges that it is not relying on any other party or person to undertake the furnishing or verification of information relating to this transaction.

2.2. Payment of Expenses. Whether or not the purchase herein contemplated shall be consummated, the Company will pay all expenses incurred in connection with the preparation of this Agreement, the Series 2016 Bonds, the Thirteenth Supplemental Indenture and the Thirteenth Supplemental Lease and all amendments, waivers, consents or supplements thereto, the execution and delivery of said instruments, the recording and filing of any of said instruments and all supplements thereto, the delivery of all opinions required hereunder, and stamp and other taxes, if any, incident to the transactions herein contemplated, and will indemnify and hold the holders of the Series 2016 Bonds harmless against any liabilities with respect to such taxes.

If the Purchaser surrenders any Series 2016 Bond to the City or the Trustee pursuant to the Indenture, the Company will pay the cost of delivering to or from the home office of the Purchaser and from or to the City, insured to the Purchaser's satisfaction, the surrendered Series 2016 Bond and any Series 2016 Bond issued in substitution or replacement for the surrendered Series 2016 Bond.

PART III

3.1. Condition of Obligations. The obligation of the Purchaser to purchase and pay for the Series 2016 Bonds on the Closing Date shall be subject to the accuracy of the respective representations and warranties of the City herein contained and to the satisfaction prior to or concurrently with said purchase and payment of the following further conditions:

(a) The Purchaser shall have received from Gilmore & Bell, P.C., Bond Counsel, a favorable opinion dated as of the Closing Date, addressed to the City and the Purchaser and in form and substance satisfactory to the City and the Purchaser.

(b) The Purchaser shall have received from counsel for the City in connection with this transaction, a favorable opinion dated as of the Closing Date, addressed to the City and the Purchaser and in form and substance satisfactory to the City and the Purchaser.

(c) The representations and warranties of the Company contained in Part II hereof shall be true on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date.

(d) The City's representations and warranties contained herein shall be true on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date.

(e) The City shall not be in default under this Agreement, the Indenture or the Lease.

(f) The City and the Trustee shall have executed and delivered the Thirteenth Supplemental Indenture substantially in the form thereof furnished the Purchaser, with such changes, if any, as shall be approved by the City, the Company and the Purchaser.

(g) The City shall have executed and delivered the Thirteenth Supplemental Lease substantially in the form thereof furnished the Purchaser, with such changes, if any, as shall be approved by the City and the Purchaser.

3.2. Home Office Payment. The City and the Company agree that, so long as the Purchaser shall be the registered owner of any Series 2016 Bond and notwithstanding anything contained herein, in the Lease or in the Indenture or in such Series 2016 Bond to the contrary, the City and the Company will, unless and until the Purchaser shall request otherwise, pay or cause to be paid all sums (except the final payment) becoming due on such Series 2016 Bond for principal, premium, if any, and interest, without surrender or presentation of such Series 2016 Bond to the Trustee, by wire transfer in Federal or other immediately available funds, specifying that such funds are on account of principal, premium and/or interest (as the case may be), due on the Series 2016 Bonds, to such account as the Purchaser may specify in notice to the Company and the Trustee. The Purchaser agrees to furnish to the Trustee before the Closing Date its Federal taxpayer identification number.

3.3. Additional Bonds. The City reserves the right, at the request of the Company, to issue its additional industrial revenue bonds in accordance with the provisions of the Indenture.

3.4. Miscellaneous

(a) All covenants, agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall survive the purchase by the Purchaser of the Series 2016 Bonds and shall continue in full force and effect so long as any of such Bonds are outstanding and unpaid; and all covenants and agreements in this Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

(b) All communications (other than payments) provided for hereunder shall be in writing and, if to the Purchaser and Company, delivered or mailed to the Purchaser and Company at the office of the Secretary, Cessna Aircraft Company, One Cessna Boulevard, Building C1, Wichita, Kansas 67215, or if to the City delivered or mailed addressed to the City, City Hall, 120 N. Sixth Street, Independence, Kansas 67301 Attention: City Clerk, or at such other address as any of the parties hereto may hereafter designate by notice to the other parties hereto in writing.

(c) This Agreement may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(d) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

[Remainder of this page intentionally left blank]

Upon the Purchaser signing the form of acceptance on the enclosed counterparts of the Agreement and returning counterparts to the City, this Agreement shall become a binding agreement between the parties hereto as of the date first above written.

CITY OF INDEPENDENCE, KANSAS

Attest:

By _____
Gary Hogsett, Mayor

Jennifer Rutledge, City Clerk

CESSNA AIRCRAFT COMPANY

By _____
Blake A. Meyen, Vice President,
General Counsel and Secretary

ATTEST:

Sherry L. Fleming, Assistant Secretary

CITY OF INDEPENDENCE, KANSAS

AS ISSUER

AND

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

AS TRUSTEE

THIRTEENCH SUPPLEMENTAL TRUST INDENTURE

DATED AS OF DECEMBER 15, 2016

\$420,000
TAXABLE INDUSTRIAL REVENUE BONDS
SERIES 2016
(CESSNA AIRCRAFT COMPANY)

THIRTEENTH SUPPLEMENTAL TRUST INDENTURE

Table of Contents

	<u>Page</u>
Parties	1
Recitals.....	1
Granting Clauses.....	7

ARTICLE I

DEFINITIONS

Section	101. Definitions of Words and Terms	8
Section	102. Rules of Interpretation	13

ARTICLE II

THE BONDS

Section	201. Limited Nature of Obligations.....	13
Section	202. Authorization of Series 2016 Bonds.....	14
Section	203. Authorization of Additional Bonds	15
Section	204. Restriction on Transfer of Series 2016 Bonds.....	15

ARTICLE III

REDEMPTION OF BONDS

Section	301. Redemption of the Series 2016 Bonds.....	16
Section	302. Notice of Redemption.....	16

ARTICLE IV

FORM OF BONDS

Section	401. Form of Series 2016 Bonds	16
---------	--------------------------------------	----

ARTICLE V

CUSTODY AND APPLICATION OF BOND PROCEEDS

Section	501. Creation of Project Fund.....	16
Section	502. Deposits into the Project Fund.....	16

ARTICLE VI

REVENUES AND FUNDS

Section	601.	The Principal and Interest Payment Account	16
Section	602.	Deposits into the Principal and Interest Payment Account.....	17
Section	603.	Application of Moneys in the Principal and Interest Payment Account.....	17

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section	701.	Authority to Execute Thirteenth Supplemental Trust Indenture and Issue Series 2016 Bonds.....	17
Section	702.	Performance of Covenants.....	17
Section	703.	Instruments of Further Assurance.....	17
Section	704.	Acceptance of the Trusts	17
Section	705.	Supplemental Indenture	17
Section	706.	Execution in Counterparts	18
Section	707.	Governing Law	18
		Signatures and Acknowledgments.....	19
		Schedule I – Form of Series 2016 Bonds	I-1

THIRTEENTH SUPPLEMENTAL TRUST INDENTURE

THIS THIRTEENTH SUPPLEMENTAL TRUST INDENTURE, dated as of December 15, 2015 (the "Thirteenth Supplemental Trust Indenture"), between the City of Independence, Kansas, a municipal corporation duly organized and existing under the laws of the State of Kansas (the "City" or "Issuer"), and The Bank of New York Mellon Trust Company, N.A., as successor trustee to INTRUST Bank, N.A., a national banking association duly organized and existing under the laws of United States, with an office located in St. Louis, Missouri, as Trustee (the "Trustee");

WITNESSETH:

WHEREAS, the Issuer is authorized by K.S.A. 12-1740 to 12-1749d, inclusive, as amended (the "Act"), to acquire, construct, improve and equip certain facilities (as defined in the Act) for commercial, industrial and manufacturing purposes, and to enter into leases and lease-purchase agreements with any person, firm or corporation for said facilities, and to issue revenue bonds for the purpose of paying the cost of any such facilities; and

WHEREAS, pursuant to the Act, the Issuer's Governing Body has heretofore: (1) authorized the issuance of its Taxable Industrial Revenue Bonds (The Cessna Aircraft Company) in the aggregate principal amount of not to exceed \$65,000,000 pursuant to Resolution No. 95-07 dated March 28, 1995; and (2) authorized the issuance of its Taxable Industrial Revenue Bonds (Cessna Aircraft Company) in the aggregate principal amount of not to exceed \$10,000,000 pursuant to Resolution No. 2000-36 dated December 7, 2000, all for the purpose of purchasing, acquiring, constructing and installing certain industrial and commercial facilities (the "Facility"), said Facility to be leased by the City to Cessna Aircraft Company (formerly The Cessna Aircraft Company), a Kansas corporation (the "Company"); and

WHEREAS, the Issuer has heretofore issued the first series of such bonds, designated as its Taxable Industrial Revenue Bonds, Series A, 1995 (The Cessna Aircraft Company) in the aggregate principal amount of \$40,000,000 for the purpose of constructing the Facility; and

WHEREAS, pursuant to an Ordinance dated December 12, 1996 (the "1996 Ordinance"), the Issuer authorized the issuance of its second series of the Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series B, 1996, (The Cessna Aircraft Company), in the aggregate principal amount of \$13,000,000 (the "Series B, 1996 Bonds"), for the purpose of purchasing, acquiring, constructing and installing certain equipment and tooling at the Facility (the "1996 Project"), and authorizing the Issuer to lease the 1996 Project to the Company; and

WHEREAS, pursuant to the 1996 Ordinance, the Issuer authorized (i) the execution and delivery of a Trust Indenture dated December 20, 1996 (the "1996 Indenture"), by and between the City and The Bank of New York Trust Company, N.A. (successor trustee to Boatmen's National Bank), Wichita, Kansas, (the "Trustee"), for the purpose of issuing and securing the Series B, 1996 Bonds, and (ii) the execution and delivery of a Lease Agreement dated December 20, 1996 (the "1996 Lease"), by and between the City, as lessor and the Company, as lessee under which the proceeds of the Series B, 1996 Bonds were used to pay the costs of the 1996 Project; and

WHEREAS, the Series B, 1996 Bonds no longer remain Outstanding and the Company has exercised its option to purchase the 1996 Project; and

WHEREAS, pursuant to an Ordinance dated December 12, 1997 (the "1997 Ordinance"), the Issuer authorized the issuance of its third series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 1997 (The Cessna Aircraft Company), in the aggregate

principal amount of \$8,100,000 (the “Series 1997 Bonds”) for the purpose of purchasing, acquiring constructing and installing certain equipment and tooling at the Facility (the “1997 Project Additions”); and

WHEREAS, pursuant to the 1997 Ordinance, the Issuer authorized (i) the execution and delivery of a First Supplemental Trust Indenture dated December 18, 1997 (the “First Supplemental Trust Indenture”) by and between the Issuer and the Trustee, amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 1997 Bonds, and (ii) the execution and delivery of a First Supplemental Lease dated as of December 18, 1997 (the “First Supplemental Lease”) by and between the City and the Company, amending and supplementing the 1996 Lease, under which the proceeds of the Series 1997 Bonds were used to pay the costs of the 1997 Project Additions; and

WHEREAS, the Series 1997 Bonds no longer remain Outstanding and the Company has exercised its option to purchase the 1997 Project Additions, the First Supplemental Trust Indenture has been cancelled and released, and the First Supplemental Lease as been terminated and released.

WHEREAS, pursuant to an Ordinance dated December 10, 1998 (the “1998 Ordinance”), the Issuer authorized the issuance of its fourth series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 1998 (The Cessna Aircraft Company), in the aggregate principal amount of \$1,850,000 (the “Series 1998 Bonds”) for the purpose of purchasing, acquiring constructing and installing certain equipment and tooling at the Facility (the “1998 Project Additions”); and

WHEREAS, pursuant to the 1998 Ordinance, the Issuer authorized (i) the execution and delivery of a Second Supplemental Trust Indenture dated December 18, 1998 (the “Second Supplemental Trust Indenture”) by and between the Issuer and the Trustee, further amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 1998 Bonds, and (ii) the execution and delivery of a Second Supplemental Lease dated as of December 17, 1998 (the “Second Supplemental Lease”) by and between the City and the Company, further amending and supplementing the 1996 Lease, under which the proceeds of the Series 1998 Bonds were used to pay the costs of the 1998 Project Additions; and

WHEREAS, the Series 1998 Bonds no longer remain Outstanding and the Company has exercised its option to purchase the 1998 Project Additions, the Second Supplemental Trust Indenture has been cancelled and released, and the Second Supplemental Lease has been terminated and released; and

WHEREAS, pursuant to an Ordinance dated December 9, 1999 (the “1999 Ordinance”), the Issuer authorized the issuance of its fifth series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 1999 (The Cessna Aircraft Company), in the aggregate principal amount of \$567,000 (the “Series 1999 Bonds”) for the purpose of purchasing, acquiring constructing and installing certain equipment and tooling at the Facility (the “1999 Project Additions”); and

WHEREAS, pursuant to the 1999 Ordinance, the Issuer authorized (i) the execution and delivery of a Third Supplemental Trust Indenture dated December 15, 1999 (the “Third Supplemental Trust Indenture”) by and between the Issuer and the Trustee, further amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 1999 Bonds, and (ii) the execution and delivery of a Third Supplemental Lease dated as of December 15, 1999 (the “Third Supplemental Lease”) by and between the City and the Company, further amending and supplementing the 1996 Lease, under which the proceeds of the Series 1999 Bonds were used to pay the costs of the 1999 Project Additions; and

WHEREAS, the Series 1999 Bonds no longer remain Outstanding and the Company has exercised its option to purchase the 1999 Project Additions, the Third Supplemental Trust Indenture has been cancelled and released, and the Third Supplemental Lease has been terminated and released; and

WHEREAS, pursuant to an Ordinance dated December 7, 2000 (the "2000 Ordinance"), the Issuer authorized the issuance of its sixth series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 2000 (Cessna Aircraft Company), in the aggregate principal amount of \$273,000 (the "Series 2000 Bonds") for the purpose of purchasing, acquiring constructing and installing certain equipment and tooling at the Facility (the "2000 Project Additions"); and

WHEREAS, pursuant to the 2000 Ordinance, the Issuer authorized (i) the execution and delivery of a Fourth Supplemental Trust Indenture dated December 22, 2000 (the "Fourth Supplemental Trust Indenture") by and between the Issuer and the Trustee, further amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 2000 Bonds, and (ii) the execution and delivery of a Fourth Supplemental Lease dated as of December 22, 2000 (the "Fourth Supplemental Lease") by and between the City and the Company, further amending and supplementing the 1996 Lease, under which the proceeds of the Series 2000 Bonds were used to pay the costs of the 2000 Project Additions; and

WHEREAS, the Series 2000 Bonds no longer remain Outstanding and the Company has exercised its operation to purchase the 2000 Project Additions, the Fourth Supplemental Trust Indenture has been cancelled and released, and the Fourth Supplemental Lease has been terminated and released; and

WHEREAS, pursuant to an Ordinance dated December 4, 2003 (the "2003 Ordinance"), the Issuer authorized the issuance of its seventh series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 2003 (Cessna Aircraft Company), in the aggregate principal amount of \$360,000 (the "Series 2003 Bonds") for the purpose of purchasing, acquiring constructing and installing certain equipment and tooling at the Facility (the "2003 Project Additions"); and

WHEREAS, pursuant to the 2003 Ordinance, the Issuer authorized (i) the execution and delivery of a Fifth Supplemental Trust Indenture dated December 19, 2003 (the "Fifth Supplemental Trust Indenture") by and between the Issuer and the Trustee, further amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 2003 Bonds, and (ii) the execution and delivery of a Fifth Supplemental Lease dated as of December 19, 2003 (the "Fifth Supplemental Lease") by and between the City and the Company, further amending and supplementing the 1996 Lease, under which the proceeds of the Series 2003 Bonds were used to pay the costs of the 2003 Project Additions; and

WHEREAS, the Series 2003 Bonds no longer remain Outstanding and the Company has exercised its operation to purchase the 2003 Project Additions, the Fifth Supplemental Trust Indenture has been cancelled and released, and the Fifth Supplemental Lease has been terminated and released; and

WHEREAS, pursuant to Resolution No. 2004-29 of the City, the Issuer has heretofore found and determined that it is desirable in order to promote, stimulate and develop the general economic welfare and prosperity of the City and the State of Kansas that the City issue additional taxable industrial revenue bonds, in one or more series, for the purpose of financing further additions and/or further equipping the Facility to allow for the production of jet aircraft, the aggregate principal amount of such additional bonds

not to exceed \$40,000,000 (including any remaining authority pursuant to Resolution Nos. 95-07 and 2000-36) and

WHEREAS, pursuant to such authorization, the Issuer has heretofore issued its Taxable Industrial Revenue Bonds, Series 2005 (Cessna Aircraft Company) in the aggregate principal amount of not to exceed \$20,500,000 (the "Series 2005 Bonds") for the purpose of purchasing, acquiring, constructing, equipping and installing modifications to the Facility to enable the production of jet aircraft; and

WHEREAS, pursuant to an Ordinance dated December 15, 2005 (the "2005B Ordinance"), the Issuer authorized the issuance of its ninth series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series B, 2005 (Cessna Aircraft Company), in the aggregate principal amount of \$12,700,605 (the "Series B, 2005 Bonds") for the purpose of purchasing, acquiring constructing and installing certain equipment and tooling at the Facility (the "2005B Project Additions"); and

WHEREAS, pursuant to the 2005B Ordinance, the Issuer authorized (i) the execution and delivery of a Sixth Supplemental Trust Indenture dated December 22, 2005 (the "Sixth Supplemental Trust Indenture") by and between the Issuer and the Trustee, further amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 2005B Bonds, and (ii) the execution and delivery of a Sixth Supplemental Lease dated as of December 22, 2005 (the "Sixth Supplemental Lease") by and between the City and the Company, further amending and supplementing the 1996 Lease, under which the proceeds of the Series 2005B Bonds were used to pay the costs of the 2005B Project Additions; and

WHEREAS, the Series 2005B Bonds no longer remain Outstanding and the Company has exercised its operation to purchase the 2005B Project Additions, the Sixth Supplemental Trust Indenture has been cancelled and released, and the Sixth Supplemental Lease has been terminated and released; and

WHEREAS, pursuant to Resolution No. 2006-62 of the City, the Issuer has heretofore found and determined that it is desirable in order to promote stimulate and develop the general economic welfare and prosperity of the City and the State of Kansas that the City issue additional taxable industrial revenue bonds, in one or more series, for the purpose of financing further additions and/or further equipping the Facility to allow for the production of jet aircraft, the aggregate principal amount of such additional bonds not to exceed \$75,000,000; and

WHEREAS, pursuant to an Ordinance dated December 14, 2006 (the "2006 Ordinance"), the Issuer authorized the issuance of its tenth series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 2006 (Cessna Aircraft Company), in the aggregate principal amount of \$1,600,000 (the "Series 2006 Bonds") for the purpose of purchasing, acquiring constructing and installing certain equipment and tooling at the Facility (the "2006 Project Additions"); and

WHEREAS, pursuant to the 2006 Ordinance, the Issuer authorized (i) the execution and delivery of a Seventh Supplemental Trust Indenture dated December 21, 2006 (the "Seventh Supplemental Trust Indenture") by and between the Issuer and the Trustee, further amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 2006 Bonds, and (ii) the execution and delivery of a Seventh Supplemental Lease dated as of December 21, 2006 (the "Seventh Supplemental Lease") by and between the City and the Company, further amending and supplementing the 1996 Lease, under which the proceeds of the Series 2006 Bonds were used to pay the costs of the 2006 Project Additions; and

WHEREAS, pursuant to an Ordinance passed and approved on December 13, 2007 (the “2007 Ordinance”), the Issuer authorized the issuance of its eleventh series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 2007 (Cessna Aircraft Company), in the aggregate principal amount of \$1,492,100 (the “Series 2007 Bonds”) for the purpose of purchasing, acquiring, constructing and installing certain equipment and tooling at the Facility (the “2007 Project”); and

WHEREAS, pursuant to the 2007 Ordinance, the Issuer authorized (i) the execution and delivery of an Eighth Supplemental Trust Indenture dated December 20, 2007 (the “Eighth Supplemental Trust Indenture”) by and between the Issuer and the Trustee, further amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 2007 Bonds, and (ii) the execution and delivery of an Eighth Supplemental Lease dated as of December 20, 2007 (the “Eighth Supplemental Lease”) by and between the City and the Company, further amending and supplementing the 1996 Lease, under which the proceeds of the Series 2007 Bonds were used to pay the costs of the 2007 Project Additions; and

WHEREAS, pursuant to an Ordinance passed and approved on December 11, 2008 (the “2008 Ordinance”), the Issuer authorized the issuance of its Thirteenth series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 2008 (Cessna Aircraft Company), in the aggregate principal amount of \$3,120,000 (the “Series 2008 Bonds”) for the purpose of purchasing, acquiring, constructing and installing certain equipment and tooling at the Facility (the “2008 Project”); and

WHEREAS, pursuant to the 2008 Ordinance, the Issuer authorized (i) the execution and delivery of a Ninth Supplemental Trust Indenture dated December 18, 2008 (the “Ninth Supplemental Trust Indenture”) by and between the Issuer and the Trustee, further amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 2008 Bonds, and (ii) the execution and delivery of a Ninth Supplemental Lease dated as of December 18, 2008 (the “Ninth Supplemental Lease”) by and between the City and the Company, further amending and supplementing the 1996 Lease, under which the proceeds of the Series 2008 Bonds were used to pay the costs of the 2008 Project Additions; and

WHEREAS, pursuant to an Ordinance passed and approved on December 10, 2012 (the “2012 Ordinance”), the Issuer authorized the issuance of its thirteenth series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 2012 (Cessna Aircraft Company), in the aggregate principal amount of \$3,800,000 (the “Series 2012 Bonds”) for the purpose of purchasing, acquiring, constructing and installing certain equipment and tooling at the Facility (the “2012 Project”); and

WHEREAS, pursuant to the 2012 Ordinance, the Issuer authorized (i) the execution and delivery of a Tenth Supplemental Trust Indenture dated December 14, 2012 (the “Tenth Supplemental Trust Indenture”) by and between the Issuer and the Trustee, further amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 2012 Bonds, and (ii) the execution and delivery of a Tenth Supplemental Lease dated as of December 14, 2012 (the “Tenth Supplemental Lease”) by and between the City and the Company, further amending and supplementing the 1996 Lease, under which the proceeds of the Series 2012 Bonds were used to pay the costs of the 2012 Project Additions; and

WHEREAS, pursuant to Resolution No. 2013-09 of the City, the Issuer has heretofore found and determined that it is desirable in order to promote, stimulate and develop the general economic welfare and prosperity of the City and the State of Kansas that the City issue additional taxable industrial revenue

bonds, in one or more series, for the purpose of financing further additions and/or further equipping the Facility to allow for the production of jet aircraft, the aggregate principal amount of such additional bonds not to exceed \$30,600,000 (including any remaining authority pursuant to Resolution Nos. 95-07, 2000-36 and 2006-62) and

WHEREAS, pursuant to an Ordinance passed and approved on December 11, 2014 (the "2014 Ordinance"), the Issuer authorized the issuance of its fourteenth series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 2014 (Cessna Aircraft Company), in the aggregate principal amount of \$1,000,000 (the "Series 2014 Bonds") for the purpose of purchasing, acquiring, constructing and installing certain equipment and tooling at the Facility (the "2014 Project"); and

WHEREAS, pursuant to the 2014 Ordinance, the Issuer authorized (i) the execution and delivery of an Eleventh Supplemental Trust Indenture dated December 18, 2014 (the "Eleventh Supplemental Trust Indenture") by and between the Issuer and the Trustee, further amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 2014 Bonds, and (ii) the execution and delivery of an Eleventh Supplemental Lease dated as of December 18, 2014 (the "Eleventh Supplemental Lease") by and between the City and the Company, further amending and supplementing the 1996 Lease, under which the proceeds of the Series 2014 Bonds were used to pay the costs of the 2014 Project Additions; and

WHEREAS, pursuant to an Ordinance passed and approved on November 19, 2015 (the "2015 Ordinance"), the Issuer authorized the issuance of its fifteenth series of Bonds, designated the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series 2015 (Cessna Aircraft Company), in the aggregate principal amount of \$625,000 (the "Series 2015 Bonds") for the purpose of purchasing, acquiring, constructing and installing certain equipment and tooling at the Facility (the "2015 Project"); and

WHEREAS, pursuant to the 2015 Ordinance, the Issuer authorized (i) the execution and delivery of a Twelfth Supplemental Trust Indenture dated December 17, 2015 (the "Twelfth Supplemental Trust Indenture") by and between the Issuer and the Trustee, further amending and supplementing the 1996 Indenture, for the purpose of issuing and securing the Series 2015 Bonds, and (ii) the execution and delivery of a Twelfth Supplemental Lease dated as of December 17, 2015 (the "Twelfth Supplemental Lease") by and between the City and the Company, further amending and supplementing the 1996 Lease, under which the proceeds of the Series 2015 Bonds were used to pay the costs of the 2015 Project Additions; and

WHEREAS, pursuant to the Act, the Issuer's governing body passed and approved an Ordinance on November 8, 2016 (the "2016 Ordinance") authorizing the Issuer to issue its Taxable Industrial Revenue Bonds, Series 2016 (Cessna Aircraft Company) in the aggregate principal amount of \$420,000 (the "Series 2016 Bonds") for the purpose of purchasing, acquiring, constructing and installing certain equipment and tooling at the Facility (the "2016 Project Additions") (the 2006 Project Additions, the 2007 Project Additions, 2008 Project Additions, the 2012 Project Additions, the 2014 Project Additions, the 2015 Project Additions, the 2016 Project Additions and any Project Additions collectively referred to as the "Project") and authorizing the Issuer to lease the 2016 Project Additions to the Company pursuant to a Thirteenth Supplemental Lease (the "Thirteenth Supplemental Lease"); and

WHEREAS, pursuant to the 2016 Ordinance, the Issuer is authorized to execute and deliver this Thirteenth Supplemental Trust Indenture for the purpose of issuing and securing the Series 2016 Bonds, as hereinafter provided; and

WHEREAS, this Thirteenth Supplemental Trust Indenture further supplements the 1996 Indenture, the Seventh Supplemental Trust Indenture, the Eighth Supplemental Trust Indenture, the Ninth Supplemental Trust Indenture, the Tenth Supplemental Indenture, the Eleventh Supplemental Trust Indenture, and the Twelfth Supplemental Trust Indenture (said 1996 Indenture, as supplemented and amended, including by this Thirteenth Supplemental Trust Indenture collectively referred to as the "Indenture"); and

WHEREAS, pursuant to the Indenture, the Series 2016 Bonds shall be equally and ratably secured and on a parity with the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 , the Series 2012 Bonds, Series 2014 Bonds, the Series 2015 Bonds and any Additional Bonds; and

WHEREAS, the parties hereto acknowledge that the Cessna Aircraft Company is currently a wholly owned subsidiary of Textron Aviation Inc., a Kansas corporation, and that Textron Aviation Inc. shall become the successor by merger to Cessna Aircraft Company; and

WHEREAS, the parties hereto believe that all things necessary to make the Series 2016 Bonds herein authorized, when authenticated by the Trustee and issued as provided in this Thirteenth Supplemental Trust Indenture, the valid and legally binding limited obligations of the Issuer, and to constitute the Indenture a valid and legally binding pledge and assignment of the Trust Estate therein made for the security of the payment of the principal of, premium, if any, and interest on the Bonds issued under the Indenture, have been done and performed, and that the execution and delivery of this Thirteenth Supplemental Trust Indenture and the execution and issuance of the Series 2016 Bonds, and any further Project Additions subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, THIS THIRTEENTH SUPPLEMENTAL TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

That the Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on all of the Bonds issued and Outstanding under the Indenture from time to time according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby pledge and assign unto the Trustee and its successors and assigns forever, the property described in paragraphs (a), (b) and (c) below (said property being herein referred to as the "Trust Estate"), to wit:

(a) The Issuer's right, title and interest in and to the Project.

(b) All right, title and interest of the Issuer in, to and under the Lease (except the Issuer's right to indemnity thereunder), and all rents, revenues and receipts derived by the Issuer from the Project including, without limitation, all Rental Payments derived by the Issuer under and pursuant to and subject to the provisions of the Lease (except for the rights of the Issuer to indemnify and to receive moneys for its own account under the Lease); provided that the pledge and assignment hereby made shall not impair or diminish the obligations of the Issuer under the provisions of the Lease.

(c) All moneys and securities from time to time held by the Trustee under the terms of the Indenture, and any and all other real or personal property of every kind and nature from

time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD, all and singular, the Trust Estate with all rights and privileges hereby pledged and assigned, or agreed or intended so to be, to the Trustee and its successors in trust and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and subject to the conditions herein set forth, for the equal and proportionate benefit, protection and security of all Owners from time to time of the Bonds issued and Outstanding under this Indenture, without preference, priority or distinction as to lien or otherwise of any of the Bonds over any other of the Bonds except as expressly provided in or permitted by the Indenture;

PROVIDED, HOWEVER, that if the Issuer shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on all the Bonds, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, or shall provide for the payment thereof (as provided in Article XIII hereof), and shall pay or cause to be paid to the Trustee all other sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Tenth Supplemental Trust Indenture shall be and remain in full force and effect.

THIS THIRTEENTH SUPPLEMENTAL TRUST INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Trust Estate is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant with the Trustee and with the respective Owners from time to time of the Bonds, as follows:

ARTICLE I DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to the words and terms defined elsewhere in the Indenture and the Lease, the following words and terms as used in the Indenture shall have the following meanings, unless some other meaning is plainly intended:

"Additional Bonds" means any Bonds issued in addition to the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2012 Bonds, the Series 2014 Bonds, the Series 2015 Bonds and the Series 2016 Bonds pursuant to the provisions of the Indenture.

"Bonds" means, collectively, the Series 2006 Bonds authorized by the Seventh Supplemental Trust Indenture, the Series 2007 Bonds authorized by the Eighth Supplemental Trust Indenture, the Series 2008 Bonds authorized by the Ninth Supplemental Trust Indenture, the Series 2012 Bonds authorized by the Tenth Supplemental Trust Indenture, the Series 2014 Bonds authorized by the Eleventh Supplemental Trust Indenture, the Series 2015 Bonds authorized by the Twelfth Supplemental Trust Indenture, and the Series 2016 Bonds authorized hereby and any other Additional Bonds.

"Company" means Cessna Aircraft Company (formerly The Cessna Aircraft Company), a Kansas corporation, and Textron Aviation Inc., as its successor by merger.

"Completion Date" means the date of completion of the 2016 Project Additions established as such pursuant to the provisions of the Lease.

"Eighth Supplemental Lease" means the Eighth Supplemental Lease dated as of December 20, 2007, by and between the Issuer and the Company, further supplementing and amending the 1996 Lease.

"Eighth Supplemental Trust Indenture" means the Eighth Supplemental Trust Indenture dated as of December 20, 2007, by and between the Issuer and the Trustee, further supplementing and amending the 1996 Indenture.

"Eleventh Supplemental Lease" means the Eleventh Supplemental Lease dated as of December 18, 2014, by and between the Issuer and the Company, further supplementing and amending the 1996 Lease.

"Eleventh Supplemental Trust Indenture" means the Eleventh Supplemental Trust Indenture dated as of December 18, 2014, by and between the Issuer and the Trustee, further supplementing and amending the 1996 Indenture.

"Facilities Lease" means the Lease dated as of June 27, 1995, as supplemented and amended by the First Supplemental Lease dated as of January 1, 2005, all by and between the City, as landlord and the Company, as tenant.

"Facility" means the facility for the production of single engine piston and jet aircraft located on the real property described in paragraph (b) of Schedule I attached to the Thirteenth Supplemental Lease and leased to the Company pursuant to the Facilities Lease.

"Government Securities" means direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Indenture" means, collectively, the 1996 Indenture, as supplemented and amended from time to time in accordance with the provisions thereof, including by this Thirteenth Supplemental Indenture.

"Interest Payment Date" means, for purposes of the Series 2016 Bonds, June 15 and December 15 of each year, commencing June 15, 2017 and continuing until the principal of and premium, if any, and interest on the Series 2016 Bonds have been paid

"Lease" means, collectively, the 1996 Lease, as supplemented and amended from time to time in accordance with the provisions thereof, including by this Thirteenth Supplemental Lease.

"1996 Indenture" means that certain Trust Indenture dated as of December 20, 1996, by and between the Issuer and the Trustee.

"1996 Lease" means the Lease Agreement dated as of December 20, 1996, between the Issuer and the Company.

"1996 Ordinance" means Ordinance No. 3744 passed December 12, 1996 authorizing the 1996 Indenture and 1996 Lease.

"Ninth Supplemental Lease" means the Ninth Supplemental Lease dated as of December 18, 2008, by and between the Issuer and the Company, further supplementing and amending the 1996 Lease.

"Ninth Supplemental Trust Indenture" means the Ninth Supplemental Trust Indenture dated as of December 18, 2008, by and between the Issuer and the Trustee, further supplementing and amending the 1996 Indenture.

"Original Purchaser" means Cessna Aircraft Company, a Kansas corporation.

"Principal and Interest Payment Account" means "City of Independence, Kansas, Principal and Interest Payment Account (Cessna Aircraft Company)" created pursuant to Section 601 of the 1996 Indenture.

"Principal Payment Date" means, with respect to the Series 2016 Bonds, June 15, 2027.

"Project" means the 2006 Project Additions, the 2007 Project Additions, the 2008 Project Additions, the 2012 Project Additions, the 2014 Project Additions, the 2015 Project Additions, the 2016 Project Additions and any other Project Additions.

"Project Additions" means any additional improvements acquired, constructed or installed from proceeds of any Additional Bonds authorized and issued pursuant to the Indenture.

"Project Fund" means the account authorized and established with the Trustee pursuant to the Indenture and designated the "City of Independence, Kansas, Project Fund (Cessna Aircraft Company)".

"Series 1995 Bonds" means the City of Independence, Kansas, Taxable Industrial Revenue Bonds, Series A, 1995 (The Cessna Aircraft Company) issued in the original aggregate principal amount of \$40,000,000.

"Series 1995 Indenture" means the Trust Indenture dated as of June 27, 1995 by and between the Issuer and BANK IV Kansas, National Association, predecessor trustee to The Bank of New York Trust Company, N.A., authorizing and securing the Series 1995 Bonds.

"Series 2005 Bonds" means the Issuer's Taxable Industrial Revenue Bonds, Series 2005 (Cessna Aircraft Company) issued in the original aggregate principal amount of not to exceed \$20,500,000.

"Series 2005 Indenture" means the Trust Indenture dated as of January 1, 2005 by and between the City and The Bank of New York Trust Company, N.A., authorizing and securing the Series 2005 Bonds.

"Series 2006 Bonds" means the Issuer's Taxable Industrial Revenue Bonds, Series 2006 (Cessna Aircraft Company) issued in the original principal amount of \$1,600,000.

"Series 2007 Bonds" means the Issuer's Taxable Industrial Revenue Bonds, Series 2007 (Cessna Aircraft Company) issued in the original principal amount of \$1,492,100.

"Series 2008 Bonds" means the Issuer's Taxable Industrial Revenue Bonds, Series 2008 (Cessna Aircraft Company) issued in the original principal amount of \$3,120,000.

"Series 2012 Bonds" means the Issuer's Taxable Industrial Revenue Bonds, Series 2012 (Cessna Aircraft Company) issued in the original principal amount of \$3,800,000.

“Series 2014 Bonds” means the Issuer’s Taxable Industrial Revenue Bonds, Series 2014 (Cessna Aircraft Company) issued in the original principal amount of \$1,000,000.

“Series 2015 Bonds” means the Issuer’s Taxable Industrial Revenue Bonds, Series 2015 (Cessna Aircraft Company) issued in the original principal amount of \$3,703,000.

“Series 2016 Bonds” means the Issuer’s Taxable Industrial Revenue Bonds, Series 2016 (Cessna Aircraft Company) issued in the original principal amount of \$420,000.

"Seventh Supplemental Lease" means the Seventh Supplemental Lease dated as of December 21, 2006, by and between the Issuer and the Company, further supplementing and amending the 1996 Lease.

"Seventh Supplemental Trust Indenture" means the Seventh Supplemental Trust Indenture dated as of December 21, 2006, by and between the Issuer and the Trustee, further supplementing and amending the 1996 Indenture.

“Tenth Supplemental Trust Indenture” means the Tenth Supplemental Trust Indenture dated as of December 14, 2012, by and between the Issuer and the Trustee, further supplementing and amending the 1996 Indenture.

"Tenth Supplemental Lease" means the Tenth Supplemental Lease dated as of December 14, 2012, by and between the Issuer and the Company, further supplementing and amending the 1996 Lease.

“Thirteenth Supplemental Trust Indenture” means the Thirteenth Supplemental Trust Indenture dated as of December 15, 2016, by and between the Issuer and the Trustee, further supplementing and amending the 1996 Indenture.

"Thirteenth Supplemental Lease" means the Thirteenth Supplemental Lease dated as of December 15, 2016, by and between the Issuer and the Company, further supplementing and amending the 1996 Lease.

"Trust Estate" means the Trust Estate described in the Granting Clauses of the Indenture.

"Trustee" presently means The Bank of New York Mellon Trust Company, N.A., with an office in St. Louis, Missouri, in its capacity as trustee, bond registrar and fiscal agent and its successor or successors, predecessor trustee, and any other corporation or association which at the time may be substituted in its place pursuant to and at the time serving as Trustee under the Indenture.

“Twelfth Supplemental Trust Indenture” means the Twelfth Supplemental Trust Indenture dated as of December 17, 2015, by and between the Issuer and the Trustee, further supplementing and amending the 1996 Indenture.

"Twelfth Supplemental Lease" means the Twelfth Supplemental Lease dated as of December 17, 2015, by and between the Issuer and the Company, further supplementing and amending the 1996 Lease.

"2006 Ordinance" means Ordinance No. 3976 passed December 14, 2006 authorizing the issuance of the Series 2006 Bonds.

“2007 Ordinance” means Ordinance No. 4001 passed December 13, 2007 authorizing the issuance of the Series 2007 Bonds.

"2008 Ordinance" means Ordinance No. 4023 passed December 11, 2008 authorizing the issuance of the Series 2008 Bonds.

"2012 Ordinance" means Ordinance No. 4138 passed December 6, 2012 authorizing the issuance of the Series 2012 Bonds.

"2014 Ordinance" means Ordinance No. 4188 passed December 11, 2014 authorizing the issuance of the Series 2014 Bonds.

"2015 Ordinance" means Ordinance No. 4210 passed November 19, 2015 authorizing the issuance of the Series 2015 Bonds.

"2016 Ordinance" means Ordinance No. [____] passed November 8, 2016 authorizing the issuance of the Series 2016 Bonds.

"2016 Project Additions" means and includes the building improvements, machinery, equipment and tooling acquired, constructed, purchased or installed with the proceeds of the Series 2016 Bonds as more particularly described as more particularly described on Schedule I attached to the Thirteenth Supplemental Lease.

Section 102. Rules of Interpretation.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the 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.

(b) Wherever herein it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

(c) All references in this instrument to designated "Articles", "Sections" and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this instrument as originally executed. The words "herein", "hereof", "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular Article, Section or subdivision.

(d) The Table of Contents and the Article and Section headings of this Thirteenth Supplemental Trust Indenture shall not be treated as a part of this Thirteenth Supplemental Trust Indenture or as affecting the true meaning of the provisions hereof.

ARTICLE II

THE SERIES 2016 BONDS

Section 201. Limited Nature of Obligations.

The Series 2016 Bonds and the interest thereon shall be limited obligations of the Issuer payable solely and only from the net earnings and revenues derived by the Issuer from the Project, including but not limited to the rents, revenues and receipts under the Lease (including, in certain circumstances, Bond proceeds and income from the temporary investment thereof and proceeds and income from

condemnation awards), and are secured by a pledge and assignment of the Trust Estate to the Trustee in favor of the Owners of the Bonds, as provided in the Indenture. The Series 2016 Bonds and the interest thereon shall not be a debt or general obligation of Issuer or the State, or any municipal corporation thereof, and neither the Bonds, the interest thereon, nor any judgment thereon or with respect thereto, are payable in any manner from taxation of any kind or character or any other funds or revenues of the Issuer that do not constitute a part of the Trust Estate. The Series 2016 Bonds shall not constitute an indebtedness or a pledge of the faith and credit of Issuer, the State or any municipal corporation thereof, within the meaning of any constitutional or statutory limitation or restriction. The Series 2016 Bonds are equally and ratably secured and on a parity with the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2012 Bonds, the Series 2014 Bonds, the Series 2015 Bonds and any Additional Bonds.

To the extent proceeds of the Series 2016 Bonds are used to finance building improvements, such Series 2016 Bonds (the "Building Improvement Bonds") shall be considered "Additional Bonds" for purposes of Section 209 of the Series 1995 Indenture and this Thirteenth Supplemental Trust Indenture shall be considered a supplemental indenture for purposes of Section 209 of the Series 1995 Indenture. The Building Improvement Bonds shall be equally and ratably secured and on a parity with the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2012 Bonds, the Series 2014 Bonds, the Series 2015 Bonds and any Additional Bonds issued under the Indenture and together with the Series 2016 Bonds shall be subordinate and junior to the Series 1995 Bonds and any bonds issued on parity with such Series 1995 Bonds under the Series 1995 Indenture.

Section 202. Authorization of Series 2016 Bonds.

(a) There shall be issued and secured by this Thirteenth Supplemental Trust Indenture a series of Bonds in the aggregate principal amount of \$420,000 for the purpose of providing funds for paying the cost of the 2016 Project Additions, which series of Bonds shall be designated "Taxable Industrial Revenue Bonds, Series 2016 (Cessna Aircraft Company)" (herein called the "Series 2016 Bonds"). The Series 2016 Bonds shall initially be issued as one bond in the denomination of \$420,000, shall be dated the date of their issuance and delivery, shall become due on June 15, 2027 (subject to prior redemption as hereinafter provided in Article III) and shall bear interest at the rate of 6.00% per annum (computed on the basis of a 360-day year of twelve 30-day months). Interest shall be payable semiannually on the Interest Payment Dates on the unpaid principal amount thereof from the next preceding Interest Payment Date, until the unpaid principal amount has been paid, at the Rate as stated above.

(b) The Trustee is hereby designated as the Issuer's Paying Agent for the payment of the principal of, premium, if any, and interest on the Series 2016 Bonds.

(c) The Series 2016 Bonds shall be executed substantially in the form and manner set forth in Article IV hereof and delivered to the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of the Series 2016 Bonds by the Trustee, there shall be filed with the Trustee the following:

(1) An original or certified copy of the Ordinance adopted by the governing body of the Issuer authorizing the issuance of the Series 2016 Bonds and the execution of the Thirteenth Supplemental Trust Indenture and the Thirteenth Supplemental Lease.

(2) An original executed counterpart of this Thirteenth Supplemental Trust Indenture.

(3) An original executed counterpart of the Thirteenth Supplemental Lease.

(4) An opinion of Bond Counsel to the effect that the Series 2016 Bonds constitute valid and legally binding limited obligations of the Issuer, that under existing Kansas law, upon proper election by the Issuer, the 2016 Project Additions are entitled to an exemption from ad valorem taxes for a 10 year period commencing in the calendar year following the year in which the Series 2016 Bonds are issued and that the execution of this Thirteenth Supplemental Trust Indenture is authorized or permitted by the 1996 Indenture and all conditions precedent to such execution have been complied with.

(5) Such other certificates, statements, receipts and documents as the Trustee shall reasonably require for the delivery of the Series 2016 Bonds.

(d) When the documents specified in subsection (c) of this Section shall have been filed with the Trustee, and when the Series 2016 Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Series 2016 Bonds to and upon the order of the purchasers thereof, but only upon payment to the Trustee of the purchase price of the Series 2016 Bonds. The proceeds of the sale of the Series 2016 Bonds, including accrued interest and premium thereon, if any, shall be immediately paid over to the Trustee, and the Trustee shall deposit and apply such proceeds as provided in Article V hereof. The effective date of the registration of the Series 2016 Bonds shall be the date on which the Series 2016 Bonds are issued and delivered.

Section 203. Authorization of Additional Bonds. Additional Bonds may be issued under and equally and ratably secured under the Indenture on a parity with the Series 2006 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2012 Bonds, the Series 2014 Bonds, the Series 2015 Bonds, the Series 2016 Bonds and any other Additional Bonds Outstanding at any time and from time to time, upon compliance with the conditions provided in the Indenture.

Section 204. Restriction on Transfer of Series 2016 Bonds. No transfer, sale, assignment or hypothecation of any Series 2016 Bonds shall be made unless: 1) there shall have been delivered to the Company and the Trustee prior to the transfer, sale, assignment or hypothecation an opinion of nationally recognized bond counsel, satisfactory to the Company and the Trustee, to the effect that registration of the Series 2016 Bonds under the Securities Act of 1933 and registration under any applicable state securities law or laws is not required; or, 2) there shall be a registration statement for the Series 2016 Bonds in effect under the Securities Act of 1933 and under any applicable state securities laws requiring a state-level registration statement with respect to the transfer, assignment, sale or hypothecation, and in the case of both (1) and (2), there shall have been compliance with all applicable state and federal securities laws and all applicable rules and regulations thereunder. The Trustee shall be deemed to be under "stop transfer" orders with respect to any requested transfer of any Series 2016 Bonds unless and until the Trustee has been furnished satisfactory proof of compliance with the foregoing conditions for transfer and the Trustee may conclusively rely on such proof.

ARTICLE III

REDEMPTION OF SERIES 2016 BONDS

Section 301. Redemption of the Series 2016 Bonds. The Series 2016 Bonds shall be subject to redemption and payment prior to maturity, at the option of the Issuer, upon instructions from the Company, as a whole or in part at any time, at a purchase price equal to PAR (100%), plus accrued interest thereon to the date fixed for redemption and payment.

Section 302. Notice of Redemption. Notice of the call for any redemption identifying the Series 2016 Bonds or portions thereof to be redeemed shall be given by the Trustee, in the name of the Issuer, in the manner specified in Section 304 of the 1996 Indenture.

ARTICLE IV

FORM OF BONDS

Section 401. Form of Series 2016 Bonds. The Series 2016 Bonds and the Trustee's Certificate of Authentication to be endorsed thereon shall be, respectively, in substantially the form set forth on Schedule I hereto.

ARTICLE V

CUSTODY AND APPLICATION OF BOND PROCEEDS

Section 501. Creation of Project Fund. There has heretofore been created and ordered to be established in the custody of the Trustee under the 1996 Indenture a special trust fund in the name of the Issuer to be designated the "City of Independence, Kansas Project Fund (The Cessna Aircraft Company)" (herein called the "Project Fund").

Section 502. Deposits into the Project Fund. Except as otherwise provided in *Section 4.1* of the Thirteenth Supplemental Lease, the proceeds from the sale of the Series 2016 Bonds, excluding such amounts thereof required to be paid into the Principal and Interest Payment Account pursuant to Section 602 of the 1996 Indenture, shall be paid over to and deposited by the Trustee into the Project Fund, as and when received.

ARTICLE VI

REVENUES AND FUNDS

Section 601. The Principal and Interest Payment Account. There has heretofore been created and ordered established in the custody of the Trustee pursuant to the 1996 Indenture a special trust fund in the name of the Issuer to be designated the "City of Independence, Kansas, Principal and Interest Payment Account (The Cessna Aircraft Company)" (herein called the "Principal and Interest Payment Account").

Section 602. Deposits into the Principal and Interest Payment Account. The Trustee shall deposit into the Principal and Interest Payment Account, as and when received, all accrued interest on the Series 2016 Bonds and premium, if any, paid upon issuance and sale thereof.

Section 603. Application of Moneys in the Principal and Interest Payment Account. Moneys in the Principal and Interest Payment Account shall be expended solely for the payment of the principal of, premium, if any, and interest on the Bonds as the same mature and become due or upon the redemption thereof prior to maturity as provided in the Indenture.

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 701. Authority to Execute Thirteenth Supplemental Trust Indenture and Issue Series 2016 Bonds. The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Kansas to execute this Thirteenth Supplemental Trust Indenture, to issue the Series 2016 Bonds and to pledge and assign the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the execution and delivery of this Thirteenth Supplemental Trust Indenture and the issuance of the Series 2016 Bonds has been duly and effectively taken; and that the Series 2016 Bonds in the hands of the Owners thereof are and will be valid and enforceable limited obligations of the Issuer according to the import thereof.

Section 702. Performance of Covenants. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in the Series 2016 Bonds and in all proceedings of its governing body pertaining thereto.

Section 703. Instruments of Further Assurance. The Issuer covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments, financing statements and other documents as the Trustee may reasonably require for the better pledging and assigning unto the Trustee the property and revenues herein described to secure the payment of the principal of, premium, if any, and interest on the Bonds. The Issuer covenants and agrees that, except as in the Indenture and Lease provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project or the rents, revenues and receipts derived therefrom or from the Lease, or of its rights under the Lease.

Section 704. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by the Indenture, as amended by this Thirteenth Supplemental Trust Indenture, and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, and the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise as a prudent trustee would exercise or use under the circumstances in the conduct of its own affairs, and upon and subject to the following express terms and conditions set forth in Article X of the 1996 Indenture, the Seventh Supplemental Trust Indenture, the Eighth Supplemental Trust Indenture, the Ninth Supplemental Trust Indenture, the Tenth Supplemental Trust Indenture, the Eleventh Supplemental Trust Indenture, the Twelfth Supplemental Trust Indenture and this Thirteenth Supplemental Trust Indenture.

Section 705. Supplemental Indenture. This Thirteenth Supplemental Trust Indenture supplements and amends the Indenture by and between the parties as hereto only to the extent and for the purposes set forth herein.

Section 706. Execution in Counterparts. This Thirteenth Supplemental Trust Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 707. Governing Law. This Thirteenth Supplemental Trust Indenture shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

[balance of this page intentionally left blank]

IN WITNESS WHEREOF, the City of Independence, Kansas, has caused this Thirteenth Supplemental Trust Indenture to be signed in its name and behalf by the Mayor and its corporate seal to be hereunto affixed and attested by the City Clerk, and to evidence its acceptance of the trusts hereby created, The Bank of New York Mellon Trust Company, N.A. has caused this Thirteenth Supplemental Trust Indenture to be signed in its name and behalf and its official seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

CITY OF INDEPENDENCE, KANSAS,
as Issuer

(Seal)

By _____
Gary Hogsett, Mayor

ATTEST:

Jennifer Rutledge, City Clerk

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
MONTGOMERY COUNTY)

BE IT REMEMBERED, that on this ____ day of December, 2016, before me, the undersigned, a Notary Public in and for said County and State, came Gary Hogsett, Mayor of the City of Independence, Kansas, and Jennifer Rutledge, City Clerk of said City, who are personally known to me to be such officers, and who are personally known to me to be the same persons who executed, as such officers, the within instrument on behalf of said City, and such persons duly acknowledged the execution of the same to be the act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

Notary Public in and for
said County and State

My Appointment expires:

By _____
Name:
Title: Vice President

By: _____
Name: _____
Title: Vice President

STATE OF ILLINIOS)
) ss:
COOK COUNTY)

Notary Public in and for
said City and State

(Trustee's Signature Page to Thirteenth Supplemental Indenture)

SCHEDULE I

FORM OF THE SERIES 2016 BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE. NO TRANSFER, SALE, ASSIGNMENT OR HYPOTHECATION OF THIS SECURITY SHALL BE MADE UNLESS THE CONDITIONS SPECIFIED IN SECTION 204 OF THE THIRTEENTH SUPPLEMENTAL TRUST INDENTURE HAVE BEEN FULFILLED, WHICH CONDITIONS GENERALLY REQUIRE THAT: (1) THERE SHALL HAVE BEEN DELIVERED TO THE COMPANY AND THE TRUSTEE PRIOR TO THE TRANSFER, SALE, ASSIGNMENT OR HYPOTHECATION AN OPINION OF NATIONALLY RECOGNIZED BOND COUNSEL, SATISFACTORY TO THE COMPANY AND THE TRUSTEE, TO THE EFFECT THAT REGISTRATION OF THIS BOND UNDER THE SECURITIES ACT OF 1933 AND REGISTRATION UNDER ANY APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED; OR, (2) THERE SHALL BE A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THIS BOND UNDER THE SECURITIES ACT OF 1933 AND UNDER ANY APPLICABLE STATE SECURITIES LAWS REQUIRING A STATE-LEVEL REGISTRATION STATEMENT WITH RESPECT TO THE TRANSFER, ASSIGNMENT, SALE OR HYPOTHECATION, AND, IN THE CASE OF BOTH (1) AND (2), THERE SHALL HAVE BEEN COMPLIANCE WITH ALL APPLICABLE STATE AND FEDERAL SECURITIES LAWS AND ALL APPLICABLE RULES AND REGULATIONS THEREUNDER. THE TRUSTEE, AS BOND REGISTRAR, SHALL NOT TRANSFER THIS BOND EXCEPT IN ACCORDANCE WITH THIS LEGEND AND THE CORRELATIVE PROVISIONS OF THE INDENTURE.

THIS BOND IS NOT AN OBLIGATION ON WHICH THE INTEREST IS EXCLUDABLE FROM GROSS INCOME UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF THE UNITED STATES OF AMERICA, AS AMENDED; THE HOLDER OF THIS BOND SHOULD THEREFORE NOT REGARD THE INTEREST HEREON AS BEING EXEMPT FROM FEDERAL INCOME TAXATION.

No. R-1 \$420,000

UNITED STATES OF AMERICA

STATE OF KANSAS

CITY OF INDEPENDENCE, KANSAS
TAXABLE INDUSTRIAL REVENUE BONDS
SERIES 2016
(CESSNA AIRCRAFT COMPANY)

REGISTERED OWNER: CESSNA AIRCRAFT COMPANY

PRINCIPAL AMOUNT: FOUR HUNDRED TWENTY THOUSAND DOLLARS (\$420,000)

THE CITY OF INDEPENDENCE, KANSAS, a municipal corporation of the State of Kansas (the "Issuer"), for value received, promises to pay, but solely from the sources hereinafter referred to, to the Registered Owner identified above, or registered assigns, the principal sum identified above together with interest thereon from the effective date of registration of this Bond (which date is set forth on this Bond) at a rate of 6.00% percent per annum. Interest shall be payable semiannually on each June 15 and

JLN\600324.70141.13TH SUPP INDENTURE (11-29-16)

December 15, beginning June 15, 2017, on the unpaid principal amount thereof from the next preceding Interest Payment date, until the unpaid principal amount has been paid, at the Interest Rate as stated above. Principal shall be payable on June 15, 2027. Principal and interest shall be payable in immediately available funds wire transferred or otherwise delivered to the Registered Owner by The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent" and "Trustee").

THIS BOND is one of a duly authorized series of Bonds of the Issuer designated the "City of Independence, Kansas Taxable Industrial Revenue Bonds, Series 2016 (Cessna Aircraft Company)", in the aggregate principal amount of \$420,000 (the "Series 2016 Bonds"), issued for the purpose of purchasing, acquiring, constructing and installing certain improvements (the "2016 Project Additions") to an existing industrial facility (including the 2016 Project Additions, the "Project"), to be leased by the Issuer to Cessna Aircraft Company, a Kansas corporation, its successor and assigns (the "Company") under the terms of a Thirteenth Supplemental Lease dated as of December 15, 2016, which Thirteenth Supplemental Lease supplements a certain Lease Agreement dated as of December 20, 1996, between the Issuer and the Company (said Lease Agreement, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the "Lease"), and pursuant to the authority of and in conformity with the provisions, restrictions and limitations of the Constitution and statutes of the State of Kansas, including particularly K.S.A. 12-1740 to 12-1749d, inclusive, as amended, and pursuant to proceedings duly had by the Governing Body of the Issuer.

THE SERIES 2016 BONDS are issued under a Thirteenth Supplemental Trust Indenture dated as of December 15, 2016, which Thirteenth Supplemental Trust Indenture supplements a certain Trust Indenture dated as of December 20, 1996, by and between the Issuer and the Trustee (said Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the "Indenture"). The Series 2016 Bonds are equally and ratably secured and on a parity with the Issuer's Taxable Industrial Revenue Bonds, Series 2006 (Cessna Aircraft Company), the Issuer's Taxable Industrial Revenue Bonds, Series 2007 (Cessna Aircraft Company), the Issuer's Taxable Industrial Revenue Bonds, Series 2008 (Cessna Aircraft Company), the Issuer's Taxable Industrial Revenue Bonds, Series 2012 (Cessna Aircraft Company), the Issuer's Taxable Industrial Revenue Bonds, Series 2014 (Cessna Aircraft Company), and the Issuer's Taxable Industrial Revenue Bonds, Series 2015 (Cessna Aircraft Company). Subject to the terms and conditions set forth therein, the Indenture permits the Issuer to issue Additional Bonds (as defined therein) ratably secured and on a parity with the Series 2006 Bonds, the Series 2007 Bonds, Series 2008 Bonds, the Series 2012 Bonds, Series 2014 Bonds, Series 2015 Bonds, the Series 2016 Bonds (collectively referred to herein as the "Bonds"). Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds, and the terms upon which the Bonds are issued and secured. To the extent the proceeds of the Series 2016 Bonds finance building improvements, such Series 2016 Bonds shall be subordinate and junior to the Issuer's Taxable Industrial Revenue Bonds, Series A, 1995 (The Cessna Aircraft Company) and any bond issued on a parity with such Series A, 1995 Bonds.

REDEMPTION OF BONDS

THE SERIES 2016 BONDS shall be subject to redemption and payment prior to maturity, at the option of the Issuer, upon instructions from the Company, as a whole or in part at any time at PAR (100%), plus accrued interest thereon to the date fixed for redemption and payment.

IN THE EVENT any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed will be given by mailing a copy of the redemption notice at least 30 days prior to the date fixed for redemption to the Owner of each Bond to be redeemed at the address shown on the registration books maintained by the Trustee. All Bonds so called for redemption will cease

to bear interest on the specified redemption date and shall no longer be secured by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

THE SERIES 2016 BONDS and the interest thereon are limited obligations of the Issuer payable exclusively out of the revenues derived by the Issuer from the Project, including but not limited to the rents, revenues and receipts under the Lease, and are secured by a pledge of the Project and a pledge and assignment of such rents, revenues and receipts, including all rentals and other amounts to be received by the Issuer under and pursuant to the Lease, all as provided in the Indenture. The Bonds and the interest thereon do not constitute a debt or general obligation of Issuer, the State of Kansas or any municipal corporation thereof, and are not payable in any manner by taxation or other funds or revenues of the Issuer that do not constitute a part of the Trust Estate. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Pursuant to the provisions of the Lease, Rental Payments are to be paid by the Tenant directly to the Trustee for the account of the Issuer and deposited in a special trust account created by the Issuer and designated the "City of Independence, Kansas, Principal and Interest Payment Account (The Cessna Aircraft Company)."

THE OWNER of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable prior to the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of this Bond or the Indenture may be made only to the extent and under the circumstances permitted by the Indenture.

THIS BOND is transferable, as provided in the Indenture, only upon the registration books of the Issuer kept for that purpose at the above mentioned office of the Trustee by the Owner hereof in person or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or his duly authorized attorney, and thereupon a new Bond or Bonds and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Issuer, the Trustee and any Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute Owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

THIS BOND shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its official seal to be affixed hereto or imprinted hereon, and has caused this Bond to be dated as of December 15, 2016.

CITY OF INDEPENDENCE, KANSAS

(Seal)

By _____
Mayor

ATTEST:

City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the City of Independence, Kansas Taxable Industrial Revenue Bonds, Series 2016 (Cessna Aircraft Company), described in the within-mentioned Indenture. The effective date of registration of this Bond is _____.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.
as Trustee

By _____
Authorized Officer

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Print or Type Name and Address of Transferee)

the within Bond and all rights thereunder, and hereby authorizes the transfer of the within Bond on the books kept by the Trustee for the registration and transfer of Bonds.

Dated:_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular.

Signature Guaranteed By:

By: _____
Title: _____

GILMORE & BELL, P.C.
11/29/2016

THIRTEENTH SUPPLEMENTAL LEASE

BY AND BETWEEN

CITY OF INDEPENDENCE, KANSAS

AND

CESSNA AIRCRAFT COMPANY

DATED AS OF DECEMBER 15, 2016

THIRTEENTH SUPPLEMENTAL LEASE

TABLE OF CONTENTS

	<u>Page</u>
Parties	1
Recitals	1
 <u>ARTICLE I</u>	
Section 1.1. Definitions	2
Section 1.2. Representations and Covenants by Company	3
Section 1.3. Representations and Covenants by Issuer	3
 <u>ARTICLE II</u>	
Section 2.1. Granting of Leasehold	3
 <u>ARTICLE III</u>	
Section 3.1. 2016 Supplemental Basic Rent	4
Section 3.2. Acquisition of Series 2016 Bonds	4
Section 3.3. 2016 Supplemental Additional Rent	4
Section 3.4. Prepayment of 2016 Supplemental Basic Rent	4
Section 3.5. Deposit of Supplemental Rent by Trustee	4
 <u>ARTICLE IV</u>	
Section 4.1. Disposition of Original Proceeds	4
 <u>ARTICLE V</u>	
Section 5.1. Acquisition of 2016 Project Additions	5
 <u>ARTICLE VI</u>	
Section 6.1. Ad Valorem Taxes	6
 <u>ARTICLE VII</u>	
Section 7.1. Use of Project	7
 <u>ARTICLE VIII</u>	

Section 8.1.	Option to Purchase 2016 Project Additions	7
--------------	---	---

ARTICLE IX

Section 9.1.	Termination by Reason of Change of Circumstances	7
--------------	--	---

ARTICLE X

Section 10.1	Default	8
--------------	---------------	---

ARTICLE XI

Section 11.1.	Other Lease Provisions	8
Section 11.2.	Ratification and Confirmation of Lease	8
Section 11.3.	Invalidity of Provisions of Lease	8
Section 11.4.	Covenants Binding on Successors and Assigns	8
Section 11.5.	Section Headings	8
Section 11.6.	Execution of Counterparts	8
	Executions	9
	Appendix A.....	A-1
	Schedule I	I-1

THIRTEENTH SUPPLEMENTAL LEASE

THIS THIRTEENTH SUPPLEMENTAL LEASE, made and entered into as of December 15, 2016, by and between the City of Independence, Kansas, a municipal corporation of the State of Kansas (the "Issuer"), and Cessna Aircraft Company (formerly The Cessna Aircraft Company), a corporation organized under the laws of the State of Kansas (the "Company").

WITNESSETH:

WHEREAS, Issuer is a municipal corporation duly organized and existing under the laws of the State of Kansas, with full lawful power and authority to enter into this Lease by and through its governing body; and

WHEREAS, Issuer previously issued its revenue bonds pursuant to K.S.A. 12-1740 *et seq.*, as amended (the "Act"), for the purpose of financing the development and improvement of certain industrial and commercial facilities which have been leased by Issuer to the Company; and

WHEREAS, at the Company's request, Issuer has agreed to issue an additional series of its revenue bonds pursuant to the Act for the purpose of providing funds to finance the costs of acquiring, purchasing, constructing, installing and equipping certain new improvements to the Facility (the "2016 Project Additions"); and

WHEREAS, Issuer in furtherance of the purposes and pursuant to the provisions of the laws of the State, including the Act, and in order to provide for the industrial and commercial development and welfare of the City of Independence, Kansas and its environs and to provide employment opportunities for its citizens and to promote the economic stability of the State of Kansas, has proposed and does hereby propose that it shall:

- (a) Provide for the acquisition, purchasing, construction and installing of the 2016 Project Additions;
- (b) Lease the 2016 Project Additions to the Company for the rentals and upon the terms and conditions hereinafter set forth; and
- (c) Issue, for the foregoing purposes, the Series 2016 Bonds (as hereinafter defined) under and pursuant to and subject to the provisions of the Act and Indenture (as hereinafter defined), said Indenture being incorporated herein by reference and authorized by an ordinance of the governing body of the Issuer; and

WHEREAS, the Company, pursuant to the foregoing proposals of Issuer, desires to lease the 2016 Project Additions from the Issuer for the rentals and upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, Issuer and Company do hereby covenant and agree as follows:

ARTICLE I

Section 1.1 Definitions. In addition to the words, terms and phrases elsewhere defined in the Lease and the Indenture, the following words, terms and phrases as used herein shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Land" means the real property described in *Schedule I* attached hereto and made a part hereof.

"Original Proceeds" means all proceeds, including accrued interest, if any, derived from the sale of the Bonds to the Original Purchaser.

"Payment Date" means, with respect to the Series 2016 Bonds, any date on which the principal of or the interest on any Series 2016 Bond is payable.

"Permitted Encumbrances" shall have the meaning set forth in the Real Estate Contract dated June 27, 1995 by and between the Issuer and the Company.

"Project Costs" means, for purposes of this Thirteenth Supplemental Lease, those costs incurred in connection with the 2016 Project Additions, including:

- (a) all costs and expenses incident or necessary to the acquisition of the 2016 Project Additions as are acquired, purchased, constructed, installed or in progress at the date of such acquisition;
- (b) fees and expenses of architects, appraisers, surveyors and engineers for estimates, surveys, soil borings and soil tests and other preliminary investigations and items necessary to the commencement of construction, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of architects, appraisers, surveyors and engineers in relation to the construction, furnishing and equipping of the 2016 Project Additions or the issuance of the Series 2016 Bonds;
- (c) all costs and expenses incurred in constructing, acquiring, installing, furnishing or equipping the 2016 Project Additions;
- (d) payment of interest actually incurred on any interim financing obtained from a lender unrelated to the Company for performance of work on the 2016 Project Additions prior to the issuance of the Series 2016 Bonds;
- (e) interest accruing on the Series 2016 Bonds prior to the Completion Date, if and to the extent proceeds of the Series 2016 Bonds set aside and deposited to the credit of the Principal and Interest Payment Account pursuant to Section 602 of the Indenture are insufficient for payment of such interest; and
- (f) Costs of Issuance.

"Thirteenth Supplemental Additional Term" means the term commencing on the last day of the Thirteenth Supplemental Basic Term and terminating five (5) years thereafter.

"Thirteenth Supplemental Basic Term" means the term commencing as of the date of the Thirteenth Supplemental Lease and ending on June 15, 2027, subject to prior termination as specified in this Thirteenth Supplemental Lease, but to continue thereafter until all of the principal of, redemption premium, if any, and the interest on all of the Series 2016 Bonds shall have been paid in full or provision made for their payment in accordance with the provisions of the Thirteenth Supplemental Trust Indenture.

"Thirteenth Supplemental Term" means, collectively, the Thirteenth Supplemental Basic Term and any Thirteenth Supplemental Additional Term of this Thirteenth Supplemental Lease.

"2016 Supplemental Additional Rent" means all reasonable or necessary fees, charges and expenses of the Trustee, all Impositions, all amounts required under the Lease, all other payments of whatever nature which Company has agreed to pay or assume under the provisions of this Thirteenth Supplemental Lease and all expenses (including reasonable attorney's fees) incurred by Issuer or Trustee in connection with the enforcement of any rights under this Thirteenth Supplemental Lease or the Thirteenth Supplemental Trust Indenture.

"2016 Supplemental Basic Rent" means the additional amount of rent when added to any 2016 Supplemental Basic Rent Credits which shall be, in the aggregate, sufficient to pay, on the next Principal and Interest Payment Date, all principal of, redemption premium, if any, and interest on the Series 2016 Bonds which are due and payable on such Principal and Interest Payment Date.

"2016 Supplemental Basic Rent Credits" means all funds on deposit in the Principal and Interest Payment Account and available for the payment of principal of, redemption premium, if any, and interest on the Series 2016 Bonds on any Payment Date therefor.

"2016 Supplemental Basic Rent Payment Date" means any Payment Date.

"2016 Supplemental Rent" means, collectively, the 2016 Supplemental Basic Rent and any 2016 Supplemental Additional Rent required by this Thirteenth Supplemental Lease.

Section 1.2 Representations and Covenants by Company. The Company hereby makes, as the basis for the undertakings on its part herein contained with respect to the Series 2016 Bonds, the covenants and representations made by it in Section 1.2 of the 1996 Lease, and does hereby incorporate such covenants and representations herein by reference.

Section 1.3 Representations and Covenants by Issuer. The Issuer hereby makes, as the basis for the undertakings on its part herein contained with respect to the Series 2016 Bonds, the covenants and representations made by it in Section 1.3 of the 1996 Lease, and does hereby incorporate such covenants and representations herein by reference.

ARTICLE II

2.1 Granting of Leasehold. Issuer by these presents hereby rents, leases and lets unto Company and Company hereby rents, leases and hires from Issuer, for the rentals and upon and subject to the terms and conditions hereinafter set forth, the 2016 Project Additions for the Thirteenth Supplemental Basic Term.

ARTICLE III

3.1 2016 Supplemental Basic Rent.

(a) Issuer reserves and Company covenants and agrees to pay to the Trustee hereinafter and in the Indenture designated, all 2016 Supplemental Basic Rent in immediately available funds for the account of Issuer and during the Thirteenth Supplemental Basic Term, for deposit in the Principal and Interest Payment Account established pursuant to the Indenture, on or before 10:00 a.m. on each 2016 Supplemental Basic Rent Payment Date.

(b) Notwithstanding the foregoing, if the Company is the sole Owner of the Series 2016 Bonds, payments of 2016 Supplemental Basic Rent made by the Company under the Lease which coincide with payments of principal and interest on the Series 2016 Bonds may be entered on the books of the Company as Owner of the Bonds without being deposited in the Principal and Interest Payment Account. Such payments shall be credited against the Company's obligation to make payments of 2016 Supplemental Basic Rent under the Lease and against the Issuer's obligation to make payments of principal and interest on the Series 2016 Bonds. If the Series 2016 Bonds are at any time held by more than one Owner, then payments of 2016 Supplemental Basic Rent shall be received and disbursed in accordance with the provisions of subsection (a) of this Section.

3.2 Acquisition of Series 2016 Bonds. In the event Company acquires any Outstanding Series 2016 Bonds, it may present the same to Issuer for cancellation, and upon such cancellation, Company's obligation to pay 2016 Supplemental Basic Rent shall be reduced accordingly, but in no event shall Company's obligation to pay 2016 Supplemental Basic Rent be reduced in such a manner that the Trustee shall not have on hand in the Principal and Interest Payment Account funds sufficient to pay the maturing principal of, redemption premium, if any, and interest on the Bonds as and when the same shall become due and payable in accordance with the provisions of the Indenture.

3.3 2016 Supplemental Additional Rent. In addition to the Additional Rent required by Section 3.3 of the 1996 Lease, within Thirty (30) days after receipt of written notice thereof, the Company shall pay any 2016 Supplemental Additional Rent required to be paid pursuant to this Thirteenth Supplemental Lease.

3.4 Prepayment of 2016 Supplemental Basic Rent. The Company may at any time prepay all or any part of the 2016 Supplemental Basic Rent.

3.5 Deposit of Supplemental Rent by Trustee. The Trustee shall deposit, use and apply all payments of 2016 Supplemental Basic Rent and 2016 Supplemental Additional Rent in accordance with the provisions of the Lease and the Indenture.

ARTICLE IV

4.1 Disposition of Original Proceeds. The Original Proceeds of the Series 2016 Bonds shall be paid over to the Trustee for the account of Issuer. The Trustee shall, first, promptly pay from such Original Proceeds into the Principal and Interest Payment Account the full amount of any accrued interest and premium, if any, received upon such sale. The remainder of the proceeds of the Series 2016 Bonds shall be deposited by the Trustee in the Project Fund and shall be used and applied as provided in the Lease and the Indenture.

Notwithstanding any statement set forth in the Lease or in the Indenture to the contrary, in the event the Company has completed any portion of the 2016 Project Additions prior to Closing with its own funds, then the Company shall not be required to deposit the Original Proceeds of the Series 2016 Bonds with the Trustee. In such an event, at Closing the Company shall certify to the Issuer and Trustee that such 2016 Project Additions have been completed and paid in full, whereupon the Issuer and Trustee shall deliver the Series 2016 Bonds to the Company.

ARTICLE V

5.1 Acquisition of 2016 Project Additions. The Company shall, prior to or concurrently with the issuance of the Series 2016 Bonds, convey or cause to be conveyed to the Issuer such of the 2016 Project Additions as are then completed, installed or in progress. The Company shall also concurrently with such conveyance make provisions for the discharge of any liens or encumbrances incurred by it in connection with the construction, installation or development of the 2016 Project Additions. Notwithstanding any provision to the contrary in the Lease, the Company may withdraw funds from the Project Fund to pay the reasonably expected estimated cost of 2016 Project Additions by submitting to the Trustee a Certificate for Payment of Estimated Project Costs (2016 Project Additions) in the form attached to this Thirteenth Supplemental Lease as Appendix A. The Company agrees that (a) any funds disbursed to it from the Project Fund based on such estimated costs shall be used to pay the Project Costs of the 2016 Project Additions by no later than February 28, 2016, (b) a detailed allocation of the use of such funds to the Project Costs of the 2016 Project Additions shall be delivered to the Issuer and the Trustee by no later than February 28, 2016, and shall be incorporated into Schedule I to this Thirteenth Supplemental Lease, (c) a bill of sale to the Issuer shall be executed and delivered to the Issuer, with a copy to the Trustee, for all personal property incorporated into Schedule I to this Thirteenth Supplemental Lease following the date of this Thirteenth Supplemental Lease, and (d) any funds disbursed for payment of the estimated cost of the 2016 Project Additions pursuant to this Section which are not used for the payment of Project Costs for the 2016 Project Additions by February 28, 2017 (the "Excess Funds"), shall, on March 1, 2016, be transferred in immediately available funds to the Trustee for deposit into the Principal and Interest Account for payment of the principal of and interest on the Series 2016 Bonds or, if the Company is the owner of the Series 2016 Bonds on February 28, 2016, or on such earlier date that the Company delivers the detailed allocation of the use of such funds to the Project Costs of the 2016 Project Additions as described in this Section, the Company may provide written direction to the Trustee and the Issuer that Excess Funds are to be deemed applied to the redemption of Series 2016 Bonds in accordance with Section 302 of the Thirteenth Supplemental Trust Indenture and submit the Outstanding Series 2016 Bond in exchange for a new Series 2016 Bond in the reduced principal amount.

ARTICLE VI

6.1 Ad Valorem Taxes.

(a) The parties acknowledge that under the existing provisions of K.S.A. 79-201a, as amended, the property constructed or purchased with the proceeds of the Series 2016 Bonds is entitled to exemption from ad valorem taxation for a period of ten (10) calendar years after the calendar year in which the Series 2016 Bonds are issued, provided proper application is made therefore. Issuer covenants that it will not voluntarily take any action which may reasonably be construed as tending to cause or induce the levy or assessment of ad valorem taxes on the 2016 Project Additions so long as any of the Series 2016 Bonds are Outstanding and unpaid or for aforesaid periods, whichever shall be the shorter

time and should any such levy or assessment be threatened or occur, Issuer shall, at Company's request, fully cooperate with Company in all reasonable ways to prevent any such levy or assessment. Issuer further covenants that it will cooperate with the Company in the completion, execution and filing of the application for such ad valorem tax exemption on or before March 1 in the calendar year following the calendar year in which the Series 2016 Bonds were issued, and will cooperate with the Company in renewing said application from time to time and take any other action as may be necessary to maintain such ad valorem tax exemption in full force and effect, in accordance with K.S.A. 79-210 et seq. and the State Board of Tax Appeals.

(b) The covenants contained in Subsection (a) shall not prevent the imposition of special assessments imposed by the Issuer against the Land for infrastructure improvements to be undertaken after the date of this Thirteenth Supplemental Lease that benefit the Land; provided, however, that the Issuer shall treat the Company as the Owner of such Land for purposes of initiating or protesting such infrastructure improvements.

(c) The parties further acknowledge and agree that abatement of ad valorem taxes already in effect in connection with the issuance of the Series 2005 Bonds, Series 2006 Bonds, Series 2007 Bonds, the Series 2008 Bonds, the Series 2012 Bonds, the Series 2014 Bonds and the Series 2015 Bonds shall not be affected in any way in connection with the issuance of the Series 2016 Bonds, nor shall the period during which such abatements are not affected be extended, shortened or altered. The parties shall take such action as may be desirable or necessary in order to confirm the continuation of such abatements, including the making of appropriate filings and reports with the Kansas State Board of Tax Appeals and local taxing authorities in each jurisdiction in which the improvements are located.

ARTICLE VII

7.1 Use of Project. Subject to the provisions of this Thirteenth Supplemental Lease and the Permitted Encumbrances, the Company shall have the right to use the 2016 Project Additions for any and all purposes allowed by law and contemplated by the Constitution of the State and the Act. The Company shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to its use of the Project.

ARTICLE VIII

8.1 Option to Purchase 2016 Project Additions. Subject to the provisions of this Article, the Company shall have the right and option to purchase the 2016 Project Additions at any time during the Term hereof. The Company shall exercise its aforesaid option by giving Issuer written notice of the Company's election to exercise its option and specifying the date, time and place of closing, which date (the "Closing Date") shall neither be earlier than Thirty (30) days nor later than One Hundred Eighty (180) days after the notice is given. The Company may not, however, exercise its said option if the Company unless all defaults are cured on or before the Closing Date. If the Company elects to exercise such option, the procedures therefor as set forth in Article XVI of the 1996 Lease shall govern such purchase.

ARTICLE IX

9.1 Termination by Reason of Change of Circumstances. If, at any time during the Thirteenth Supplemental Basic Term, a Change of Circumstances occurs or the Series 2016 Bonds are called for redemption and payment then and in such event, the Company shall have the option to purchase the Project pursuant to Article VIII hereof or to terminate this Thirteenth Supplemental Lease by giving Issuer notice of such termination within Ninety (90) days after the Company has actual knowledge of the event giving rise to such option; provided, however, that such termination shall not become effective unless and until none of the Series 2016 Bonds are Outstanding.

ARTICLE X

10.1 Default. Occurrences constituting an Event of Default under this Thirteenth Supplemental Lease, and remedies, notices and grace periods on default and the rights and duties of the respective parties hereto in connection with default, shall be as set forth in the 1996 Lease.

ARTICLE XI

11.1 Other Lease Provisions. Except as may be specifically set forth in this Thirteenth Supplemental Lease, all of the provisions of the 1996 Lease the Seventh Supplemental Lease, the Eighth Supplemental Lease, the Ninth Supplemental Lease, the Tenth Supplemental Lease, the Eleventh Supplemental Lease and the Twelfth Supplemental Lease shall be in force and effect and shall be applicable to the Land and Improvements described in Schedule I hereto and to the Series 2016 Bonds and to this Thirteenth Supplemental Lease.

11.2 Ratification and Confirmation of the Lease. Except as may be specifically amended, supplemented or modified by the terms of this Thirteenth Supplemental Lease, the 1996 Lease, the Seventh Supplemental Lease, the Eighth Supplemental Lease, the Ninth Supplemental Lease, the Tenth Supplemental Lease, the Eleventh Supplemental Lease and the Twelfth Supplemental Lease are hereby ratified and confirmed by the parties.

11.3 Invalidity of Provisions. If, for any reason, any provision of this Thirteenth Supplemental Lease shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

11.4 Covenants Binding on Successors and Assigns. The covenants, agreements and conditions herein contained shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

11.5 Section Headings. The section headings hereof are for the convenience of reference only and shall not be treated as a part of this Thirteenth Supplemental Lease or as affecting the true meaning of the provisions hereof. The reference to section numbers herein shall be deemed to refer to the numbers preceding each section.

11.6 Execution of Counterparts. This Thirteenth Supplemental Lease may be executed simultaneously in multiple counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[balance of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

CITY OF INDEPENDENCE, KANSAS

[SEAL]

By: _____
Gary Hogsett, Mayor

ATTEST:

Jennifer Rutledge, City Clerk

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
MONTGOMERY COUNTY)

BE IT REMEMBERED that on this _____, 2016, before me, a notary public in and for said County and State, came Gary Hogsett, Mayor of the City of Independence, Kansas, a municipal corporation of the State of Kansas, and Jennifer Rutledge, City Clerk of said City, who are personally known to me to be the same persons who executed, as such officers, the within instrument on behalf of said City, and such persons duly acknowledged the execution of the same to be the act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

Notary Public in and for
said County and State

CESSNA AIRCRAFT COMPANY

(Seal)

By _____
Blake A. Meyen, Vice President,
General Counsel and Secretary

ATTEST:

Sherry L. Fleming, Assistant Secretary

“COMPANY”

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS.
SEDGWICK COUNTY)

BE IT REMEMBERED that on this December _____, 2016, before me, a notary public in and for said County and State, came Blake A. Meyen, Vice President, General Counsel and Secretary and Sherry L. Fleming, Assistant Secretary of Cessna Aircraft Company, a Kansas corporation, on behalf of said corporation, and such persons duly acknowledged the execution of the same to be the act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

(Seal)

Notary Public

APPENDIX A

Certificate for Payment of Project Costs

CITY OF INDEPENDENCE, KANSAS
PROJECT FUND
(CESSNA AIRCRAFT COMPANY)
PAYMENT ORDER NO. _____

The Bank of New York Mellon Trust Company, N.A.
St. Louis, Missouri

Dear Ladies and Gentlemen:

You are hereby authorized and directed by the undersigned, the Authorized Company Representative, acting on behalf of Cessna Aircraft Company (the "Company") to disburse funds held by you as Trustee in the above-mentioned Project Fund for the purposes and in the amounts set forth in the Estimated Payment Schedule attached hereto and incorporated herein by reference (the "Estimated Payment Schedules").

I hereby certify that the amounts requested in the attached Estimated Payment Schedule is reasonably believed to be equal to amounts which have either been advanced by the Company or are justly due to contractors, subcontractors, suppliers, vendors, materialmen, engineers, architects, or other persons named in the Payment Schedules who have performed necessary and appropriate work in connection with any installation of machinery, equipment, or personal property, or have furnished necessary and appropriate materials in the construction or acquisition of land, buildings and improvements constituting a part of the Project. I further certify that the fair value of such work or materials, machinery, and equipment is not reasonably expected to be exceeded by the amount requested.

I further certify that no part of the amounts set forth in the Estimated Payment Schedule have been the basis for any previous withdrawal of any moneys from the said Project Fund.

I further certify that the amounts set forth in the Estimated Payment Schedule are reasonably expected to pay for Project Costs, as said term is defined in the Lease and that a detailed list of the final allocation of such amounts to 2016 Project Additions will be submitted to the Trustee by no later than February 28, 2017.

I acknowledge that the Company, as Purchaser of the Series 2016 Bonds, will be receiving such Series 2016 Bond in compensation for the expenditures set forth in the Estimated Payment Schedules to acquire, construct and equip the Project and that the Series 2016 Bond will constitute full payment for these costs

EXECUTED at Wichita, Kansas, this ____ day of December, 2016.

Authorized Company Representative

EXHIBIT A

PAYMENT ORDER NO. __

PAYMENT SCHEDULE

SCHEDULE I

SCHEDULE I TO THE THIRTEENTH SUPPLEMENTAL TRUST
INDENTURE OF THE CITY OF INDEPENDENCE, KANSAS, AND
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
AS TRUSTEE, DATED AS OF DECEMBER 15, 2016 AND TO THE
THIRTEENTH SUPPLEMENTAL LEASE DATED AS OF
DECEMBER 15, 2016 BY AND BETWEEN SAID CITY AND
CESSNA AIRCRAFT COMPANY

PROPERTY SUBJECT TO LEASE

(a) All building improvements, machinery, equipment and tooling purchased with the proceeds of the Series 2016 Bonds and located on the real property described in paragraph (b) below, and more specifically described as follows:

[See "Exhibit A" to Schedule I for specific
description of improvements]

(b) The following described real estate located in Montgomery County, Kansas, to wit:

Being a tract of land located in a portion of Section 21, Township 33 South, Range 15 East of the 6th Principal Meridian, Montgomery County, Kansas, and being more particularly described as follows:

BEGINNING at the Northeast corner of said Section 21;

THENCE S.01N22'39"E. (assumed bearing) along the East line of said Section 21, a distance of 3860.00 feet to a point that is 50 feet north of the extension of the centerline of "F" Street;

THENCE S.88N32'23"W. along a line that is 50 feet north of the centerline of "F" Street, a distance of 2183.72 feet to a point that is 234.00 feet East of the Building Restriction Line;

THENCE N.01N23'08"W. parallel with the Building Restriction Line a distance of 190.00 feet to a point;

THENCE S.88N32'23"W. a distance of 234.00 feet to a point on the Building Restriction Line;

THENCE N.01N23'08"W. along the Building Restriction Line a distance of 2433.24 feet to a point;

THENCE S.44N51'44"E. a distance of 341.27 feet to a point;

THENCE S.43N35'39"W. a distance of 211.43 feet to a point on the West line extended of "K" Street";

THENCE S.45N02'55"E. along said West line extended of "K Street" a distance of 502.62 feet to the point of intersection with the North line of "Q.M. Street";

THENCE N.43N40'06"E. along said North line of "Q.M. Street" a distance of 1648.25 feet to the point of intersection with the West line of "4th Avenue";

THENCE N.02N10'27"W. along said West line of "4th Avenue" a distance of 389.51 feet to the point of intersection with the South line of "A.C. Street";

THENCE S.42N55'02"W. along said South line of "A.C. Street" a distance of 634.26 feet to a point;

THENCE N.46N28'06"W. a distance of 24.48 feet to a point on the North line of "A.C. Street";

THENCE S.43N31'54"W. along said North line of "A.C. Street" a distance of 272.16 feet;

THENCE N.47N21'32"W. a distance of 113.04 feet;

THENCE S.43N37'20"W. a distance of 395.17 feet to a point;

THENCE N.46N04'58"W. a distance of 111.04 feet to a point;

THENCE S.33N15'30"W. a distance of 137.26 feet to a point;

THENCE N.46N23'55"W. a distance of 396.44 feet to a point;

THENCE S.46N37'07"W. a distance of 193.55 feet to the point of intersection of said Lease Agreement with the Building Restriction Line, said Lease Agreement containing 18.003 acres lying East of the Building Restriction Line;

THENCE N.01N23'08"W. along the Building Restriction Line a distance of 1154.89 feet to a point on the North line of the Northeast Quarter of said Section 21;

THENCE N.88N29'14"E. along said North line a distance of 2418.26 feet to the POINT OF BEGINNING and containing 8,501,781 square feet or 195.174 acres.

The property described in paragraph (a) of this Schedule I constitutes the "2016 Project Additions" as referred to in the Thirteenth Supplemental Lease and said Thirteenth Supplemental Trust Indenture.

EXHIBIT A TO SCHEDULE I

[insert description of 2016 Project Additions]

- m. Consider an ordinance authorizing the issuance of taxable industrial revenue bonds, Series 2016 (Hugo's Industrial Supply Project) for the purpose of paying the costs of the acquisition and improvement of an existing commercial facility; and authorizing certain other documents and actions in connection therewith [CITIZENS/BUSINESS & INDUSTRY].**

Attached are documents relating issuance of taxable industrial revenue bonds, Series 2016 (Hugo's Industrial Supply Project) for the purpose of paying the costs of the acquisition and improvement of an existing commercial facility; and authorizing certain other documents and actions in connection therewith. A representative of the bond counselor will be available to answer any questions.

ORDINANCE NO. ____

**OF THE
CITY OF INDEPENDENCE, KANSAS**

**AUTHORIZING THE ISSUANCE OF
\$800,000 TAXABLE INDUSTRIAL REVENUE BONDS
SERIES 2016
(HUGO'S INDUSTRIAL SUPPLY PROJECT)**

ORDINANCE NO. ____

AN ORDINANCE AUTHORIZING THE CITY OF INDEPENDENCE, KANSAS TO ISSUE ITS TAXABLE INDUSTRIAL REVENUE BONDS, SERIES 2016 (HUGO'S INDUSTRIAL SUPPLY PROJECT) FOR THE PURPOSE OF PAYING THE COSTS OF THE ACQUISITION AND IMPROVEMENT OF AN EXISTING COMMERCIAL FACILITY; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

THE GOVERNING BODY OF THE CITY OF INDEPENDENCE, KANSAS HAS FOUND AND DETERMINED:

A. The City of Independence, Kansas (the "Issuer") is authorized by K.S.A. 12-1740 *et seq.*, as amended (the "Act"), to acquire, construct, improve and equip certain facilities (as defined in the Act) for commercial, industrial and manufacturing purposes, to enter into leases and lease-purchase agreements with any person, firm or corporation for such facilities, and to issue revenue bonds for the purpose of paying the costs of such facilities.

B. The Issuer's governing body has determined that it is desirable in order to promote, stimulate and develop the general economic welfare and prosperity of the Issuer and the State of Kansas that the Issuer issue its Taxable Industrial Revenue Bonds, Series 2016 (Hugo's Industrial Supply Project) in the aggregate principal amount of \$800,000 (the "Series 2016 Bonds"), for the purpose of paying the costs of the acquisition and improvement of a certain commercial facility (the "Project") as more fully described in the Bond Agreement and in the Lease authorized in this Ordinance, for lease to Calcor, LLC, a Kansas limited liability company (the "Tenant"),

C. The Issuer's governing body finds that it is necessary and desirable in connection with the issuance of the Series 2016 Bonds to execute and deliver the following documents (collectively, the "Bond Documents"):

(i) a Bond Agreement dated as of December 1, 2016 (the "Bond Agreement"), among the Issuer, the Tenant and Security Bank of Kansas City, Kansas City, Kansas (the "Bank") prescribing the terms and conditions of issuing and securing the Series 2016 Bonds;

(ii) a Lease dated as of December 1, 2016 (the "Lease"), with the Tenant, under which the Issuer will acquire, renovate, equip and improve the Project and lease it to the Tenant in consideration of Basic Rent and other payments.

D. The Issuer's governing body has found that under the provisions of K.S.A. 79-201a, the Project purchased or constructed with the proceeds of the Series 2016 Bonds is eligible for exemption from ad valorem property taxes for up to 10 years, commencing in the calendar year following the calendar year in which the Bonds are issued, if proper application is made. The Issuer's governing body has further found that the Project should be exempt from ad valorem property taxes for a period of seven years, subject to a payment in lieu of taxes for each year of the exemption, as more particularly described in the Agreement for Payment in Lieu of Taxes. Prior to making this determination, the governing body of the Issuer has conducted the public hearing and reviewed the analysis of costs and benefits of such exemption required by K.S.A. 12-1749d.

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

Section 1. **Definition of Terms.** All terms and phrases not otherwise defined in this Ordinance will have the meanings set forth in the Bond Agreement and the Lease.

Section 2. **Authority to Cause the Project to Be Purchased and Constructed.** The Issuer is authorized to cause the Project to be acquired, constructed and equipped in the manner described in the Bond Agreement and the Lease.

Section 3. **Authorization of and Security for the Bonds.** The Issuer is authorized and directed to issue the Series 2016 Bonds, to be designated "City of Independence Kansas Taxable Industrial Revenue Bonds, Series 2016 (Hugo's Industrial Supply Project)" in the aggregate principal amount of \$800,000, for the purpose of providing funds pay the costs of the acquisition and improvement of the Project. The Series 2016 Bonds will be dated and bear interest, will mature and be payable at such times, will be in such forms, will be subject to redemption and payment prior to maturity, and will be issued according to the provisions, covenants and agreements in the Bond Agreement. The Series 2016 Bonds will be special limited obligations of the Issuer payable solely from the revenues derived from the Lease of the Project. The Series 2016 Bonds will not be general obligations of the Issuer, nor constitute a pledge of the faith and credit of the Issuer, and will not be payable in any manner by taxation.

Section 4. **Authorization of Bond Agreement.** The Issuer is authorized to enter into the Bond Agreement with the Bank and the Tenant in the form approved in this Ordinance. The Issuer will issue and sell the Bonds and provide for payment of the Bonds and interest thereon from the revenues derived by the Issuer under the Lease and other moneys as described in the Bond Agreement, all on the terms and conditions in the Bond Agreement.

Section 5. **Lease of the Project.** The Issuer will acquire, construct and equip the Project and lease it to the Tenant according to the provisions of the Lease in the form approved in this Ordinance. The proposed use of the Project by the Tenant, Hugo's Industrial Supply, Inc., and other entities related to the Tenant is approved by the Issuer.

Section 6. **Execution of Bonds and Bond Documents.** The Mayor of the Issuer is authorized and directed to execute the Series 2016 Bonds and deliver them to the Bank for authentication on behalf of the Issuer in the manner provided by the Act and in the Bond Agreement. The Mayor or member of the Issuer's governing body authorized by law to exercise the powers and duties of the Mayor in the Mayor's absence is further authorized and directed to execute and deliver the Bond Documents on behalf of the Issuer in substantially the forms presented for review prior to passage of this Ordinance, with such corrections or amendments as the Mayor or other person lawfully acting in the absence of the Mayor may approve, which approval shall be evidenced by his or her signature. The authorized signatory may sign and deliver all other documents, certificates or instruments as may be necessary or desirable to carry out the purposes and intent of this Ordinance and the Bond Documents. The City Clerk or the Deputy City Clerk of the Issuer is hereby authorized and directed to attest the execution of the Series 2016 Bonds, the Bond Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out the intent of this Ordinance under the Issuer's corporate seal.

Section 7. **Property Tax Exemption; Payment in Lieu of Taxes.** Subject to the provisions of the Agreement for Payment in Lieu of Taxes between the Issuer and the Tenant, the Project will be exempt from ad valorem property taxes for seven years, commencing in the calendar year after the calendar year in which the Series 2016 Bonds are issued. The Tenant will prepare the application for exemption and submit

it to the Issuer for its review. After its review, the Issuer will submit the application for exemption to the State Board of Tax Appeals.

Section 8. **Pledge of the Project and Net Lease Rentals.** The Issuer hereby pledges the Project and the net rentals generated under the Lease to the payment of the Series 2016 Bonds in accordance with K.S.A. 12-1744. The lien created by the pledge will be discharged when all of the Series 2016 Bonds are paid or deemed to have been paid in accordance with the terms of the Bond Agreement.

Section 9. **Authority To Correct Errors, Etc.** The Mayor or member of the Issuer's governing body authorized to exercise the powers and duties of the Mayor in the Mayor's absence, the City Clerk and any Deputy City Clerk are hereby authorized and directed to make any alterations, changes or additions in the instruments herein approved, authorized and confirmed which may be necessary to correct errors or omissions therein or to conform the same to the other provisions of said instruments or to the provisions of this Ordinance.

Section 10. **Further Authority.** The officials, officers, agents and employees of the Issuer are authorized and directed to take whatever action and execute whatever other documents or certificates as may be necessary or desirable to carry out the provisions of this Ordinance and to carry out and perform the duties of the Issuer with respect to the Series 2016 Bonds and the Bond Documents.

Section 11. **Effective Date.** This Ordinance shall take effect after its passage by the governing body of the Issuer and publication once in the Issuer's official newspaper.

[BALANCE OF THIS PAGE LEFT BLANK INTENTIONALLY]

PASSED by the governing body of the Issuer on December 8, 2016 and **SIGNED** by the Mayor.

(SEAL)

Mayor

ATTEST:

City Clerk

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

CERTIFICATE

I hereby certify that the attached copy is a true and correct copy of Ordinance No. ____ of the City of Independence, Kansas duly passed by the governing body, signed by the Mayor and published in the official City newspaper on the respective dates stated in this ordinance, and that the signed original of such Ordinance is on file in my office.

[SEAL]

City Clerk

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF INDEPENDENCE, KANSAS
HELD ON DECEMBER 8, 2016**

The governing body of the City of Independence, Kansas met in regular session at the usual meeting place in the City, at 5:30 p.m., the following members being present and participating, to-wit:

Absent:

The Mayor declared that a quorum was present and called the meeting to order.

* * * * *

(Other Proceedings)

Thereupon, there was presented an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE CITY OF INDEPENDENCE, KANSAS TO
ISSUE ITS TAXABLE INDUSTRIAL REVENUE BONDS, SERIES 2016 (HUGO'S
INDUSTRIAL SUPPLY PROJECT) FOR THE PURPOSE OF PAYING THE COSTS OF
THE ACQUISITION AND IMPROVEMENT OF AN EXISTING COMMERCIAL
FACILITY; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS
IN CONNECTION THEREWITH.

Thereupon, Commissioner _____ moved that said Ordinance be passed. The motion was seconded by Commissioner _____. Said Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the governing body, the vote being as follows:

Aye:

Nay:

Thereupon, the Mayor declared said Ordinance duly passed and the Ordinance was then duly numbered Ordinance No _____ and was signed by the Mayor and the signature attested by the City Clerk.

* * * * *

(Other Proceedings)

* * * * *

CERTIFICATE

I certify that the foregoing Excerpt of Minutes is a true and correct excerpt of the proceedings of the governing body of the City of Independence, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

[SEAL]

City Clerk

BOND AGREEMENT

between

CITY OF INDEPENDENCE, KANSAS

and

**SECURITY BANK OF KANSAS CITY
KANSAS CITY, KANSAS**

and

CALCOR, LLC

Dated as of December 1, 2016

**City of Independence, Kansas
\$800,000
Taxable Industrial Revenue Bonds
Series 2016
(Hugo's Industrial Supply Project)**

BOND AGREEMENT

TABLE OF CONTENTS

Section 1.	Definitions.	1
Section 2.	Reserved.	4
Section 3.	Owner’s Representations.	4
Section 4.	The Bonds.....	4
Section 5.	Project Fund, Bond Fund and Other Funds.	6
Section 6.	The Bank.....	7
Section 7.	Events of Default and Remedies.....	9
Section 8.	Notices.	11
Section 9.	Miscellaneous Provisions.	12
Exhibit A – Form of Bond		A-1

BOND AGREEMENT

THIS BOND AGREEMENT, dated as of December 1, 2016, between the City of Independence, Kansas, an incorporated city of the second class, duly organized under the laws of the State of Kansas (the "Issuer"), Security Bank of Kansas City, Kansas City, Kansas, a banking corporation or association organized under the laws of the United States of America or one of the states thereof (the "Bank"), having a commercial banking office in Wichita, Kansas, as depositary, fiscal and paying agent, and Calcor, LLC, a Kansas limited liability company (the "Tenant").

The Issuer, the Bank and the Tenant hereby agree as follows:

Section 1. Definitions. In addition to the words and terms defined elsewhere in this Bond Agreement and the Lease, the following words and terms as used in this Bond Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Act" means K.S.A. 12-1740 *et seq.*, as amended.

"Assignment" means the Assignment of Lease and Security Agreement, dated as of the date hereof, from the Issuer to the Bank.

"Authorized Tenant Representative" means the person designated to act on behalf of the Tenant as provided in *Section 9* of this Bond Agreement.

"Bank" means Security Bank of Kansas City, Kansas City, Kansas, as fiscal and paying agent.

"Bond Agreement" means this Bond Agreement as from time to time amended and supplemented.

"Bond Counsel" means the firm of Gilmore & Bell, P.C. or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to Issuer and Tenant.

"Bond Fund" means the Bond Fund created by *Section 5* hereof.

"Bonds" means the Issuer's Taxable Industrial Revenue Bonds, Series 2016 (Hugo's Industrial Supply Project), in the aggregate principal amount of \$800,000 issued pursuant to this Bond Agreement.

"Change of Circumstances" means the occurrence of any of the following events:

(a) title to, or the temporary use of, all or any substantial part of the Project shall be condemned by any authority exercising the power of eminent domain;

(b) title to such portion of the Land is found to be deficient or nonexistent to the extent that the Project is untenable or the efficient utilization of the Project by the Tenant is substantially impaired;

(c) substantially all of the Improvements are damaged or destroyed by fire or other casualty; or

(d) as a result of: (i) changes in the constitution of the State; or (ii) any legislative or administrative action by the State or any political subdivision thereof, or by the United States; or (iii) any action instituted in any court, the Lease shall become void or unenforceable, or impossible of performance without

unreasonable delay, or in any other way by reason of such changes of circumstances, unreasonable burdens or excessive liabilities are imposed upon Issuer or Tenant.

"Code" means the Internal Revenue Code of 1986, as amended, together with the regulations promulgated thereunder by the United States Department of the Treasury.

"Completion Date" means the date the Project is completed as certified in *Section 5.5* of the Lease.

"Costs of Issuance" means any and all expenses of whatever nature incurred in connection with the issuance and sale of Bonds, including, but not limited to, underwriting fees and expenses, underwriting discount, initial fees of the Bank, appraisal fees, administrative fees or expenses of the Issuer, bond and other printing expenses and legal fees and expenses of Bond Counsel, Issuer's counsel, Bank counsel and counsel for the Tenant.

"Event of Default" means, with respect to this Bond Agreement, an "Event of Default" as defined in *Section 7* hereof and, with respect to the Lease, an "Event of Default" as defined in *Section 1* thereto.

"Government Securities" means direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Improvements" means all real property improvements and personal property purchased in whole or in part with the proceeds of the Bonds and any additional Improvements as contemplated by *Article XII* of the Lease.

"Interest Payment Date" means any date on which any interest is payable on any Bonds.

"Issue Date" means the date on which the initial Bond certificates representing the Bonds are authenticated by the Bank and delivered in exchange for payment of their purchase price.

"Issuer" means the City of Independence, Kansas, an incorporated city of the second class duly organized under the laws of the State of Kansas, and its successors and assigns.

"Lease" means the Lease dated as of December 1, 2016, between the Issuer and the Tenant, as from time to time amended or supplemented.

"Net Proceeds" means the gross proceeds from the insurance (including without limitation title insurance) or condemnation award with respect to which that term is used remaining after the payment of all expenses (including without limitation attorneys' fees and any expenses of the Issuer, the Tenant, the Bank or any other Owner of the Bonds) incurred in the collection of such gross proceeds.

"Outstanding" means, as of a particular date, all Bonds issued, authenticated and delivered under this Bond Agreement, except:

(a) Bonds canceled by the Bank or delivered to the Bank as fiscal and paying agent for cancellation pursuant to this Bond Agreement;

(b) Bonds for the payment or redemption of which moneys or investments have been deposited in trust and irrevocably pledged to such payment or redemption; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Bond Agreement.

"Owner" means the Owner of any Bond as shown on the registration books of the Bank maintained as provided in this Bond Agreement.

"Permitted Encumbrances" means Permitted Encumbrances as defined in the Lease.

"Permitted Investments" means any of the following securities, which are permitted for investment of funds held by the depository pursuant to this Bond Agreement:

(a) Government Securities;

(b) obligations of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Corporation, National Bank for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration and Federal Home Loan Mortgage Association;

(c) savings or other depository accounts or certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Bank and its affiliates), provided that such deposits shall be either of a bank, trust company or national banking association continuously and fully insured by the Federal Deposit Insurance Corporation, or continuously and fully insured by a guarantee deposit bond issued by an acceptable insurance carrier which carrier would include Kansas Bankers Surety of Topeka, Kansas which shall have an insured amount (exclusive of accrued interest) at all times at least equal to the principal amount of such deposits and shall be lodged with the Bank, as custodian, by the bank, trust company or national banking association accepting such deposit or issuing such certificate of deposit, and the bank, trust company or national banking association issuing each such certificate of deposit required to be so secured shall furnish the Bank an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount equal to the principal amount of each such certificate of deposit and the Bank shall be entitled to rely on each such undertaking;

(d) any repurchase agreement with any bank or trust company organized under the laws of any state of the United States of America or any national banking association (including the Bank) or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clauses (a) or (b) above, and

(e) investments in shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities described in clauses (a), (b) or (c) above or repurchase agreement related thereto.

"Project" means the Project described in *Schedule I* to the Lease and any additions, modifications, improvements, replacements, repairs, renewals, reconstruction or restoration thereof, therefor or thereto made pursuant to *Section 11.1 or 12.1* of the Lease.

"Project Costs" means (a) all costs and expenses incurred in or necessary or incident to the purchase, construction and installation of the Improvements; (b) interest accruing on the Bonds prior to the Completion Date; (c) expenses incurred by the Tenant for preliminary plans, surveys, soil borings and other items necessary to the commencement of construction; (d) the cost of any insurance or construction bonds

related to the Project prior to the Completion Date; (e) the cost of the title evidence required by *Section 6.3* of the Lease; and (f) Costs of Issuance.

"Project Fund" means the Project Fund created by *Section 5* hereof.

"Tenant" means Calcor, LLC, a Kansas limited liability company, and its successors or assigns and any surviving, resulting or succeeding business entity, as provided in *Sections 9.2 and 9.4* of the Lease.

Section 2. Reserved.

Section 3. Owner's Representations. The Owner of the Bonds represents that: (a) it is purchasing the Bonds solely for its own account for investment purposes only, and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of its property will remain at all times within its control); (b) it has had access to, and has examined to the extent it deems necessary (1) information concerning the Project and the Bonds, (2) copies of the Ordinance, this Bond Agreement and the Lease relating to the authorization of and security for payment of the Bonds, and (3) financial statements and other data of the Tenant which it considers sufficient to enable it to form a decision concerning such purchase; (c) it has had all questions answered by appropriate officers and employees of the Tenant, and it has received all information necessary for it to evaluate the merits and risks of purchasing the Bonds; (d) it has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bonds in particular, to enable it to evaluate the risks involved in an investment in the Bonds, and it confirms that its investment in Bonds constitutes an investment that is suitable for and consistent with its investment program and that it is able to bear the economic risk of an investment in the Bonds, including a complete loss of such investment; (e) it understands that the Bonds have not been registered under the Securities Act of 1933, as amended (the "1933 Act") or the securities laws of any state and will be sold to it in reliance upon certain exemptions from registration and in reliance upon its representations and warranties set forth herein; (f) it will only offer, sell, pledge, transfer or exchange any of the Bonds it purchases (1) in accordance with an available exemption from the registration requirements of Section 4 of the 1933 Act, (2) in accordance with any applicable state securities law and (3) in accordance with the provisions of the Bonds and this Bond Agreement; and (g) it acknowledges and understands that the Issuer, Bond Counsel, Tenant's Counsel, and the Tenant are each relying and will continue to rely on the representations made herein. The Owner acknowledges that (i) no CUSIP numbers will be obtained for the Bonds, (ii) no official statement or other similar offering document has been prepared in connection with the private placement of the Bonds, and (iii) the Bonds will not close through the DTC or any similar repository and will not be in book entry form.

Section 4. The Bonds. The Bonds are described as follows:

(a) *Principal Amount; Purchase Price; Form of Bonds; Source of Repayments.* The Bonds shall be issued by the Issuer in the aggregate principal amount of \$800,000 and shall be purchased by the Owner of the Bonds at their par principal amount for the purpose of providing funds to pay, or reimburse the Tenant for payment of, Project Costs. They shall be in substantially the form attached hereto as *Exhibit A*.

The Bonds shall be payable as set forth in *Exhibit A* and shall be dated, bear interest, and be subject to redemption and transfer as set forth in such form. All of the terms and provisions of the Bonds as set forth in *Exhibit A* are incorporated into this Bond Agreement by reference. The Bonds and the interest and redemption premium, if any, thereon will not be a general obligation of the Issuer, but shall be payable solely out of the revenues derived by the Issuer pursuant to the Lease (except to the extent payable from proceeds of sale or re-letting of the Project). Payment of principal, redemption premium, if any, and interest on the Bonds is secured by a pledge of the Project and the net rentals therefrom pursuant to the Ordinance.

(b) *Execution and Authentication of Bonds.* The Bonds shall be executed as specified in *Exhibit A*. If any officer of the Issuer whose signature appears on the Bonds shall cease to be such officer before delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until delivery. The Bonds may be executed by such persons as shall be the proper officers to sign the Bonds at the actual time of execution of the Bonds although at the date of such Bonds such person may not have been such officer. The Bonds shall have endorsed thereon a Certificate of Authentication which shall be manually executed by the Bank as fiscal and paying agent for the Issuer upon the initial delivery of the certificate. No Bonds shall be entitled to any security or benefit under this Bond Agreement or shall be valid or obligatory for any purpose unless and until such Certificate of Authentication shall have been duly executed. The Certificate of Authentication on any Bond certificate shall be deemed to have been duly executed when signed by any authorized officer or employee of the Bank.

(c) *Appointment of Fiscal and Paying Agent; Transfer of Bonds; Annual Report to Issuer.* The Bank is hereby appointed by the Issuer as the Issuer's fiscal and paying agent. Ownership of the Bonds may be transferred as set forth in the form of the Bonds attached hereto as *Exhibit A*. If ownership of any Bonds is transferred, the assigned Bond certificates shall be reissued to the transferee by the Bank as fiscal and paying agent for the Issuer, and shall be authenticated as of the payment date immediately preceding the effective date of the transfer. The Bank shall annually within 90 days after the end of each calendar year report to the Issuer the principal balance outstanding on the Bonds as of the preceding December 31, and the amount of principal and interest paid on the Bonds during that year, in order to enable the Issuer to timely report such information to the State of Kansas as required by law.

(d) *Negative Covenant Regarding Issuance of Additional Bonds.* The Issuer will not issue any other obligations payable out of the revenues derived by the Issuer pursuant to the Lease or secured by an assignment, security interest in or other lien upon any of the rights of the Issuer in the Project and under the Lease without the written consent of all Owners of the Bonds.

(e) *Reserved.*

(f) *Security for Bonds.* The Issuer has by Ordinance pledged the Project and the net revenues generated by the Issuer under the Lease as security for payment of the principal of, redemption premium, if any, and interest on the Bonds.

(g) *Provision for Payment of Bonds.* Bonds shall be deemed to be paid when payment of the principal, redemption premium, if any, and interest to the due date thereof (whether by reason of maturity or earlier redemption, or otherwise), either (i) has actually been made in accordance with the terms thereof, or (ii) has been provided for by depositing with a bank or trust company, including the Bank, if eligible, in trust and irrevocably set aside exclusively for such payment (1) cash sufficient to make such payment or (2) non-callable Government Securities maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payments when due. Bonds shall also be deemed paid if the Bond certificate(s) are surrendered to the Bank as paying agent, accompanied by a written communication from the registered Owner waiving payment and directing that they be cancelled without actual payment. At such time as a Bond shall be deemed to be paid as provided in this paragraph, it shall no longer be secured by the pledge of the Project or the revenues generated under the Lease or entitled to benefit from this Bond Agreement, except for the purpose of receiving payment from such moneys or Government Securities.

Section 5. Project Fund, Bond Fund and Other Funds. The following funds and accounts shall be established:

(a) *Project Fund.* There is hereby established with the Bank, as depositary, a separate special fund designated "City of Independence, Kansas Project Fund (Hugo's Industrial Supply Project)" which shall be held, invested and disbursed by the Bank, as depositary, as hereinafter provided in this Section and *Article V* of the Lease. All moneys that will remain on deposit in the Project Fund for over 10 days shall be invested in Permitted Investments as directed in writing by the Tenant (or in the absence of Tenant's written direction, in Permitted Investments described in paragraph (c) of the definition). The proceeds of the Bonds and any investment earnings accruing thereof shall be deposited in the Project Fund. The Bank shall disburse moneys in the Project Fund to pay Project Costs in accordance with the provisions of *Article V* of the Lease. If any moneys remain in the Project Fund on the Completion Date, they shall be deposited in the Bond Fund and used as provided in *Section 5(b)* below.

(b) *Bond Fund.* There is also hereby established with the Bank, as paying agent, a separate special fund designated "City of Independence, Kansas Bond Fund (Hugo's Industrial Supply Project)", which shall be held, invested in Permitted Investments and disbursed by the Bank, as paying agent, as hereinafter provided in this Section and in *Section 3.1* of the Lease. All payments of Basic Rent received by the Bank, as paying agent and assignee of the Issuer's interest in the Lease, shall be deposited in the Bond Fund. On each date on which interest or principal is payable on the Bonds as provided therein, the Bank shall withdraw moneys from the Bond Fund sufficient to make such payments on the Bonds, and shall transmit such moneys by check or draft mailed to each Owner of the Bonds at the address as shown on the Bank's records. All moneys on deposit or to be deposited in the Bond Fund from time to time shall be deemed pledged exclusively to payment of principal and interest on the Bonds, and the Issuer hereby grants to all Owners of the Bonds a security interest in the Bond Fund and the moneys on deposit or to be deposited therein from time to time to secure payment of the Bonds. If after the Bonds have been fully paid and discharged moneys remain on deposit in the Bond Fund, such moneys shall be returned to the Tenant.

(c) *Additional Special Funds.* Any Net Proceeds of insurance, condemnation awards or other moneys paid to the Bank, as depositary or as paying agent, under this Agreement or the Lease shall be deposited in one or more special funds held by the Bank, as depositary or as paying agent, and applied, with accrued interest, to the purposes specified in the Lease for which such moneys were deposited. The Bank agrees to pay to the Issuer, upon receipt, any Additional Rent due to the Issuer under the Lease and paid to the Bank under this Section.

(d) *Investment Fees and Expenses.* The Bank may charge the Tenant, the Bond Fund, the Project Fund, or any other special fund from which an investment is made, for any fees and expenses incurred in making such investment and the Bank, as depositary or as fiscal and paying agent, may make any investment pursuant to this Section through its money management or short-term investment department.

(e) *Tenant as Sole Owner of the Bonds.* If the Tenant is the sole Owner of the Bonds, payments of Basic Rent made by the Tenant under the Lease which coincide with payments of principal and interest on the Bonds may be entered directly on the books of the Tenant as Owner of the Bonds without being deposited in the Bond Fund. Such payments shall be credited against the Tenant's obligation to make payments of Basic Rent under the Lease and against the Issuer's obligation to make payments of principal and interest on the Bonds. If the Bonds are at any time held by more than one Owner, then payments of Basic Rent shall be received and disbursed in accordance with the provisions of *subsection (b)* of this Section.

Section 6. The Bank. The Bank's duties as a depository and as fiscal and paying agent shall be subject to the following provisions:

(a) *Limitations on Duty of Care.* The Bank is not under any duty to give the property held in the Bond Fund, the Project Fund or any special fund any greater degree of care than it gives its own similar property and is not liable or responsible for any action or omission to act by it under this Section except for its own negligence or willful misconduct.

(b) *Reliance.* The Bank may act in reliance upon any instrument or signature reasonably believed by it to be genuine and authorized.

(c) *No Representation.* The Bank makes no representation as to the validity, genuineness or collectibility of any security held in the Bond Fund, the Project Fund or any other special fund.

(d) *Liability Limitation.* The Bank is not bound by any agreement or contract not signed by it, other than as assignee of the Issuer under the Lease. Its only duties or responsibilities as depository are to deal with the Bond Fund, the Project Fund and any other special fund in accordance with this Bond Agreement.

(e) *Agents; Attorneys-Reliance.* The Bank may execute or perform any of its powers or duties either directly or through agents, attorneys or receivers and is not responsible for any misconduct or negligence on the part of any agent, attorney or receiver chosen by it with due care, and the Bank is entitled to act upon and may conclusively rely upon the opinion or advice of counsel, who may be counsel to the Issuer, the Tenant or the Bank, concerning all matters and duties related hereto, and may in all cases pay such reasonable compensation to all such agents, attorneys and receivers as are employed in connection herewith. The Bank is not responsible for any loss or damage resulting from any action or nonaction taken or omitted to be taken in good faith reliance upon such opinion or advice of counsel.

(f) *Recitals, Filings, Investment Losses.* The Bank shall not be responsible for any recital herein or in the Bonds (except with respect to the certificate of authentication of the Bank as fiscal and paying agent endorsed on the Bonds), or for the recording, rerecording, filing or refiling of any security agreement or instrument in connection herewith, or for insuring the Project or collecting any insurance moneys, or for the validity of execution by any party of this Bond Agreement, any supplement or amendment hereto, any other instrument related hereto, or for the sufficiency of security for the Bonds. The Bank shall not be responsible for any loss suffered in connection with any investment of funds made in accordance with Section 5 hereof.

(g) *Bond Ownership; Use.* The Bank, in its individual or any other capacity, may become the Owner or pledgee of Bonds with the same rights which it would have if it were not serving as depository, fiscal and paying agent hereunder.

(h) *Consents or Requests Binding on Future Owners.* Any action taken by the Bank upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or upon transfer or in place thereof.

(i) *Proof of Certain Facts.* As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper, or proceeding, or whenever in the administration of its functions hereunder or related hereto the Bank shall deem it advisable that a matter be proved or established prior to taking, suffering or omitting any action, the Bank shall be entitled to rely upon a certificate signed by the Authorized Tenant Representative or a representative of the Issuer as sufficient

evidence of the facts therein contained, and prior to the occurrence of an Event of Default of which the Bank has been notified as provided in *subsection (k)* of this *Section 6* or of which by said subsection it is deemed to have notice, the Bank shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(j) *Further Liability Limitation.* The permissive right of the Bank to do things enumerated shall not be construed as a duty, and the Bank shall not be answerable for other than its negligence or willful misconduct.

(k) *Notice.* The Bank shall not be required to take notice or be deemed to have notice of any default or Event of Default except failure by the Tenant to timely deliver Basic Rent for deposit to the Bond Fund, unless the Bank shall be specifically notified in writing of such default or Event of Default by the Issuer or by the Owners of at least 25% of the aggregate principal amount of all Bonds Outstanding.

(l) *No Bond or Surety.* The Bank shall not be required to give any bond or surety with respect to the execution of its duties and powers or otherwise in respect to the Bonds or the Project.

(m) *Required Proof of Entitlement.* The Bank shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Bond Agreement or related instruments, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof deemed desirable by the Bank to establish the right to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Bank.

(n) *Indemnity Prior to Action.* Notwithstanding anything otherwise provided in this Bond Agreement or other instrument related hereto, before taking any action (other than the application of available moneys in the Bond Fund to payments on the Bonds) the Bank may require that satisfactory indemnity be provided to it for the reimbursement of all fees, costs and expenses (including, without limitation attorney's fees and expenses) to which it may be put and to protect it against all liability which it may incur in or by reason of such action, including, without limitation, liability in connection with environmental contamination and the cleanup thereof, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(o) *Bank Action Authorized.* Notwithstanding any other provision in this Bond Agreement or other instrument related hereto, the rights, privileges and immunities provided to the Bank by this *Section 6* and any other provision of this Bond Agreement or any related instrument intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification of the Bank shall be interpreted to include any action of the Bank whether it is deemed to be in its capacity as depository, fiscal and paying agent, assignee of Issuer pursuant to the Assignment or other related capacity. The provisions of this *Section 6* shall be applicable to the Bank with respect to any function which it performs with respect to the Bonds.

(p) *Limitation on Directed Action.* The Bank may elect not to proceed in accordance with the directions of the Owners of the Bonds without incurring any liability to them if, in the opinion of the Bank, such direction would result in environmental or other liability to the Bank, in its individual capacity, for which the Bank has not received indemnity pursuant to this Section, and the Bank may rely conclusively upon an opinion of counsel in determining whether any action directed may result in such liability.

(q) *Environmental Hazards.* The Bank may inform the Owners of the Bonds of environmental hazards that the Bank has reason to believe exist, and the Bank has the right to take no further action with respect to the Project if the Bank, in its individual capacity, determines that any such action could materially and adversely subject the Bank to environmental or other liability for which the Bank has not received indemnity satisfactory to it.

(r) *Reasonable Fees and Expenses.* The Bank shall be entitled to payment of and/or reimbursement for reasonable fees and expenses for its ordinary services and all advances, agent and counsel fees and other ordinary expenses reasonably and necessary made or incurred by the Bank in connection with such ordinary services and, in the event that it should become necessary that the Bank perform extraordinary services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith. Pursuant to Section 3.2 of the Lease, the Tenant has agreed to pay the reasonable fees, charges and expenses of the Bank. Upon the occurrence of an Event of Default and during its continuance, the Bank shall have a first lien, with right of payment prior to payment of principal or interest on the Bonds, upon all moneys in its possession under any of the provisions hereof for the foregoing reasonable fees, advances, costs and expenses incurred.

(s) *Resignation; Successor.* The Bank may resign from its duties as depository, fiscal and paying agent hereunder, or under any other related instrument, upon giving 60 days' advance written notice to Issuer and Tenant. Such resignation shall become effective at the end of such 60 days or upon the earlier appointment of a successor by the Owners of a majority in principal amount of the Bonds outstanding, provided, however, that, in the case of a vacancy, the Issuer may appoint a temporary successor to serve until a permanent successor shall be appointed by the Owners of the Bonds as above provided. If no successor shall have been appointed and have accepted such appointment within said 60-day period, the Bank or any Owner of the Bonds may petition any court of competent jurisdiction for the appointment of a successor. The Bank shall deliver assets held hereunder to the successor appointed and accepting such appointment pursuant to this subsection, and thereupon the obligations and duties of the Bank hereunder shall cease and terminate.

(t) *Bank's Enforcement Obligation.* Notwithstanding anything in this Bond Agreement to the contrary, the Bank, as assignee of the Issuer's interest under the Lease, in its name or in the name of the Issuer, shall enforce all rights of the Issuer and all obligations of the Tenant under and pursuant to the Lease, whether or not the Issuer is in default under this Bond Agreement.

Section 7. Events of Default and Remedies.

(a) *Definition of Events of Default.* An "Event of Default" under this Bond Agreement shall mean any one or more of the following events:

(1) *Payment Default.* Default in the payment when due of any installment of principal of or any interest or premium on any Bond or default in any payment of any amount payable to the Bank, as depository or as paying agent under this Bond Agreement and expiration of any applicable right to cure;

(2) *Non-Payment Default.* A breach or failure of performance by the the Tenant or the Issuer of any provision of this Bond Agreement (other than as referred to in (1) above) that is not remedied within 30 days after the Tenant or the Issuer, as the case may be, has received written notice thereof from the Bank or any Owner of the Bonds;

(3) *Breach of Material Representation or Warranty.* Any material representation or warranty of the Issuer or the Tenant contained herein, in the Lease or in any certificate or other instrument or document delivered hereunder or thereunder or in connection with the financing of the Project shall prove to have been false or incorrect or breached in any material respect on the date on which it is made;

(4) *Lease Default.* The occurrence of an "Event of Default" under the Lease.

(b) *Default Remedies.* Upon the occurrence of an Event of Default under this Bond Agreement and upon written notice to the Issuer and the Tenant, the Bank may:

(1) *Acceleration of Maturity.* Declare the unpaid principal of any Bonds to be, and the same, together with the accrued interest thereon, shall forthwith become due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived; provided that upon the occurrence of any Event of Default as mentioned in (c) or (d) of the definition of "Event of Default" in the Lease, the unpaid principal of the Bonds, together with the accrued interest thereon, shall forthwith become due and payable without any further act or action on the part of any Owner of the Bonds.

(2) *Legal Action to Enforce Bonds and Lease.* As assignee of the Issuer's interests under the Lease, commence legal action against the Tenant to obtain (A) a judgment against the Tenant for all sums owing under the Lease; and/or (B) judgment against the Tenant for possession and sale of the Project, with the proceeds of any sale applied to pay the Bonds and interest and any other sums owing by the Tenant under the Lease, as provided in the Lease and this Bond Agreement.

(3) *Recovery of Attorney Fees.* Recover attorney fees and related costs incurred in pursuing any remedies under the Bonds, this Bond Agreement, the Lease, any document creating a pledge or security agreement securing the Tenant's obligations, or available at law, in equity or by statute.

(4) *Exercise of Remedies Under the Lease.* As assignee of the Issuer's interests under the Lease, undertake any of the remedies on default specified in *Article XX* of the Lease. Any net proceeds of any action under this Section shall be applied as provided in the Lease and this Bond Agreement.

(c) *Action by Owner(s) of the Bonds.* Any Owner(s) of the Bonds may also pursue any other remedy available to it at law or in equity or by statute or contemplated by the Bonds, this Bond Agreement, the Lease and the Assignment.

(d) *Remedies Cumulative.* No such remedy is intended to be exclusive of any other remedy, but each remedy shall be cumulative and shall be in addition to any other remedy now or hereafter existing at law or in equity or by statute.

(e) *Waivers of Default.* No delay or omission to exercise any right or power accruing upon any Event of Default under this Bond Agreement shall impair any such right or power or be a waiver thereof or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient. The Owners of the Bonds may waive any Event of Default under this Bond Agreement and the breach of any requirement contained in this Bond Agreement or the Bonds, but such waiver must be in writing. Any such waiver shall be limited to such particular Event of Default or breach.

Section 8. Notices. Except as otherwise expressly provided, all notices, certificates or other communications hereunder or under the Assignment or the Lease shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, addressed as follows:

- (i) If to the Issuer: City of Independence, Kansas
811 W. Laurel Street
Independence, Kansas 67301
Attention: City Clerk
- (ii) If to the Bank: Security Bank of Kansas City
701 Minnesota Avenue, Suite 206
P.O. Box 171297
Kansas City, Kansas 66117
Attention: Corporate Trust Department

With a copy to:

Security Bank of Kansas City
200 W. Douglas, Suite 612
Wichita, Kansas 67202
Attention: Corporate Trust Department

- (iii) If to the Tenant: Calcor, LLC
2700 West Main
Independence, Kansas 67301
Attention: Managing Member

With a copy to:

Joslyn M. Kusiak
Kelly & Kusiak Law Office LLC
P.O. Box 331
Independence, Kansas 67301

(iv) If to any Owner(s) of the Bonds other than the Bank, at its address as it appears on the records kept by the Bank as fiscal and paying agent for the Bonds.

The Bonds, this Bond Agreement, the Lease (except to the extent otherwise provided in the Lease) and the Assignment may not be amended or terminated unless such amendment is executed or consented to in writing by the Issuer, the Bank, the Tenant and Owners of the Bonds owning at least 51% of the principal amount of all Bonds Outstanding. It shall not be necessary to note any such amendment on any Bond unless the amendment is to the Bond itself.

Neither this Bond Agreement, the Lease nor the Bond shall constitute, give rise to, nor impose a pecuniary liability upon, or a charge upon the general credit of, the Issuer. The Bonds shall not constitute an indebtedness of the Issuer for any constitutional or statutory purpose, and shall not be payable in any manner from taxation.

Section 9. Miscellaneous Provisions.

(a) *Severability.* The invalidity or unenforceability of any one or more of the provisions of this Bond Agreement shall not affect the validity or enforceability of the remaining provisions hereof.

(b) *Authorized Tenant Representative.* Except as otherwise specified, any action to be taken by the Tenant under this Bond Agreement or the Lease may be taken by any person designated to act on behalf of the Tenant as Authorized Tenant Representative by a written certificate furnished to the Issuer and the Bank and signed by any Member of the Tenant.

(c) *Execution and Counterparts.* This Bond Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

(e) *Section Headings.* The table of contents and section headings in this Bond Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions hereof.

(f) *Governing Law.* This Bond Agreement shall be governed by, and construed in accordance with, the laws of the State of Kansas.

(g) *Binding Effect.* This Bond Agreement shall inure to the benefit of and shall be binding upon the parties hereto and any subsequent Owners of the Bonds and their respective successors and assigns.

[BALANCE OF THIS PAGE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties hereto have caused this Bond Agreement to be duly executed by their duly authorized officials or officers.

CITY OF INDEPENDENCE, KANSAS

[SEAL]

By: _____
Mayor

ATTEST:

By: _____
City Clerk

CALCOR, LLC

By: _____
Name: Corey Hugo
Title: Managing Member

**SECURITY BANK OF KANSAS CITY,
Kansas City, Kansas**

By: _____
Name: Bonnie Mosher
Title: Vice President

EXHIBIT A

No. R-__

\$_____

UNITED STATES OF AMERICA
STATE OF KANSAS

CITY OF INDEPENDENCE, KANSAS

TAXABLE INDUSTRIAL REVENUE BOND
SERIES 2016
(HUGO'S INDUSTRIAL SUPPLY PROJECT)

The City of Independence, Kansas (the "Issuer"), hereby promises to pay, solely out of the sources hereinafter specified, _____, the registered Owner hereof, or registered assigns (an "Owner"), the principal sum of

EIGHT HUNDRED THOUSAND DOLLARS

plus interest on the unpaid balance hereof accruing from the Issue Date until paid, in lawful money of the United States of America, at the rates and payable as follows:

- a. From the Issue Date of this Bond to the Final Maturity Date (herein defined), interest shall be paid in arrears at the Fixed Rate (herein defined), commencing on the First Payment Date and continuing on each Payment Date thereafter until the Final Maturity Date.
- b. One final payment in the amount of the entire unpaid principal balance hereunder (including all accrued and unpaid interest) shall be paid on the Final Maturity Date.

A "Business Day" shall mean a day on which the Bank is open for business at its commercial bank office in Kansas City, Kansas.

The "Final Maturity Date" shall be January 15, 2024.

The "First Payment Date" shall mean January 15, 2018.

The "Fixed Rate" shall mean 1.00% per annum, computed on the basis of 30 days per month for 360 days per year.

The "Issue Date" shall mean the date endorsed by the fiscal and paying agent on the Certificate of Authentication on this Bond.

The "Payment Date" shall be each January 15th following the First Payment Date.

Except as otherwise provided in *Section 5(e)* of the Bond Agreement (as hereafter defined), payments of principal of and redemption premium, if any, and interest on this Bond shall be made in immediately available funds no later than 11:00 A.M., Central time, on the Payment Date, at Security Bank

of Kansas City (the "Bank") at its commercial banking office in Kansas City, Kansas or such other place as the Bank may from time to time designate in writing, in lawful money of the United States of America. If the principal of or interest on this Bond falls due on a day other than a Business Day, then such due date shall be extended to the next succeeding full Business Day. If payment is made by check, the check must be delivered to the Bank at least 3 Business Days prior to the Payment Date.

If there is a default in the payment of any item or installment when due, the item or installment so in default shall continue as an obligation hereunder until the same shall be fully paid, and such item or installment shall be payable upon demand with interest thereon.

This Bond is issued pursuant to an Ordinance of the governing body of the Issuer and a Bond Agreement dated as of the Issue Date of this Bond (the "Bond Agreement"), between the Issuer, the Bank, and Calcor, LLC (the "Tenant"), for the purpose of providing funds for the acquisition and improvement of a commercial facility located in the City of Independence, Kansas (the "Project"), to be leased to the Tenant pursuant to a Lease dated as of December 1, 2016 (the "Lease"), between the Issuer and the Tenant by the authority of and in conformity with the constitution and statutes of the state of Kansas, including particularly K.S.A. 12-1740 *et seq.*, as amended, and all other laws of said state applicable thereto.

This Bond and the interest and redemption premium, if any, hereon are payable solely out of the revenues derived by the Issuer from the Project and pursuant to the Lease. This Bond and the interest and redemption premium, if any, hereon do not constitute a debt of the Issuer, or of the State of Kansas, and neither the Issuer nor said state shall be liable thereon, and this Bond shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. To secure the payment of the principal of and redemption premium, if any, and interest on this Bond, the Issuer has assigned to the Bank substantially all its rights under the Lease pursuant to an Assignment of Lease and Security Agreement, dated as of the Issue Date of this Bond (the "Assignment"). Reference is hereby made to the Bond Agreement, the Lease and the Assignment for a further description of the Project, the rights, duties and obligations of the Issuer, the Tenant, the Bank and any other Owners of the Bonds, the security for this Bond and such obligations hereunder.

In the event of a Change of Circumstances (as defined in the Bond Agreement), this Bond shall be subject to redemption and payment prior to the stated maturity thereof at the option of the Issuer, upon instructions from the Tenant, on any date, at the par value of the principal amount thereof, plus accrued interest thereon to the redemption date, without premium.

This Bond is also subject to redemption in whole or in part, in even multiples of \$100 by the Issuer, at the option of and upon instructions from the Tenant to the Issuer, on any date, at the par value of the principal amount thereof, without premium, plus interest accrued to the date of redemption.

This Bond shall be redeemed in part, in order to exhaust any Net Proceeds (as defined in the Lease) of insurance or condemnation awards paid into the Bond Fund as soon as practicable after receipt at a price equal to the principal amount of this Bond to be redeemed, plus accrued interest thereon to the redemption date, without premium.

Unless waived by the applicable Owner of the Bonds, notice of any call for redemption at the option of the Tenant shall be given by the Issuer or the Tenant on behalf of the Issuer to each Owner of the Bonds at its address as it appears on the records maintained by the Bank as fiscal and paying agent by first class mail, postage prepaid, mailed not less than ten (10) days prior to the redemption date.

All portions of this Bond so called for redemption will cease to bear interest on the specified redemption date, provided funds or securities in which such funds are invested for their redemption are on

deposit with the paying agent on or prior to the redemption date, and shall no longer be entitled to the benefits and protection of the Bond Agreement and shall not be deemed to be outstanding.

If this Bond is redeemed in part, notice need not be delivered to the Bank or the Issuer to note such partial redemption, but the Owner of the Bonds shall note such partial redemption by endorsing the acknowledgment provided on this Bond. Any redemption in part of this Bond shall be applied to reduce the installments of principal hereof in inverse order of their maturity.

This Bond is issuable in the form of a fully registered Bond without coupons. This Bond shall be transferable by the Owner of this Bond upon the surrender of the certificate or certificates representing this Bond for transfer or exchange at the offices of the Bank as fiscal and paying agent, accompanied, in the case of a transfer, by a written instrument of transfer executed by the Owner of this Bond or its attorney in fact duly authorized in writing. Upon such surrender, the Bank shall cause the Issuer to execute and deliver in the name of the transferee a new registered Bond certificate or certificates in an aggregate principal amount equal to the unpaid principal amount hereof. The Issuer, the Bank, the Tenant and the Guarantor may deem and treat the person in whose name this Bond certificate is registered as the absolute Owner of the principal amount of the Bonds represented by this certificate for the purpose of receiving payment of, or on account of, the principal or interest due hereon and for all other purposes. Transfer of this Bond certificate is subject to certain further conditions and restrictions as further endorsed hereon.

In certain events, on the conditions, in the manner and with the effect set forth in the Bond Agreement, the principal of this Bond may be declared due and payable before the stated maturity hereof, together with interest accrued hereon. Modifications or alterations of this Bond may be made only to the extent and in the circumstances permitted by the Bond Agreement.

[balance of this page intentionally left blank]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk and its official seal to be affixed hereto or imprinted hereon, and has caused this Bond to be dated as of the Issue Date of this Bond.

CITY OF INDEPENDENCE, KANSAS

By: _____
Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This Bond certificate evidences ownership of the City of Independence, Kansas Taxable Industrial Revenue Bonds, Series 2016 (Hugo's Industrial Supply Project), as described herein and in the Bond Agreement described herein. The Issue Date of this Bond is _____, 2016.

SECURITY BANK OF KANSAS CITY
Kansas City, Kansas,
as fiscal and paying agent

By: _____
Authorized Officer

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Print or Type Name and Address of Transferee

the Bonds represented by this certificate and all rights thereunder, and hereby authorizes the transfer of the within Bond on the books kept by the Bank for the registration and transfer of Bonds.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular.

Signature Guaranteed By:

[Seal of Owner of the Bonds]

(Name of Eligible Guarantor Institution)

By: _____

Title: _____

Signature must be guaranteed by an eligible guarantor institution as defined by S.E.C. Rule 17 Ad-15 (17 C.F.R. 240. 17-Ad-15).

THIS BOND MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, OR IN A TRANSACTION EXEMPT FROM THE APPLICATION OF FEDERAL AND STATE SECURITIES LAWS.

**ACKNOWLEDGMENT OF PARTIAL REDEMPTION
RECORD OF PAYMENTS**

Partial prepayments of the principal of this Bond may be made directly to the registered Owner hereof without surrender hereof to the Bank, and each registered Owner hereof may record such prepayment on the table set forth below. Accordingly, any purchaser or other transferee of this Bond should verify with the Bank the principal hereof outstanding prior to such purchase or transfer, and the records of the Bank shall be conclusive for such purposes.

<u>Payment</u> <u>Date</u>	<u>Amount</u> <u>Paid</u>	<u>Signature</u>	<u>Payment</u> <u>Date</u>	<u>Amount</u> <u>Paid</u>	<u>Signature</u>
-------------------------------	------------------------------	------------------	-------------------------------	------------------------------	------------------

CITY OF INDEPENDENCE, KANSAS

AS ISSUER

AND

CALCOR, LLC

AS TENANT

LEASE

DATED AS OF DECEMBER 1, 2016

\$800,000
TAXABLE INDUSTRIAL REVENUE BONDS
SERIES 2016
(HUGO'S INDUSTRIAL SUPPLY PROJECT)

LEASE

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
Section 1.1.	Definitions..... 1
Section 1.2.	Representations and Covenants by the Tenant..... 5
Section 1.3.	Representations and Covenants by the Issuer. 6
ARTICLE II	
Section 2.1.	Granting of Leasehold..... 7
ARTICLE III	
Section 3.1.	Basic Rent. 7
Section 3.2.	Additional Rent. 7
Section 3.3.	Rent Payable Without Abatement or Setoff..... 7
Section 3.4.	Prepayment of Basic Rent..... 8
Section 3.5.	Deposit of Rent by the Bank. 8
Section 3.6.	Acquisition of Bonds. 8
ARTICLE IV	
Section 4.1.	Disposition of Original Proceeds; Project Fund..... 8
ARTICLE V	
Section 5.1.	Acquisition of Land and Improvements..... 8
Section 5.2.	Reserved..... 9
Section 5.3.	Payment of Project Costs for Buildings and Improvements. 9
Section 5.4.	Payment of Project Costs for Machinery and Equipment. 9
Section 5.5.	Completion of Project. 10
Section 5.6.	Machinery and Equipment Purchased by the Tenant..... 10
Section 5.7.	Kansas Retailers' Sales Tax..... 10
ARTICLE VI	
Section 6.1.	Insurance. 10
Section 6.2.	General Insurance Provisions..... 11
Section 6.3.	Evidence of Title. 11
ARTICLE VII	
Section 7.1.	Impositions..... 12
Section 7.2.	Receipted Statements. 12
Section 7.3.	Contest of Impositions. 12

Section 7.4.	Ad Valorem Taxes.	12
Section 7.5.	Payment in Lieu of Taxes.	12

ARTICLE VIII

Section 8.1.	Use of Project.....	13
Section 8.2.	Environmental Provisions.	13

ARTICLE IX

Section 9.1.	Sublease by the Tenant.	13
Section 9.2.	Assignment by the Tenant.....	14
Section 9.3.	Release of the Tenant.	14
Section 9.4.	Covenant Against Other Assignments.	14

ARTICLE X

Section 10.1.	Repairs and Maintenance.	14
Section 10.2.	Removal, Disposition and Substitution of Machinery or Equipment.	14

ARTICLE XI

Section 11.1.	Alteration of Project.....	15
----------------------	----------------------------	----

ARTICLE XII

Section 12.1.	Additional Improvements.....	15
----------------------	------------------------------	----

ARTICLE XIII

Section 13.1.	Securing of Permits and Authorizations.	15
Section 13.2.	Mechanic's Liens.....	15
Section 13.3.	Contest of Liens.	16
Section 13.4.	Utilities.....	16

ARTICLE XIV

Section 14.1.	Indemnity.	16
----------------------	-----------------	----

ARTICLE XV

Section 15.1.	Access to Project.....	17
----------------------	------------------------	----

ARTICLE XVI

Section 16.1.	Option to Extend Basic Term.....	17
----------------------	----------------------------------	----

ARTICLE XVII

Section 17.1.	Option to Purchase Project.....	17
Section 17.2.	Quality of Title and Purchase Price.	17
Section 17.3.	Closing of Purchase.	18

Section 17.4.	Effect of Failure to Complete Purchase.	18
Section 17.5.	Application of Condemnation Awards if the Tenant Purchases Project	18
Section 17.6.	Option to Purchase Unimproved Portions of Land.	18
Section 17.7.	Quality of Title - Purchase Price.	19
Section 17.8.	Closing of Purchase.	19
Section 17.9.	Effect of Purchase on Lease.	19
Section 17.10.	Effect of Failure to Complete Purchase.	20

ARTICLE XVIII

Section 18.1.	Damage and Destruction.	20
Section 18.2.	Condemnation.	20
Section 18.3.	Effect of Tenant's Defaults.	21

ARTICLE XIX

Section 19.1.	Change of Circumstances.	21
----------------------	-------------------------------	----

ARTICLE XX

Section 20.1.	Remedies on Default.	21
Section 20.2.	Survival of Obligations.	23
Section 20.3.	No Remedy Exclusive.	23

ARTICLE XXI

Section 21.1.	Performance of the Tenant's Obligations by the Issuer.	23
----------------------	---	----

ARTICLE XXII

Section 22.1.	Surrender of Possession.	23
----------------------	-------------------------------	----

ARTICLE XXIII

Section 23.1.	Notices.	24
----------------------	---------------	----

ARTICLE XXIV

Section 24.1.	Triple-Net Lease.	24
Section 24.2.	Funds Held by the Bank After Payment of Bonds.	24

ARTICLE XXV

Section 25.1.	Rights and Remedies.	24
Section 25.2.	Waiver of Breach.	24
Section 25.3.	The Issuer Shall Not Unreasonably Withhold Consents and Approvals.	25

ARTICLE XXVI

Section 26.1.	The Issuer May Not Sell.	25
Section 26.2.	Quiet Enjoyment and Possession.	25
Section 26.3.	Reserved.	25

Section 26.4.	Issuer's Obligations Limited.....	25
ARTICLE XXVII		
Section 27.1.	Investment Tax Credit; Depreciation.	25
ARTICLE XXVIII		
Section 28.1.	Amendments.	26
Section 28.2.	Granting of Easements.	26
Section 28.3.	Security Interests.....	27
Section 28.4.	Construction and Enforcement.....	27
Section 28.5.	Invalidity of Provisions of Lease.	27
Section 28.6.	Covenants Binding on Successors and Assigns.	27
Section 28.7.	Section Headings.....	27
Section 28.8.	Execution of Counterparts; Electronic Transactions.....	27
Signatures and Acknowledgments		38
Appendix A, Form of Requisition for Payment of Project Costs.....		A-1
Schedule I, Description of Property		S-1

LEASE

THIS LEASE, made and entered into as of December 1, 2016 between the City of Independence, Kansas (the "Issuer"), and Calcor, LLC, a Kansas limited liability company (the "Tenant").

WITNESSETH:

WHEREAS, the Issuer is a municipal corporation incorporated as a city of the second class, duly organized and existing under the laws of the State, with full lawful power and authority to enter into this Lease by and through its governing body; and

WHEREAS, the Issuer, in furtherance of the purposes and pursuant to the provisions of the laws of the State, particularly K.S.A. 12-1740 et seq. (the "Act"), and in order to provide for the economic development and welfare of the Issuer and its environs and to provide employment opportunities for its citizens and to promote the economic stability of the State, has proposed and does hereby propose that it shall:

- (a) Acquire the Project;
- (b) Lease the Project to the Tenant for the rentals and upon the terms and conditions hereinafter set forth; and
- (c) Issue, for the purpose of paying Project Costs, the Series 2016 Bonds under and pursuant to and subject to the provisions of the Act and the Bond Agreement, said Bond Agreement being incorporated herein by reference and authorized by an Ordinance of the governing body of the Issuer; and

WHEREAS, the Tenant, pursuant to the foregoing proposals of the Issuer, desires to lease the Project from the Issuer for the rentals and upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, Issuer and the Tenant do hereby covenant and agree as follows:

ARTICLE I

Section 1.1. Definitions. Capitalized terms not otherwise defined in this Lease shall have the meanings set forth in the Bond Agreement. In addition to the words, terms and phrases defined in the Bond Agreement and elsewhere in this Lease, the capitalized words, terms and phrases as used herein shall have the meanings set forth below, unless some other meaning is plainly intended:

"Additional Rent" means all fees, charges, costs and expenses of the Bank or the Issuer (including reasonable attorney's fees), all Impositions, all Default Administration Costs, all other payments of whatever nature payable or to become payable pursuant to the Bond Agreement or which the Tenant has agreed to pay or assume under the provisions of this Lease and any and all expenses (including reasonable attorney's fees) incurred by the Issuer or the Bank in connection with the issuance of the Bonds or the administration or enforcement of any rights under this Lease or the Bond Agreement. The fees, charges, costs and expenses of the Bank shall include all costs incurred in connection with the issuance, transfer, exchange, registration, redemption or payment of the Bonds and the administration or enforcement of any rights or obligations under this Lease, the Bond Agreement or the Guaranty Agreement except (a) the reasonable fees and expenses in connection with the replacement of a Bond or Bonds mutilated, stolen, lost or destroyed or (b) any tax or other government charge imposed on the Bank in relation to the transfer, exchange, registration,

redemption or payment of the Bonds. The fees, charges, costs and expenses of the Issuer shall include, but not be limited to, any and all costs incurred by the Issuer in connection with the administration or enforcement of any rights, duties, or obligations under this Lease, the exercise or pursuit of any remedy upon an Event of Default, the amendment of this Lease, the granting of consents, easements or similar actions or any other action required of or available to the Issuer under the terms of this Lease.

"Additional Term" shall mean that term commencing on the last day of the Basic Term and terminating 5 years thereafter.

"Authorized Tenant Representative" means the Managing Member of the Tenant, or such other person as is designated to act on behalf of the Tenant as evidenced by written certificate furnished to the Bank, containing the specimen signature of such person and signed on behalf of the Tenant by its Managing Member or any Member of the Tenant. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Tenant Representative.]

"Bankruptcy Code" means Title 11 of the United States Code, as amended.

"Basic Rent" means the amount which, when added to Basic Rent Credits, will be sufficient to pay, on each Payment Date, all principal of, redemption premium, if any, and interest on all Outstanding Bonds which is due and payable on such Payment Date. If for any reason on any Payment Date the Bank does not have on deposit in the Bond Fund sufficient moneys to pay all principal and interest due on the Bonds on such Payment Date, then the Tenant shall pay, as Basic Rent, on such Payment Date, the amount of such deficiency.

"Basic Rent Credits" means all funds on deposit in the Bond Fund and available for the payment of principal of, redemption premium, if any, and interest on the Bonds on any Basic Rent Payment Date.

"Basic Rent Payment Date" means each Payment Date until the principal of, redemption premium, if any, and interest on all Outstanding Bonds have been fully paid or provision made for their payment in accordance with the provisions of the Bond Agreement.

"Basic Term" means that term commencing as of the delivery of this Lease and ending on January 15, 2024, subject to prior termination as specified in this Lease, but ending, in any event, when all of the principal of, redemption premium, if any, and interest on all Outstanding Bonds shall have been paid in full or provision made for their payment in accordance with the provisions of the Bond Agreement.

"Bond Agreement" means the Bond Agreement delivered concurrently with this Lease, as from time to time amended and supplemented by Supplemental Bond Agreements in accordance with the provisions of *Section 9* of the Bond Agreement.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601, et seq.

"Default" means any event or condition the occurrence of which, with the lapse of time or the giving of notice or both, may constitute an Event of Default.

"Default Administration Costs" means the reasonable fees, charges, costs, advances and expenses of the Owner(s) of Bonds incurred in anticipation of an Event of Default, or after the occurrence of an Event of Default, including, but not limited to, counsel fees, litigation costs and expenses, the expenses of maintaining and preserving the Project and the expenses of re-letting or selling the Project.

"Environmental Assessment" means an environmental assessment with respect to the Project conducted by an independent consultant satisfactory to the Issuer and the Bank which reflects the results of such inspections, records reviews, soil tests, groundwater tests and other tests requested, which assessment and results shall be satisfactory in scope, form and substance to the Issuer and the Bank.

"Environmental Law" means CERCLA, SARA, and any other federal, state or local environmental statute, regulation or ordinance presently in effect or coming into effect during the Term of this Lease.

"Event of Bankruptcy" means an event whereby the Tenant shall: (i) admit in writing its inability to pay its debts as they become due; or (ii) file a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Code as now or in the future amended, or file a pleading asking for such relief; or (iii) make an assignment for the benefit of creditors; or (iv) consent to the appointment of a trustee or receiver for all or a major portion of its property; or (v) be finally adjudicated as bankrupt or insolvent under any federal or state law; or (vi) suffer the entry of a final and nonappealable court order under any federal or state law appointing a receiver or trustee for all or a major part of its property or ordering the winding-up or liquidation of its affairs, or approving a petition filed against it under the Bankruptcy Code, which order, if the Tenant has not consented thereto, shall not be vacated, denied, set aside or stayed within 60 days after the day of entry; or (vii) suffer a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property, and such writ or warrant of attachment or any similar process is not contested, stayed, or is not released within 60 days after the final entry or levy or after any contest is finally adjudicated or any stay is vacated or set aside.

"Event of Default" means any one of the following events:

(a) Failure of the Tenant to make any payment of Basic Rent at the time and in the amounts required hereunder; or

(b) Failure of the Tenant to make any payment of Additional Rent at the times and in the amounts required hereunder, or failure to observe or perform any other covenant, agreement, obligation or provision of this Lease on the Tenant's part to be observed or performed, and the same is not remedied within thirty (30) days after the Issuer or the Bank has given the Tenant written notice specifying such failure, or such longer period as shall be reasonably required to correct such default; provided that (i) the Tenant has commenced such correction within said 30-day period, and (ii) the Tenant diligently prosecutes such correction to completion; or

(c) An Event of Bankruptcy; or

(d) Abandonment of the Project by the Tenant.

"Full Insurable Value" means full actual replacement cost less physical depreciation.

"Hazardous Substances" shall mean "hazardous substances" as defined in CERCLA.

"Impositions" means all taxes and assessments, general and special, which may be lawfully taxed, charged, levied, assessed or imposed upon or against or payable for or in respect of the Project or any part thereof, or any improvements at any time thereon or the Tenant's interest therein, including any new lawful taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments and other governmental

charges and impositions whatsoever, foreseen or unforeseen, which, if not paid when due, would encumber the Issuer's title to the Project.

"Land" means the real property (or interests therein) described in *Schedule I* hereto.

"Lease" means this Lease between the Issuer and the Tenant, as from time to time supplemented and amended in accordance with the provisions hereof.

"Lender" means FirstOak Bank, Independence, Kansas.

"Lender's Security Documents" means, collectively, the Mortgage by the Tenant in favor of Lender dated September 26, 2016 recorded with the Montgomery County, Kansas Register of Deeds on September 27, 2016 at Book 652, page 1184, and any other documents related thereto.

"Net Proceeds" means the gross proceeds from the insurance (including without limitation title insurance) or condemnation award with respect to which that term is used remaining after the payment of all expenses (including without limitation attorneys' fees and any expenses of the Issuer, the Tenant, the Bank or any other owner of the Bonds) incurred in the collection of such gross proceeds.

The term **"Notice Address"** shall mean:

(1) With respect to the Tenant:

Calcor, LLC
2700 West Main
Independence, Kansas 67301
Attn: Managing Member

With a copy to:

Joslyn M. Kusiak
Kelly & Kusiak Law office LLC
P.O. Box 331
Independence, Kansas 67301

(2) With respect to the Issuer:

City of Independence, Kansas
811 W. Laurel Street
Independence, Kansas 67301
Attention: City Clerk

(3) With respect to the Bank:

Security Bank of Kansas City
701 Minnesota Avenue, Suite 206
P.O. Box 171297
Kansas City, Kansas 66117
Attention: Corporate Trust Department

With a copy to:

Security Bank of Kansas City
200 W. Douglas, Suite 612
Wichita, Kansas 67202
Attention: Corporate Trust Department

"Original Proceeds" means all sale proceeds, including accrued interest, from sale of the Series 2016 Bonds to the Bank and any investment earnings credited to the Project Fund prior to the Completion Date.

"Owner's Title Policy" means that certain owner's policy of title insurance insuring the Issuer's fee simple title in the Project as required by *Section 6.4* of the Lease.

"Permitted Encumbrances" easements and rights-of-way of record at the time of conveyance of the Land to the Issuer, and any mortgages, liens or other encumbrances or title exceptions referenced in the Owner's Title Policy, including Lender's Security Documents.

"Project Contracts" means a contract or contracts with respect to the acquisition and/or construction of the Improvements entered into by the Tenant or the Issuer.

"SARA" means the Superfund Amendments and Reauthorization Act of 1986, as now in effect and as hereafter amended.

"State" means the State of Kansas.

"Term" means, collectively, the Basic Term and any Additional Term of the Lease.

Section 1.2. Representations and Covenants by the Tenant. The Tenant makes the following covenants and representations as the basis for the undertakings on its part herein contained:

(a) The Tenant is a Kansas limited liability company, duly organized and existing under the laws of said state, and is duly authorized and qualified to do business in the State, with lawful power and authority to enter into this Lease, acting by and through its duly authorized officers.

(b) Except as otherwise permitted herein, the Tenant shall (1) maintain and preserve its existence and organization as a limited liability company and its authority to do business in the State and to operate the Project; and (2) not initiate any proceedings of any kind whatsoever to dissolve or liquidate without (A) securing the prior written consent thereto of the Issuer and (B) making provision for the payment in full of the principal of and interest and redemption premium, if any, on the Bonds. If, at any time during the term of this Lease or the Bond Agreement, the Tenant changes its state of organization, changes its form of organization, changes its name, or takes any other action which could affect the proper location for filing Uniform Commercial Code financing statements or continuation statements or which could render existing filings seriously misleading or invalid, the Tenant shall immediately provide written notice of such change to the Bank, and thereafter promptly deliver to the Bank such amendments and/or replacement financing statements, together with an Opinion of Counsel to the effect that such amendments and/or replacement financing statements have been properly filed so as to create a perfected security interest in the collateral securing the Bond Agreement, and such additional information or documentation regarding such change as the Bank may reasonably request.

(c) Neither the execution and/or delivery of this Lease, the consummation of the transactions contemplated hereby or by the Bond Agreement, nor the fulfillment of or compliance with the terms and

conditions of this Lease contravenes in any material respect any provisions of its articles of organization or operating agreement, or conflicts in any material respect with or results in a material breach of the terms, conditions or provisions of any mortgage, debt, agreement, indenture or instrument to which the Tenant is a party or by which it is bound, or to which it or any of its properties is subject, or would constitute a material default (without regard to any required notice or the passage of any period of time) under any of the foregoing, or would result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the Tenant under the terms of any mortgage, debt, agreement, indenture or instrument, or violates in any material respect any existing law, administrative regulation or court order or consent decree to which the Tenant is subject.

(d) This Lease constitutes a legal, valid and binding obligation of the Tenant enforceable against the Tenant in accordance with its terms.

(e) The Tenant agrees to operate and will operate the Project, or cause the Project to be operated as a "facility," as that term is contemplated in the Act, from the date of the Issuer's acquisition of the Project to the end of the Term.

(f) The Tenant has obtained or will obtain any and all permits, authorizations, licenses and franchises necessary to construct the Improvements and to enable it to operate and utilize the Project for the purposes for which it was leased by the Tenant under this Lease.

(g) The estimated total cost of the Improvements to be financed by the proceeds of the Series 2016 Bonds and Costs of Issuance of the Series 2016 Bonds will not be less than the original aggregate principal amount of the Series 2016 Bonds.

(g) After reasonable inquiry and investigation, the Tenant is not aware of (i) any Hazardous Substances generated from or located on the Project; (ii) any prior use of the Land which might reasonably involve Hazardous Substances; or (iii) any investigations, complaints or inquiries of any kind, from any source, concerning Hazardous Substances with respect to the Project or properties adjoining the Project.

(h) The Tenant will not use or permit the Project to be used by any other person or entity in any manner which would involve the generation, storage, disposal or transportation of Hazardous Substances, except in strict compliance with applicable Environmental Laws.

(i) The proceeds of the Series 2016 Bonds are to be used to acquire, construct, install, equip and furnish the Project and to pay certain costs related to the issuance of the Series 2016 Bonds.

Section 1.3. Representations and Covenants by the Issuer. The Issuer represents, covenants and warrants, to the best of its knowledge and belief, as follows:

(a) It is a municipal corporation duly incorporated and existing as a city of the second class under the constitution and laws of the State. Under the provisions of the Act and the Ordinance, the Issuer has the power to enter into and perform the transactions contemplated by this Lease and the Bond Agreement and to carry out its obligations hereunder and thereunder.

(b) It has not, in whole or in part, assigned, leased, hypothecated or otherwise created any other interest in, or disposed of, or caused or permitted any lien, claim or encumbrance to be placed against, the Project, except for this Lease, the assignment of this Lease to the Bank as the Issuer's fiscal and paying agent, any Permitted Encumbrances, any Impositions, and the pledge of the Project pursuant to the Ordinance and the Bond Agreement.

(c) Except as otherwise provided herein or in the Bond Agreement, it will not during the Term, in whole or in part, assign, lease, hypothecate or otherwise create any other interest in, or dispose of, or cause or permit any lien, claim or encumbrance to be placed against, the Project, except Permitted Encumbrances, this Lease, any Impositions and the pledge of the Project pursuant to the Ordinance and the Bond Agreement.

(d) It has pledged the Project and the net rentals therefrom generated under the Lease to payment of the Bonds in the manner prescribed by the Act, and has duly authorized the execution and delivery of this Lease and the Bond Agreement and the issuance, sale and delivery of the Series 2016 Bonds.

(e) It has notified or obtained the consent to and/or approval of the issuance of the Series 2016 Bonds by each municipal corporation and political subdivision the notification, consent or approval of which is required by the provisions of the Act.

ARTICLE II

Section 2.1. Granting of Leasehold. The Issuer by these presents hereby rents, leases and lets the Project unto the Tenant and the Tenant hereby rents, leases and hires the Project for the Basic Term from the Issuer, for the rentals and upon and subject to the terms and conditions hereinafter set forth.

ARTICLE III

Section 3.1. Basic Rent. The Issuer reserves and the Tenant covenants and agrees to pay Basic Rent to the Bank, as assignee of the Issuer, for the account of the Issuer, for deposit in the Bond Fund, on each Basic Rent Payment Date. Except as otherwise provided in *Section 5(e)* of the Bond Agreement, Basic Rent shall be payable by check or draft of the Tenant due at the principal office of the Bank on each Basic Rent Payment Date.

Section 3.2. Additional Rent. Within 30 days after receipt of written notice thereof, the Tenant shall pay any Additional Rent required to be paid pursuant to this Lease not already paid.

Section 3.3. Rent Payable Without Abatement or Setoff. The Tenant covenants and agrees with and for the express benefit of the Issuer and the Owner(s) of Bonds that all payments of Basic Rent and Additional Rent shall be made by the Tenant as the same become due, and that the Tenant shall perform all of its obligations, covenants and agreements hereunder without notice or demand and without abatement, deduction, setoff, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Improvements shall have been acquired, started or completed, or whether the Issuer's title to the Project or any part thereof is defective or non-existent, and notwithstanding any failure of consideration or commercial frustration of purpose, the eviction or constructive eviction of the Tenant or any subtenant, any Change of Circumstances, any change in the tax or other laws of the United States of America, the State, or any municipal corporation of either, any change in the Issuer's legal organization or status, or any default of the Issuer hereunder, and regardless of the invalidity of any action of the Issuer or any other event or condition whatsoever, and regardless of the invalidity of any portion of this Lease, and the Tenant hereby waives the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Lease or which releases or purports to release the Tenant therefrom. Nothing in this Lease shall be construed as a waiver by the Tenant of any rights or claims the Tenant may have against the Issuer under this Lease or otherwise, but any recovery upon such rights and claims shall be

had from the Issuer separately, it being the intent of this Lease that the Tenant shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease (including the obligation to pay Basic Rent and Additional Rent) for the benefit of the Owner(s) of Bonds.

Section 3.4. Prepayment of Basic Rent. The Tenant may at any time prepay all or any part of the Basic Rent. Prepayments of Basic Rent will be applied to redemption of Bonds (other than mandatory sinking fund redemption), including payment of redemption premium, as directed in writing by the Tenant, to the extent that Bonds are subject to optional redemption at the time of prepayment. Otherwise, prepayments of Basic Rent will be deposited in the Bond Fund to be applied to purchase of Bonds, or to optional redemption of Bonds (including redemption premium and interest) at the earliest date on which Bonds are subject to optional redemption. Prepayments of Basic Rent which are not sufficient to redeem all Bonds Outstanding at the time of the prepayment will be applied to redeem the principal amounts of Bonds Outstanding in inverse order of maturity, unless otherwise directed by the Tenant.

Section 3.5. Deposit of Rent by the Bank. As assignee of the Issuer's rights hereunder, the Bank shall deposit, use and apply all payments of Basic Rent and Additional Rent in accordance with the provisions of this Lease and the Bond Agreement.

Section 3.6. Acquisition of Bonds. If the Tenant acquires any or all of the Outstanding Bonds, it may present the certificate(s) representing such part of the Bonds to the Bank for cancellation, and upon such cancellation, the Tenant's obligation to pay Basic Rent shall be reduced or terminated, as the case may be, in the same manner as provided for prepayments by the Tenant of Basic Rent. In no event, however, shall the Tenant's obligation to pay Basic Rent be reduced in such a manner that the Bank shall not have on deposit in the Bond Fund, on the next succeeding Payment Date, funds sufficient to pay the maturing principal of, redemption premium, if any, and interest on Outstanding Bonds as and when the same shall become due and according to the terms of the Bonds; except in the case Tenant owns and surrenders all of the Outstanding Bonds.

ARTICLE IV

Section 4.1. Disposition of Original Proceeds; Project Fund. The Original Proceeds shall be paid over to the Bank for the account of the Issuer and applied as set forth in *Section 5* of the Bond Agreement. Notwithstanding any statement set forth in this Lease or in the Indenture to the contrary, in the event Tenant has completed the Project prior to Closing with its own funds, then Tenant shall not be required to deposit the Original Proceeds with the Bank. In such an event, at Closing Tenant shall certify to the Issuer and Bank that the Project has been completed and paid in full, whereupon the Issuer and Bank shall deliver the Bonds to the Tenant.

ARTICLE V

Section 5.1. Acquisition of Land and Improvements. The Tenant shall prior to or concurrently with the issuance of the Bonds, assign or cause to be conveyed to the Issuer by warranty deed, subject to Permitted Encumbrances, the Land and Improvements as are then completed, installed or in progress. The Tenant shall also concurrently with such conveyance make provisions for the discharge or subordination to the interests acquired by the Issuer of any liens or encumbrances incurred by it in connection with the construction, installation or development of the Improvements, other than Permitted Encumbrances.

Section 5.2. Reserved.

Section 5.3. Payment of Project Costs for Buildings and Improvements. The Issuer hereby agrees to pay for the acquisition or construction of the Improvements or any repairs or replacements to be made pursuant to *Article XVIII* of this Lease, but solely from Original Proceeds of the Bonds (or Net Proceeds, as applicable) as deposited in the Project Fund, and hereby authorizes and directs the Bank to pay for the same, but solely from the Project Fund, from time to time, after issuance of the Bonds while the Tenant is in compliance with the requirements of *Section 6.1* hereof, upon receipt by the Bank of a requisition certificate signed by the Authorized Tenant Representative in the form set forth as *Appendix A* hereto which is incorporated herein by reference. With regard to materials and/or labor furnished to the Project at the order of the Tenant without formal contract, or by subcontract with the Tenant acting as general contractor, which could form the basis of a statutory mechanic's or subcontractor's lien, the Bank may disburse payment therefor only upon receipt of releases or waivers of statutory mechanic's or subcontractor's liens by all vendors or subcontractors receiving payment or furnishing labor or materials as a subcontractor of the vendor or subcontractor receiving payment.

The sole obligation of the Issuer under this paragraph shall be to cause the Bank to make such disbursements upon receipt of such certificates and releases or waivers. The Bank may rely fully on any such certificates and shall not be required to make any investigation in connection therewith, except that the Bank shall investigate requests for reimbursements directly to the Tenant and shall require such supporting evidence as would be required by a reasonable and prudent fiduciary.

Section 5.4. Payment of Project Costs for Machinery and Equipment. The Issuer hereby agrees to pay for the purchase and acquisition of any machinery and equipment constituting a part of the Improvements, but solely from the Project Fund, from time to time, upon receipt by the Bank of a certificate signed by the Authorized Tenant Representative in the form provided by *Appendix A* hereto which is incorporated herein by reference and accompanied by the following specific information:

- (a) Name of seller;
- (b) Name of the manufacturer;
- (c) A copy of the seller's invoice, purchase order or other like document evidencing the purchase by the Tenant of such machinery and/or equipment;
- (d) Common descriptive name of machinery or equipment;
- (e) Manufacturer's or seller's technical description of machinery or equipment;
- (f) Capacity or similar designation;
- (g) Serial number, if any;
- (h) Model number, if any; and
- (i) A written statement by the Seller that the machinery or equipment purchased is not subject to any liens or security interest, or, in the alternative, a bill of sale warranting title to be free of all liens, encumbrances or security interests.

The sole obligation of the Issuer under this Section shall be to cause the Bank to make such disbursements upon receipt of said certificates and proof of mechanic's or subcontractor's lien waiver or release, if the item is to become a fixture on the Land. The Bank may rely fully on any such certificate and supporting

documentation and shall not be required to make any independent investigation in connection therewith. All machinery, equipment and/or personal property acquired, in whole or in part, from funds deposited in the Project Fund pursuant to this Section will be considered a part of the Project. With respect to items of machinery and equipment constituting a part of the Improvements, the Tenant shall maintain a running master list of such machinery and equipment, and within 30 days after the Completion Date, the Tenant shall prepare an accurate detailed final list of machinery and equipment constituting a part of the Improvements (but not installed as fixtures therein or thereon), which list shall be filed with the Bank, and shall constitute a part of this Lease by reference. All machinery and equipment constituting a part of the Improvements shall be appropriately identified by separate schedule or other means acceptable to the Bank.

Section 5.5. Completion of Project. The Tenant warrants that the Project will be occupied and used by the Tenant, Hugo's Industrial Supply, Inc., and other entities related to the Tenant for its lawful business purposes throughout the Term. The Tenant further certifies as follows:

- (a) The Improvements have been substantially completed in accordance with the plans and specifications prepared at the Tenant's direction.
- (b) The Improvements have been substantially completed in a good and workmanlike manner.
- (c) There are no mechanic's, materialmen's liens or other statutory liens on file encumbering title to the Land; all bills for labor and materials furnished for the Improvements which could form the basis of a mechanic's, materialmen's or other statutory lien against the Land have been paid in full, and within the past four months no such labor or materials have been furnished which have not been paid for.
- (d) All Improvements are located or installed upon the Land.
- (e) All material provisions of applicable building codes have been complied with and, if applicable, a certificate of occupancy has been issued with respect to the Project.

Section 5.6. Machinery and Equipment Purchased by the Tenant.

If no part of the purchase price of an item of machinery, equipment or personal property is paid from Original Proceeds deposited in the Project Fund pursuant to the terms of this Lease, then such item of machinery, equipment or personal property will not be considered a part of the Project.

Section 5.7. Kansas Retailers' Sales Tax. The parties have entered into this Lease in contemplation that, under the existing provisions of K.S.A. 79-3606, subsections (b) and (d) and other applicable laws, sales of tangible personal property or services purchased in connection with construction of the Improvements are entitled to exemption from the tax imposed by the Kansas Retailers' Sales Tax Act. The parties agree that the Issuer shall, upon the request of and with the Tenant's assistance, promptly obtain from the State and furnish to the contractors and suppliers a project exemption certificate for the construction of the Improvements. The Tenant covenants that said exemption certificate shall be used only in connection with the purchase of tangible personal property or services becoming a part of the Project. The Issuer shall not be responsible for any failure on the part of the State to issue such project exemption certificate.

ARTICLE VI

Section 6.1. Insurance. The Tenant shall and covenants and agrees that it will, throughout the Term at its sole cost and expense, (a) keep the Improvements continuously insured against loss or damage

by fire, lightning and all other risks covered by the broadest form extended coverage insurance endorsement then in use in the State in an amount equal to the Full Insurable Value thereof in such insurance company or companies as it may select and (b) shall at all times maintain general accident and public liability insurance covering the Tenant's operations in or upon the Project (including coverage for losses arising from the ownership, maintenance, use or operation of any automobile, truck or other vehicle in or upon the Project) under which the Tenant shall be insured and the Issuer and the Trustee shall be additional insureds or mortgagees, as their interests in the Project appear, in an amount not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence as provided by the Kansas tort claims act or other similar future law (currently \$500,000 per occurrence).

Section 6.2. General Insurance Provisions.

(a) Within 30 days of renewal dates of expiring policies, certificates of the insurance provided for in this Article shall be delivered by the Tenant to the Bank. All policies of such insurance and all renewals thereof shall name the Tenant as insured and the Issuer and the Bank as additional insureds or mortgagees and loss payees as their respective interests may appear, shall contain a provision that such insurance may not be canceled or amended by the issuer thereof without at least 30 days' written notice to the Issuer, the Tenant and the Bank and shall be payable to the Issuer, the Tenant and the Bank as their respective interests appear. The Issuer and the Tenant each hereby agree to do anything necessary, be it the endorsement of checks or otherwise, to cause any payment of insurance proceeds to be made to the Bank, as long as such payment is required by this Lease to be made to the Bank. Any charges made by the Bank for its services in connection with insurance payments shall be paid by the Tenant.

(b) Each policy of insurance hereinabove referred to shall be issued by a nationally recognized responsible insurance company authorized under the laws of the State to assume the risks covered therein, except that the Tenant may be self-insured as to any required insurance coverages under a program of self-insurance approved by the State Commissioner of Insurance or other applicable State regulatory authority.

(c) Certificates of insurance evidencing the insurance coverages herein required shall be filed with the Bank continuously during the term of this Lease.

(d) Each policy of insurance hereinabove referred to may be subject to a reasonable deductible or self-insured retention.

(e) Each policy of insurance required herein may be provided through blanket policies maintained by the Tenant.

(f) Anything in this Lease to the contrary notwithstanding, the Tenant shall be liable to the Issuer and the Bank pursuant to the provisions of this Lease or otherwise, as to any loss or damage which may have been occasioned by the negligence of the Tenant, its agents, licensees, contractors, invitees or employees.

Section 6.3. Evidence of Title. The Tenant shall furnish evidence of title in the form of a policy of owner's title insurance, insuring the Tenant's fee simple title to the Land, as of the date and time immediately prior to conveyance to the Issuer, subject to Permitted Encumbrances. Such title insurance policy shall contain no exceptions, other than the title insurance company's standard printed exceptions, Permitted Encumbrances, and the encumbrance created by this Lease. The Issuer and the Tenant agree that any and all proceeds therefrom during the Basic Term if received before the Bonds and interest thereon have been paid in full, shall be paid into and become a part of the Bond Fund, and if received after the Bonds, redemption premium, if any, and interest thereon have been paid in full, shall belong and be paid to the Tenant.

ARTICLE VII

Section 7.1. Impositions. The Tenant shall, during the Term of this Lease, bear, pay and discharge, before the delinquency thereof, any and all Impositions. In the event any Impositions may be lawfully paid in installments, the Tenant shall be required to pay only such installments thereof as become due and payable during the term of this Lease as and when the same become due and payable.

Section 7.2. Receipted Statements. Unless the Tenant exercises its right to contest any Impositions in accordance with *Section 7.3* hereof, the Tenant shall, within 30 days after the last day for payment without penalty or interest of an Imposition which the Tenant is required to bear, pay and discharge pursuant to the terms hereof, deliver to the Bank a copy of the statement issued therefor duly receipted to show the payment thereof.

Section 7.3. Contest of Impositions. The Tenant shall have the right, in its own or the Issuer's name or both, to contest the validity or amount of any Imposition by appropriate legal proceedings instituted before the Imposition complained of becomes delinquent if, and provided, the Tenant (i) before instituting any such contest, shall give the Issuer and the Bank written notice of its intention to do so and, if requested in writing by the Issuer or the Bank, shall deposit with the Bank a surety bond of a surety company acceptable to the Issuer as surety, in favor of the Issuer and the Bank, as their interests may appear, or cash, in a sum of at least the amount of the Imposition so contested, assuring the payment of such contested Impositions together with all interest and penalties to accrue thereon and court costs, (ii) diligently prosecutes any such contest and at all times effectively stays or prevents any official or judicial sale therefor, under execution or otherwise, and (iii) promptly pays any final judgment enforcing the Imposition so contested and thereafter promptly procures record release or satisfaction thereof. The Tenant shall indemnify and hold the Issuer whole and harmless from any costs and expenses the Issuer may incur related to any such contest.

Section 7.4. Ad Valorem Taxes. The parties acknowledge that under the existing provisions of K.S.A. 79-201a, as amended, the property acquired, constructed or purchased with the proceeds of the \ Bonds (except such property used for certain retail uses) is eligible to receive exemption from *ad valorem* taxation for a period up to 10 calendar years after the calendar year in which the Bonds are issued, provided the Issuer has complied with certain notice, hearing and procedural requirements established by law, and proper application has been made. The Issuer represents that such notice, hearing and procedural requirements will have been complied with at the Issue Date. Subject to the provisions of *Section 7.5* of this Lease, and to the provisions of the Agreement for Payment in Lieu of Taxes referred to therein, the Issuer will, at the Tenant's request, with information furnished by Tenant, make all necessary filings regarding the application for 100% *ad valorem* tax exemption for the 7-year period in the calendar year following the calendar year in which the Bonds were issued, and will renew said application from time to time and take any other action as may be necessary to maintain such *ad valorem* tax exemption in full force and effect, in accordance with K.S.A. 79-201a, 79-210 *et seq.* and the requirements of the State Board of Tax Appeals. If it becomes necessary to litigate the issue of availability or applicability of the *ad valorem* tax exemption, the Issuer will cooperate fully with Tenant in pursuing such litigation, but all litigation costs and reasonable attorney fees must be paid by Tenant, either directly or as Additional Rent.

Section 7.5. Payment in Lieu of Taxes. The Tenant agrees to pay to the Issuer payments in lieu of taxes on the Project for each year that the Project is exempt from *ad valorem* taxes and to pay as an Imposition hereunder taxes for any year in which the Project did not, or does not qualify, in accordance with the separate Agreement for Payment in Lieu of Taxes delivered concurrently with this Lease.

ARTICLE VIII

Section 8.1. Use of Project. Subject to the provisions of this Lease, the Tenant shall have the right to use the Project for any and all purposes allowed by law and contemplated by the constitution of the State and the Act. The Tenant shall comply in all material respects with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Project or to any adjoining public ways, as to the manner of use or the condition of the Project or of adjoining public ways. The Tenant shall comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of this Lease. The Tenant shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the Tenant to comply with the provisions of this Article.

Section 8.2. Environmental Provisions.

(a) The Tenant hereby covenants that it will not cause and will use reasonable efforts and take such reasonable action as may be necessary so as to not permit any Hazardous Substances (as defined herein) to be placed, held, located or disposed of, on, under or at the Project, other than in the ordinary course of business and in compliance with all applicable Environmental Laws.

(b) In furtherance and not in limitation of any indemnity elsewhere provided to the Issuer hereunder and in the Indenture, the Tenant hereby agrees to indemnify and hold harmless the Issuer, the Bank and the Owner(s) of Bond(s) from time to time from and against any and all losses, liabilities, including strict liability, damages, injuries, expenses, including reasonable attorneys' fees, costs of any settlement or judgment, costs of investigation, consultants, testing, sampling, cleanup, or defense, and claims of any and every kind paid, incurred or suffered, with respect to, or as a direct or indirect result of, the actual or alleged presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or release from the Facility of any Hazardous Substance (including, without limitation, any losses, liabilities, reasonable attorneys' fees, costs of any settlement or judgment or claims asserted or arising under any federal, state or local Environmental Law or so-called "Superfund" or "Super lien" law, or any other applicable Environmental Law, rule, regulation, order or decree regulating, relating to or imposing liability, including strict liability, or standard of conduct concerning, any Hazardous Substance) regardless of whether or not caused by or within the control of the Tenant.

(c) The provisions of this *Section 8.2* shall survive the termination of this Lease or exercise of the Tenant's option to purchase the Facility, except with respect to obligations which arise solely and exclusively as a result of the use, spill, release, leak, seepage or discharge of Hazardous Substances on the Facility after the Facility is no longer occupied by the Tenant.

ARTICLE IX

Section 9.1. Sublease by the Tenant. The Tenant may sublease the Project to a single party or entity, with the prior written consent of the Issuer. The Tenant may sublease portions of the Project for use by others in the normal course of its business without the Issuer's prior consent or approval. In the event of any such subleasing, the Tenant shall remain fully liable for the performance of its duties and obligations hereunder, and no such subleasing and no dealings or transactions between the Issuer or the Bank and any such subtenant shall relieve the Tenant of any of its duties and obligations hereunder. Any such sublease shall be subject and subordinate in all respects to the provisions of this Lease. The Issuer hereby

acknowledges and consents to the use of the Project by the Tenant, Hugo's Industrial Supply, Inc., and other entities related to the Tenant.

Section 9.2. Assignment by the Tenant. The Tenant may assign, mortgage, sell, or otherwise transfer its interest in this Lease only with the prior written consent of the Issuer.

Section 9.3. Release of the Tenant. If, in connection with an assignment by the Tenant of its interest in this Lease, (a) the Issuer and the Owners of the Outstanding Bonds shall file with the Trustee their prior written consent to such assignment, and (b) the proposed assignee shall expressly assume and agree to perform all of the obligations of the Tenant under this Lease with regard to the Bonds; then the Tenant shall be fully released from all obligations accruing hereunder after the date of such assignment.

Section 9.4. Covenant Against Other Assignments. The Tenant will not assign or in any manner transfer its interests under this Lease, nor will it suffer or permit any assignment thereof by operation of law, except in accordance with the limitations, conditions and requirements set forth in this *Article IX*.

ARTICLE X

Section 10.1. Repairs and Maintenance. The Tenant covenants and agrees that it will, during the Term of this Lease, at its own expense, cause the Project and all parts thereof to be kept and maintained in good condition and repair (ordinary wear and tear excepted), including but not limited to the furnishing of all parts, mechanisms and devices required to keep the machinery, equipment and personal property constituting a part of the Project in good mechanical and working order (ordinary wear and tear excepted).

Section 10.2. Removal, Disposition and Substitution of Machinery or Equipment. The Tenant shall have the right, provided the Tenant is not in Default, to remove and sell or otherwise dispose of any machinery or equipment which constitutes a part of the Project and which is no longer used by the Tenant or, in the opinion of the Tenant, is no longer useful to the Tenant in its operations (whether by reason of changed processes, changed techniques, obsolescence, depreciation or otherwise), upon delivery by the Tenant to the Bank of a certificate signed by the Authorized Tenant Representative (A) containing a complete description, including the make, model and serial numbers, if any, of any machinery and equipment constituting a part of the Project which it proposes to remove, (B) stating the reason for such removal, (C) stating what disposition, if any, of the machinery or equipment is to be made by the Tenant after such removal and the names of the party or parties to whom such disposition is to be made and any consideration to be received by the Tenant therefor, if any, and (D) setting forth the original cost and the current fair market value of such machinery and equipment.

All machinery or equipment constituting a part of the Project and removed by the Tenant in compliance with this Section shall become the absolute property of the Tenant and may be sold or otherwise disposed of by the Tenant without otherwise accounting to the Issuer. In all cases, the Tenant shall pay all the costs and expenses of any such removal and shall immediately repair at its expense all damage caused thereby. The Tenant's rights under this Section to remove machinery or equipment constituting a part of the Project is intended only to permit the Tenant to maintain an efficient operation by the removal of such machinery and equipment no longer suitable to the Tenant's use for any of the reasons set forth in this Section and such right is not to be construed to permit a removal under any other circumstances and shall not be construed to permit the wholesale removal of such machinery or equipment by the Tenant.

ARTICLE XI

Section 11.1. Alteration of Project. The Tenant shall have and is hereby given the right, at its sole cost and expense, to make such additions, changes and alterations in and to any part of the Project as the Tenant from time to time may deem necessary or advisable, provided however, the Tenant shall not make any major addition, change or alteration which will adversely affect the intended use or structural strength or value of any part of the Improvements. All additions, changes and alterations made by the Tenant pursuant to the authority of this Article shall (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be prosecuted to completion with due diligence, and (c) when completed, shall be deemed a part of the Project; provided, however, that additions of machinery, equipment and/or personal property of the Tenant, not purchased or acquired from proceeds of the Bonds and not constituting a part of the Project shall remain the separate property of the Tenant and may be removed by the Tenant prior to or as provided in *Section 22.1* hereof.

ARTICLE XII

Section 12.1. Additional Improvements. The Tenant shall have and is hereby given the right, at its sole cost and expense, to construct on the Land or within areas occupied by the Improvements, or in airspace above the Project, such additional buildings and improvements as the Tenant from time to time may deem necessary or advisable. All additional buildings and improvements constructed by the Tenant pursuant to the authority of this Article shall, during the Term, remain the property of the Tenant and may be added to, altered or razed and removed by the Tenant at any time during the Term hereof. The Tenant covenants and agrees (a) to make all repairs and restorations, if any, required to be made to the Project because of the construction of, addition to, alteration or removal of, said additional buildings or improvements, (b) to keep and maintain said additional buildings and improvements in good condition and repair, ordinary wear and tear excepted, (c) to promptly and with due diligence either raze and remove from the Land, in a good, workmanlike manner, or repair, replace or restore such of said additional buildings or improvements as may from time to time be damaged by fire or other casualty, and (d) that all additional buildings and improvements constructed by the Tenant pursuant to this Article which remain in place after the termination of this Lease for any cause other than the purchase of the Project pursuant to *Article XVII* hereof shall, upon and in the event of such termination, become the separate and absolute property of the Issuer.

ARTICLE XIII

Section 13.1. Securing of Permits and Authorizations. The Tenant shall not do or permit others under its control to do any work in or in connection with the Project or related to any repair, rebuilding, restoration, replacement, alteration of or addition to the Project, or any part thereof, unless all requisite municipal and other governmental permits and authorizations shall have first been procured and paid for. All such work shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning and other laws, ordinances, governmental regulations and requirements and in accordance with the requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of this Lease.

Section 13.2. Mechanic's Liens. The Tenant shall not do or suffer anything to be done whereby the Project, or any part thereof, is encumbered by any mechanic's or other similar lien. Should any mechanic's or other similar lien ever be filed against the Project, or any part thereof, the Tenant shall discharge the same of record within 30 days after the date of filing. Notice is hereby given that the Issuer

does not authorize or consent to and shall not be liable for any labor or materials furnished to the Tenant or anyone claiming by, through or under the Tenant upon credit, and that no mechanic's or similar liens for any such labor, services or materials shall attach to or affect the reversionary or other estate of the Issuer in and to the Project, or any part thereof.

Section 13.3. Contest of Liens. The Tenant, notwithstanding the above, shall have the right to contest any such mechanic's or other similar lien if within said 30-day period stated above it (a) notifies the Issuer and the Bank in writing of its intention so to do, and if requested by the Bank or the Issuer, deposits with the Bank a surety bond issued by a surety company acceptable to the Issuer as surety, in favor of the Issuer, or cash, in the amount of the lien claim so contested, indemnifying and protecting the Issuer from and against any liability, loss, damage, cost and expense of whatever kind or nature growing out of or in any way connected with said asserted lien and the contest thereof, (b) diligently prosecutes such contest, at all times effectively staying or preventing any official or judicial sale of the Project or any part thereof or interest therein, under execution or otherwise, and (c) promptly pays or otherwise satisfies any final judgment adjudging or enforcing such contested lien claim and thereafter promptly procures record release or satisfaction thereof.

Section 13.4. Utilities. All utilities and utility services used by the Tenant, Hugo's Industrial Supply, Inc., and entities related to the Tenant (herein referred to as "Permitted Occupants") in, on or about the Project shall be contracted for by the such entity in its own name and the Tenant or another Permitted Occupant shall, at its sole cost and expense, procure any and all permits, licenses or authorizations necessary in connection therewith.

ARTICLE XIV

Section 14.1. Indemnity. The Tenant agrees, whether or not the transactions contemplated by this Lease, the Bonds or the Indenture are consummated, to indemnify and hold harmless the Issuer and its officers, directors, officials, employees and agents, including the Bank as assignee of the Issuer's rights under this Lease and each of its officers, directors, employees and agents (any or all of the foregoing referred to hereafter as "Indemnified Persons"), from and against all claims, actions, suits, proceedings, expenses, judgments, damages, penalties, fines, assessments, liabilities, charges or other costs (including, without limitation, all attorneys' fees and expenses incurred in connection with enforcing this Lease or collecting any sums due hereunder and any claim or proceeding or any investigations undertaken hereunder) relating to, resulting from, or in connection with (a) any cause in connection with the Project, including, without limitation, the acquisition, design, construction, installation, equipping, operating, maintenance or use thereof; (b) any act or omission of the Tenant or any of its agents contractors, servants, employees or licenses in connection with the use or operation of the Project; (c) any cause in connection with the issuance and sale of the Bonds, (d) a misrepresentation or breach of warranty by the Tenant hereunder or under any of the documents executed by the Tenant in connection with this Lease, or (e) any violation by the Tenant of any of its covenants hereunder or under any of the other documents executed by the Tenant in connection with the Bonds or this Lease. This indemnity is effective only with respect to any loss incurred by any Indemnified Person not due to willful misconduct, gross negligence, or bad faith on part of such Indemnified Person. In case any action or proceeding shall be brought against one or more Indemnified Person and with respect to which such Indemnified Person may seek indemnity as provided herein, such Indemnified Person shall promptly notify the Tenant in writing and the Tenant shall promptly assume the defense thereof, including the employment of counsel reasonable satisfactory to such Indemnified Person or Indemnified Persons, the payment of all expenses and the right to negotiate and consent to settlement; but the failure to notify the Tenant as provided shall not relieve Tenant from any liability of duty under this Section, so long as Tenant is given reasonable opportunity to defend such claim.

ARTICLE XV

Section 15.1. Access to Project. The Issuer, for itself and its duly authorized representatives and agents, including the Bank, reserves the right to enter the Project at all reasonable times during usual business hours throughout the Term, upon reasonable notice, for the purpose of (a) examining and inspecting the same, (b) performing such work made necessary by reason of the Tenant's default under any of the provisions of this Lease, and (c) after an Event of Default, for the purpose of exhibiting the Project to prospective purchasers, lessees or mortgagees. The Issuer may, during the progress of said work mentioned in (b) above, keep and store on the Project all necessary materials, supplies and equipment and shall not be liable for inconvenience, annoyances, disturbances, loss of business or other damage suffered by reason of the performance of any such work or the storage of such materials, supplies and equipment.

ARTICLE XVI

Section 16.1. Option to Extend Basic Term. The Tenant shall have and is hereby given the right and option to extend the Basic Term of this Lease for the Additional Term provided that (a) the Tenant shall give the Issuer written notice of its intention to exercise the option at least 30 days prior to the expiration of the Basic Term and (b) the Tenant is not in Default hereunder at the time it gives the Issuer such notice or at the time the Additional Term commences. In the event the Tenant exercises such option, the terms, covenants, conditions and provisions set forth in this Lease shall be in full force and effect and binding upon the Issuer and the Tenant during the Additional Term except that the Basic Rent during any extended term herein provided for shall be the sum of \$100.00 per year, payable in advance on the first Business Day of such Additional Term.

ARTICLE XVII

Section 17.1. Option to Purchase Project. Subject to the provisions of this Article, the Tenant shall have the right and option to purchase the Project at any time during the Term hereof and for 120 days thereafter. The Tenant shall exercise its option by giving the Issuer written notice of the Tenant's election to exercise its option and specifying the date, time and place of closing, which date (the "Purchase Date") shall neither be earlier than 30 days nor later than 180 days after the notice is given. The Tenant may not, however, exercise such option if the Tenant is in Default hereunder on the Purchase Date unless all Defaults are cured upon payment of the purchase price specified in *Section 17.2*.

Section 17.2. Quality of Title and Purchase Price. If said notice of election to purchase is given, the Issuer shall sell and convey all of its interests in the Project to the Tenant on the Purchase Date free and clear of all liens and encumbrances except (a) Permitted Encumbrances, (b) those to which title was subject on the date of conveyance to the Issuer of the Land, or to which title became subject with the Tenant's written consent, or which resulted from any failure of the Tenant to perform any of its covenants or obligations under this Lease, (c) taxes and assessments, general and special, if any, and (d) the rights of any party having condemned or who is attempting to condemn title to, or the use for a limited period of, all or any part of the Project, for a price determined as follows, which the Tenant agrees to pay in cash at the time of delivery of the Issuer's deed or other instrument or instruments of transfer of the Project to the Tenant as hereinafter provided:

(1) The full amount which is required to provide the Issuer and the Bank with funds sufficient, in accordance with the provisions of the Indenture, to pay at maturity or to redeem and pay in full

(A) the principal of all of the Outstanding Bonds, (B) all interest due thereon to date of maturity or redemption, whichever first occurs, and (C) all costs, expenses and premiums incident to the redemption and payment of said Bonds in full, plus

(2) \$100.00.

Nothing in this Article shall release or discharge the Tenant from its duty or obligation under this Lease to make any payment of Basic Rent or Additional Rent which, in accordance with the terms of this Lease, becomes due and payable prior to the Purchase Date, or its duty and obligation to fully perform and observe all covenants and conditions herein stated to be performed and observed by the Tenant prior to the Purchase Date.

Section 17.3. Closing of Purchase. On the Purchase Date the Issuer shall deliver to the Tenant its special warranty deed and/or other appropriate instrument or instruments of conveyance or assignment, properly executed and conveying the Project to the Tenant free and clear of all liens and encumbrances except as set forth in the preceding section above, or conveying such other title to the Project as may be acceptable to the Tenant, and the Tenant shall pay the full purchase price for the Project as follows: (a) the amount specified in clause (1) of *Section 17.2* shall be paid to the Bank for deposit in the Bond Fund to be used to pay or redeem Bonds and the interest thereon as provided in the Bond Agreement, and (b) the amount specified in clause (2) of said *Section 17.2* shall be paid to the Issuer; provided, however, nothing herein shall require the Issuer to deliver its appropriate instrument or instruments of assignment or conveyance to the Tenant until after all duties and obligations of the Tenant under this Lease to the date of such delivery have been fully performed and satisfied or adequate provision made for such performance and satisfaction. Upon the delivery to the Tenant of the Issuer's appropriate instrument or instruments of assignment or conveyance, payment of the purchase price by the Tenant and legal defeasance or cancellation of the Bonds, this Lease shall *ipso facto* terminate, subject to the provisions of *Section 20.2* hereof.

Section 17.4. Effect of Failure to Complete Purchase. If, for any reason, the purchase of the Project by the Tenant pursuant to valid notice of election to purchase is not effected on the Purchase Date, this Lease shall be and remain in full force and effect according to its terms the same as though no notice of election to purchase had been given, except that if such purchase is not effected on the Purchase Date because the Issuer does not have or is unable to convey to the Tenant such title to the Project as the Tenant is required to accept, the Issuer shall use its best efforts to cure any such defect in its title to the Project. In the event the Issuer is unable to cure such defect in its title to the Project, or if the Issuer's failure to close would be a breach of its obligations hereunder, the Tenant shall have the right to cancel this Lease forthwith if, but only if, the principal of and interest on the Bonds and all costs incident to the redemption and payment of the Bonds have been paid in full or otherwise cancelled. The Tenant shall also have the right to exercise any legal or equitable remedies, in its own name or in the name of the Issuer, to obtain acceptable title to the Project.

Section 17.5. Application of Condemnation Awards if the Tenant Purchases Project. The right of the Tenant to exercise its option to purchase the Project under the provisions of this Article shall remain unimpaired notwithstanding any condemnation of title to, or the use for a limited period of, all or any part of the Project. If the Tenant shall exercise its option and pay the purchase price as provided in this Article, all of the condemnation awards received by the Issuer after the payment of said purchase price, less all attorneys' fees and other expenses and costs incurred by the Issuer as the owner of the Project in connection with such condemnation, shall belong and be paid to the Tenant.

Section 17.6. Option to Purchase Unimproved Portions of Land. The Tenant shall have the option to purchase at any time and from time to time during the Term any vacant part or vacant parts of the

unimproved Land constituting a part of the Project; provided, however, the Tenant shall furnish the Issuer and the Bank with a certificate of an Authorized Tenant Representative, dated not more than thirty (30) days prior to the date of the purchase and stating that, in the opinion of the Authorized Tenant Representative, (a) the portion of said Land with respect to which the option is exercised is not needed for the operation of the Project for the purposes herein stated, (b) the purchase will not impair the usefulness or operating efficiency or materially impair the value of the Project and will not destroy or materially impair the means of ingress thereto and egress therefrom, and (c) the purchase will not materially adversely affect compliance of the remaining Land and any Improvements with applicable zoning laws or regulations. The Tenant shall exercise this option by giving the Issuer and the Bank written notice of the Tenant's election to exercise its option and specifying (i) the legal description, (ii) the date, time and place of closing, which date shall neither be earlier than 45 days nor later than 60 days after the notice is given, (iii) the appraised current fair market value of the portions of the Land with respect to which the Tenant's option is exercised as determined by an independent, qualified appraiser whose report shall be furnished to the Bank together with the Tenant's notice of election to purchase, and (iv) a certificate signed by the chief executive or chief financial officer of the Tenant stating that no event has occurred and is continuing which, with notice or lapse of time or both, would constitute an Event of Default; provided, however, that the Tenant may not exercise this option if there has occurred and is continuing any event which, with notice or lapse of time or both, would constitute an Event of Default at the time said notice is given and may not purchase said real property on the specified closing date if any such event has occurred and is continuing on said date unless all defaults are cured. The option hereby given shall include the right to purchase a perpetual easement for right-of-way to and from the public roadway and the right to purchase such land as is necessary to assure that there will always be access between the real property purchased pursuant to these *Sections 17.6 through 17.10* and the public roadway.

Section 17.7. Quality of Title - Purchase Price. If said notice of election to purchase is given as provided in *Section 17.6* the Issuer shall convey the real property described in the Tenant's notice to the Tenant on the specified date free and clear of all liens and encumbrances except (a) Permitted Encumbrances, (b) those to which the title was subject on the date of conveyance to the Issuer of the Land, or to which title became subject with the Tenant's written consent, or which resulted from any failure of the Tenant to perform any of its covenants or obligations under this Lease, (c) taxes and assessments, general and special, if any, and (d) the interests of any party having condemned or who is attempting to condemn title to, or the use for a limited period of, all or any part of the real property described in the Tenant's notice. The purchase price shall be \$100.

Section 17.8. Closing of Purchase. If the Issuer has title to such vacant real property free and clear of all liens and encumbrances except as stated above or has such other title to the such real property as may be acceptable to the Tenant, then on the specified date, the Issuer shall deliver to the Tenant its special warranty deed, properly executed and conveying such real property to the Tenant free and clear of all liens and encumbrances except as stated above, and the Tenant shall pay the purchase price for such real property, said purchase price to be paid to the Bank for the account of the Issuer and deposited by the Bank in the Bond Fund and shall be used to redeem Bonds on any date the Bonds are subject to optional redemption as provided in the Bond Agreement. Nothing herein shall require the Issuer to deliver its special warranty deed to the Tenant until after all duties and obligations of the Tenant under this Lease to the date of such delivery have been fully performed and satisfied.

Section 17.9. Effect of Purchase on Lease. The exercise by the Tenant of the option granted under these *Sections 17.6 to 17.10* and the purchase and sale and conveyance of a portion or portions of the Land constituting a part of the Project pursuant hereto shall in no way whatsoever affect this Lease, and all the terms and provisions hereof shall remain in full force and effect the same as though no notice of election to purchase had been given, and specifically, but not in limitation of the generality of the foregoing, exercise

of such option shall not affect, alter, diminish, reduce or abate the Tenant's obligations to pay all Basic Rent and Additional Rent required hereunder.

Section 17.10. Effect of Failure to Complete Purchase. If, for any reason whatsoever, the purchase by the Tenant of the real property described in said notice is not effected on the specified date, this Lease shall be and remain in full force and effect according to its terms the same as though no notice of election to purchase had been given.

ARTICLE XVIII

Section 18.1. Damage and Destruction.

(a) If, during the Term, any Improvements are damaged or destroyed, in whole or in part, by fire or other casualty, the Tenant shall promptly notify the Issuer and the Bank in writing as to the nature and extent of such damage or loss and whether it is practicable and desirable to rebuild, repair, restore or replace such damage or loss.

(b) If the Tenant shall determine that such rebuilding, repairing, restoring or replacing is practicable and desirable, the Tenant shall forthwith proceed with and complete with reasonable dispatch such rebuilding, repairing, restoring or replacing. In such case, any Net Proceeds of property and/or casualty insurance required by this Lease and received with respect to any such damage or loss to the Improvements shall be paid to the Bank and shall be deposited in the Project Fund and shall be used and applied for the purpose of paying the cost of such rebuilding, repairing, restoring or replacing such damage or loss. Any amount remaining in the Project Fund after such rebuilding, repairing, restoring or replacing shall be paid to the Tenant.

(c) If the Tenant shall reasonably determine that rebuilding, repairing, restoring or replacing the Improvements is not practicable and desirable, any Net Proceeds of property and/or casualty insurance required by this Lease and received with respect to any such damage or loss to the Project shall be paid into the Bond Fund. Such moneys shall be used to redeem Bonds at their earliest optional redemption date. The Tenant agrees that it shall be reasonable in exercising its judgment pursuant to this subsection (c).

(d) The Tenant shall not, by reason of its inability to use all or any part of the Improvements during any period in which the Improvements are damaged or destroyed, or are being repaired, rebuilt, restored or replaced nor by reason of the payment of the costs of such rebuilding, repairing, restoring or replacing, be entitled to any reimbursement or any abatement or diminution of the Basic Rent or Additional Rent payable by the Tenant under this Lease nor of any other obligations of the Tenant under this Lease except as expressly provided in this Section.

Section 18.2. Condemnation.

(a) If, during the Term title to, or the temporary use of, all or any part of the Project shall be condemned by any authority exercising the power of eminent domain (other than the Issuer), the Tenant shall, within 30 days after the date of entry of a final order in any eminent domain proceedings granting condemnation, notify the Issuer and the Bank in writing as to the nature and extent of such condemnation and whether it is practicable and desirable to acquire substitute land or construct substitute Improvements.

(b) If the Tenant shall determine that such substitution is practicable and desirable, the Tenant shall forthwith proceed with and complete with reasonable dispatch the acquisition or construction of such substitute Land or Improvements. In such case, any Net Proceeds received from any award or

awards with respect to the Project or any part thereof made in such condemnation or eminent domain proceedings shall be paid to the Bank for the account of the Tenant and shall be deposited in the Project Fund and shall be used and applied for the purpose of paying the cost of such substitution. Any amount remaining in the Project Fund after such acquisition or construction shall be paid to Tenant.

(c) If the Tenant shall reasonably determine that it is not practicable and desirable to acquire or construct substitute Improvements, any Net Proceeds of condemnation awards received by the Tenant shall be paid into the Bond Fund. Such moneys shall be used to redeem Bonds at their earliest optional redemption date. The Tenant agrees that it shall be reasonable in exercising its judgment pursuant to this subsection.

(d) The Tenant shall not, by reason of its inability to use all or any part of the Improvements during any such period of restoration or acquisition nor by reason of the payment of the costs of such restoration or acquisition, be entitled to any reimbursement or any abatement or diminution of the Basic Rent or Additional Rent nor of any other obligations hereunder payable by the Tenant under this Lease.

(e) The Issuer shall cooperate fully with the Tenant in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project or any part thereof so long as the Issuer is not the condemning authority. In no event will the Issuer voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Tenant and the Bank.

Section 18.3. Effect of Tenant's Defaults. Anything in this Article to the contrary notwithstanding, the Issuer and the Bank shall have the right at any time and from time to time to withhold payment of all or any part of the Net Proceeds from the Project Fund attributable to damage, destruction or condemnation of the Project to the Tenant or any third party if an Event of Default has occurred and is continuing, or the Issuer or the Bank has given notice to the Tenant of any Default which, with the passage of time, will become an Event of Default. In the event the Tenant shall cure any Defaults specified herein, the Bank shall make payments from the Net Proceeds to the Tenant in accordance with the provisions of this Article. However, if this Lease is terminated or the Issuer or the Bank otherwise re-enters and takes possession of the Project without terminating this Lease, the Bank shall pay all the Net Proceeds held by it into the Bond Fund and all rights of the Tenant in and to such Net Proceeds shall cease.

ARTICLE XIX

Section 19.1. Change of Circumstances. If at any time during the Basic Term, a Change of Circumstances occurs, then the Tenant shall have the option to purchase the Project pursuant to *Article XVII* or the option to terminate this Lease by giving the Issuer notice of such termination within 90 days after the Tenant has actual knowledge of the event giving rise to such option. Such termination shall become effective when all of the Bonds Outstanding are paid or payment is provided for in the manner described in *Section 3(f)* of the Bond Agreement.

ARTICLE XX

Section 20.1. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Bank (acting on behalf of the Issuer, as assignee of the Issuer's rights hereunder) may take any legal action, including but not limited to, one or more of the following remedial actions:

(a) By written notice to the Tenant upon acceleration of maturity of the Bonds as provided in the Bond Agreement, the Bank acting on behalf of the Issuer may declare the aggregate amount of all unpaid Basic Rent or Additional Rent then or thereafter required to be paid under this Lease by the Tenant to be immediately due and payable as liquidated damages from the Tenant, whereupon the same shall become immediately due and payable by the Tenant.

(b) The Bank acting on behalf of the Issuer may give the Tenant written notice of intention to terminate this Lease on a date specified therein, which date shall not be earlier than 30 days after such notice is given and, if all Events of Default have not then been cured on the date so specified, the Tenant's rights to possession of the Project shall cease, and this Lease shall thereupon terminate. The Bank acting on behalf of the Issuer may thereafter re-enter and take possession of the Project and pursue all its available remedies, including sale of the Project and judgment against the Tenant for possession of the Project and/or all Basic Rent and Additional Rent then owing, including costs and attorney fees.

(c) Without terminating the Term hereof, or this Lease, the Bank acting on behalf of the Issuer may conduct inspections or an Environmental Assessment of the Project. The Issuer or the Bank acting on behalf of the Issuer may refuse to re-enter or take possession of the Project if it has reasonable cause for such refusal. "Reasonable cause" shall include the presence on the Project of conditions which are in violation of any Environmental Law or the existence or threat of a remedial action against the Tenant under any Environmental Law resulting from conditions on the Project.

(d) Without terminating the Term, the Bank acting on behalf of the Issuer may relet the Project, or parts thereof, for such term or terms and at such rental and upon such other terms and conditions as are deemed advisable, with the right to make alterations and repairs to the Project, and no such re-entry or taking of possession of the Project shall be construed as an election to terminate this Lease, and no such re-entry or taking of possession shall relieve the Tenant of its obligation to pay Basic Rent or Additional Rent (at the time or times provided herein), or of any of its other obligations under this Lease, all of which shall survive such re-entry or taking of possession. The Tenant shall continue to pay the Basic Rent and Additional Rent provided for in this Lease until the end of the Term, whether or not the Project shall have been relet, less the net proceeds, if any, of reletting the Project.

(e) Having elected to reenter or take possession of the Project pursuant to subsection 20.1(c), the Bank acting on behalf of the Issuer may, by notice to the Tenant given at any time thereafter while the Tenant is in Default in the payment of Basic Rent or Additional Rent or in the performance of any other obligation under this Lease, elect to terminate this Lease in accordance with subsection 20.1(b) and thereafter proceed to exercise any remedies lawfully available.

(f) If, in accordance with any of the foregoing provisions of this Article, the Issuer shall have the right to elect to re-enter and take possession of the Project, the Issuer or the Bank acting on behalf of the Issuer, may enter and expel the Tenant and those claiming through or under the Tenant and remove the property and effects of both or either by all lawful means without being guilty of any manner of trespass and without prejudice to any remedies for arrears of Basic Rent or Additional Rent or preceding breach of contract by the Tenant.

(g) Net proceeds of any reletting or sale of the Project shall be deposited in the Bond Fund for application to pay the Bonds and interest thereon. "Net proceeds" shall mean the receipts obtained from reletting or sale after deducting all expenses incurred in connection with such reletting or sale, including without limitation, all repossession costs, brokerage commissions, legal fees and expenses, expenses of employees, alteration costs and expenses of preparation of the Project for reletting or sale.

(h) The Issuer or the Bank acting on behalf of the Issuer may recover from the Tenant any attorney fees or other expense incurred in exercising any of its remedies under this Lease.

Section 20.2. Survival of Obligations. The Tenant covenants and agrees with the Issuer and the Owner(s) of Bonds that until all Bonds and the interest thereon and redemption premium, if any, are paid in full or provision is made for the payment thereof or cancellation, its obligations under this Lease shall survive the cancellation and termination of this Lease for any cause and/or sale of the Project, and that the Tenant shall be obligated to pay Basic Rent and Additional Rent (reduced by any net income the Issuer or the Bank may receive from the Project after such termination) and perform all other obligations provided for in this Lease, all at the time or times provided in this Lease. Notwithstanding any provision of this Lease or the Bond Agreement, the Tenant's obligations under *Sections 8.2 and 14.1* hereof shall survive any termination, release or assignment of this Lease, the Bond Agreement or Guaranty Agreement and payment or provision for payment of the Bonds.

Section 20.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute, subject to the provisions of the Bond Agreement. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required herein.

ARTICLE XXI

Section 21.1. Performance of the Tenant's Obligations by the Issuer. If the Tenant shall fail to keep or perform any of its obligations as provided in this Lease, then the Issuer may (but shall not be obligated to do so) upon the continuance of such failure on the Tenant's part for 90 days after notice of such failure is given the Tenant by the Issuer or the Bank and without waiving or releasing the Tenant from any obligation hereunder, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and the Tenant shall reimburse the Issuer for all sums so paid by the Issuer and all necessary or incidental costs and expenses incurred by the Issuer in performing such obligations through payment of Additional Rent. If such Additional Rent is not so paid by the Tenant within 10 days of demand, the Issuer shall have the same rights and remedies provided for in *Article XX* in the case of Default by the Tenant in the payment of Basic Rent.

ARTICLE XXII

Section 22.1. Surrender of Possession. Upon accrual of the Issuer's right of reentry as the result of the Tenant's Default hereunder or upon the cancellation or termination of this Lease by lapse of time or otherwise (other than as a result of the Tenant's purchase of the Project), the Tenant shall peacefully surrender possession of the Project to the Bank, as assignee of the Issuer in good condition and repair, ordinary wear and tear excepted; provided, however, the Tenant shall have the right, prior to or within 30 business days after the termination of this Lease, to remove from on or about the Project the buildings, improvements, machinery, equipment, personal property, furniture and trade fixtures which the Tenant owns under the provisions of this Lease and are not a part of the Project. All repairs to and restorations of the Project required to be made because of such removal shall be made by and at the sole cost and expense of the Tenant. All buildings, improvements, machinery, equipment, personal property, furniture and trade fixtures owned by the Tenant and which are not so removed from on or about the Project prior to or within

30 business days after such termination of this Lease shall become the separate and absolute property of the Issuer.

ARTICLE XXIII

Section 23.1. Notices. All notices required or desired to be given hereunder shall be in writing and shall be delivered in person to the Notice Representative or mailed by registered mail to the Notice Address. All notices given by registered mail as aforesaid shall be deemed duly given as of the date three days after they are so mailed. When mailed notices are given, the party giving notice will use reasonable diligence to contact the party being notified by telephone, electronic mail or facsimile on or before the date such notice is mailed.

ARTICLE XXIV

Section 24.1. Triple-Net Lease. The parties hereto agree (a) that this Lease is intended to be a triple-net lease, (b) that the payments of Basic Rent and Additional Rent are designed to provide the Issuer and the Bank with funds adequate in amount to pay all principal of and interest on all Bonds as the same become due and payable and to pay and discharge all of the other duties and requirements set forth herein, and (c) that to the extent that the payments of Basic Rent and Additional Rent are not adequate to provide the Issuer and the Bank with funds sufficient for the purposes aforesaid, the Tenant shall be obligated to pay, and it does hereby covenant and agree to pay, upon demand therefor, as Additional Rent, such further sums of money as may from time to time be required for such purposes.

Section 24.2. Funds Held by the Bank After Payment of Bonds. If, after the principal of and interest on all Bonds and all costs incident to the payment of Bonds have been paid in full, the Bank holds unexpended funds received in accordance with the terms hereof, such unexpended funds shall, except as otherwise provided in this Lease and the Bond Agreement and after payment therefrom to the Issuer of any sums of money then due and owing by the Tenant under the terms of this Lease, be the absolute property of and be paid over forthwith to the Tenant.

ARTICLE XXV

Section 25.1. Rights and Remedies. The rights and remedies reserved by the Issuer and the Tenant hereunder and those provided by law shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The Issuer and the Tenant shall each be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Lease, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity.

Section 25.2. Waiver of Breach. No waiver of any breach of any covenant or agreement herein contained shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of a breach by either party of any covenant, agreement or undertaking, the nondefaulting party may nevertheless accept from the other any payment or payments or performance hereunder without in any way waiving its right to exercise any of its rights and remedies provided for herein or otherwise with respect to any such Default or Defaults which were in existence at the time such payment or payments or performance were accepted by it.

Section 25.3. The Issuer Shall Not Unreasonably Withhold Consents and Approvals. Wherever in this Lease it is provided that the Issuer shall, may or must give its approval or consent, or execute supplemental agreements, exhibits or schedules, the Issuer shall not unreasonably or arbitrarily withhold or refuse to give such approvals or consents or refuse to execute such supplemental agreements, exhibits or schedules.

ARTICLE XXVI

Section 26.1. The Issuer May Not Sell. The Issuer covenants that unless an Event of Default under this Lease has occurred and is continuing, and the remaining Term of this Lease has been terminated, it will not, without the Tenant's written consent, unless required by law, sell or otherwise part with or encumber its fee title interest in the Project at any time during the Term of this Lease.

Section 26.2. Quiet Enjoyment and Possession. The Tenant shall enjoy peaceable and quiet possession of the Project as long as no Event of Default has occurred and is continuing.

Section 26.3. Reserved.

Section 26.4. Issuer's Obligations Limited. Except as otherwise expressly provided in this Lease, no recourse upon any obligation or agreement contained in this Lease or in any Bond or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise under any circumstances, under or independent of the Bond Agreement, shall be had against the Issuer and its officers, employees and agents.

Notwithstanding anything in this Lease to the contrary, it is expressly understood and agreed by the parties hereto that (a) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Tenant, an Owner(s) of Bonds or the Bank as to the existence of any fact or state of affairs required to be noticed by the Issuer hereunder; (b) the Issuer shall not be under any obligation to perform any record-keeping or to provide any legal services, it being understood that such services shall be performed or provided either by the Tenant, the Bank or the Owner(s) of Bonds; and (c) that none of the provisions of this Lease shall require the Issuer to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall have first been adequately indemnified to its satisfaction against the costs, expenses and liability which may be incurred by such action.

Notwithstanding anything in this Lease to the contrary, any obligation the Issuer may incur under this Lease or under any instrument or document executed by the Issuer in connection with this Lease that entails the expenditure of any money by the Issuer shall be only a limited obligation of the Issuer payable solely from the revenues derived by the Issuer under the Lease and shall not be, under any circumstances, a general obligation of the Issuer.

ARTICLE XXVII

Section 27.1. Investment Tax Credit; Depreciation. The Tenant shall be entitled to claim the full benefit of (1) any investment credit against federal or state income tax allowable with respect to expenditures of the character contemplated hereby under any federal or state income tax laws now or from time to time hereafter in effect, and (2) any deduction for depreciation with respect to the Project from federal or state income taxes. The Issuer agrees that it will upon the Tenant's request execute all such

elections, returns or other documents which may be reasonably necessary or required to more fully assure the availability of such benefits to the Tenant.

ARTICLE XXVIII

Section 28.1. Amendments. This Lease may be amended, changed or modified in writing in the following manner:

(a) With respect to an amendment, change or modification which reduces the Basic Rent or Additional Rent, or any amendment which reduces the percentage of Owner(s) of Bonds whose consent is required for any such amendment, change or modification, by an agreement in writing executed by the Issuer and the Tenant and consented to in writing by the Bank and by Owner(s) of Bonds owning at least 90% of the aggregate principal amount of the Bonds then Outstanding;

(b) With respect to any other amendment, change or modification which will materially adversely affect the security or rights of the Owner(s) of Bonds, by an agreement in writing executed by the Issuer and the Tenant and consented to in writing by the Bank and by Owner(s) of Bonds owning at least 66-2/3% of the aggregate principal amount of the Bonds then Outstanding; and

(c) With respect to all other amendments, changes, or modifications, by an agreement in writing executed by the Issuer and the Tenant.

At least 30 days prior to the execution of any agreement pursuant to (c) above, the Issuer and the Tenant shall furnish the Bank and the Original Purchaser of the Bonds with a copy of the amendment, change or modification proposed to be made.

Section 28.2. Granting of Easements. If no Event of Default under this Lease shall have happened and be continuing, the Tenant may, at any time or times, (a) grant easements, licenses and other rights or privileges in the nature of easements with respect to any property included in the Project, free from any rights of the Issuer or the Owner(s) of Bonds, or (b) release existing easements, licenses, rights-of-way and other rights or privileges, all with or without consideration and upon such terms and conditions as the Tenant shall determine, and the Issuer agrees, to the extent that it may legally do so, that it will execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege or any such agreement or other arrangement, upon receipt by the Issuer of: (1) a copy of the instrument of grant or release or of the agreement or other arrangement, (2) a written application signed by the Authorized Tenant Representative requesting such instrument, and (3) a certificate executed by the Tenant stating (A) that such grant or release is not detrimental to the proper conduct of the business of the Tenant, and (B) that such grant or release will not impair the effective use or interfere with the efficient and economical operation of the Project and will not materially adversely affect the security of the Owner(s) of Bonds. Any consideration received by the Tenant for the grant or release must be paid to the Bank to be deposited in the Bond Fund and used to redeem Bonds at the earliest practicable date, at their principal amount, plus accrued interest, without premium. If the instrument of grant shall so provide, any such easement or right and the rights of such other parties thereunder shall be superior to the rights of the Issuer and the Owner(s) of Bonds and shall not be affected by any termination of this Lease or default on the part of the Tenant hereunder. If no Event of Default shall have happened and be continuing, any payments or other consideration received by the Tenant for any such grant or with respect to or under any such agreement or other arrangement shall be and remain the property of the Tenant, but, in the event of the termination of this Lease because of an Event of Default, all rights then existing of the Tenant with respect to or under such grant shall inure to the benefit of and be exercisable by the Issuer.

Section 28.3. Security Interests. The Issuer and the Tenant agree to execute and deliver all instruments, including financing statements and statements of continuation thereof, necessary for perfection of and continuance of the security interest of the Issuer in and to the Project. The Tenant hereby authorizes the Issuer to file or cause to be filed all such instruments required to be so filed and the Bank to continue or cause to be continued the filings or liens of such instruments for so long as the Bonds shall be Outstanding.

Section 28.4. Construction and Enforcement. This Lease shall be construed and enforced in accordance with the laws of the State. Wherever in this Lease it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

Section 28.5. Invalidity of Provisions of Lease. If, for any reason, any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

Section 28.6. Covenants Binding on Successors and Assigns. The covenants, agreements and conditions herein contained shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 28.7. Section Headings. The section headings hereof are for the convenience of reference only and shall not be treated as a part of this Lease or as affecting the true meaning of the provisions hereof. The reference to section numbers herein or in the Bond Agreement shall be deemed to refer to the numbers preceding each section.

Section 28.8. Execution of Counterparts; Electronic Transactions. This Lease may be executed simultaneously in multiple counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument. The transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Issuer has caused this Lease to be signed by an authorized official, such signature to be attested by an authorized officer, and its official seal to be applied, as of the date first above written.

CITY OF INDEPENDENCE, KANSAS

By: _____
Mayor

[SEAL]

ATTEST:

By: _____
City Clerk

"ISSUER"

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
COUNTY OF MONTGOMERY)

This instrument was acknowledged before me on the ____ day of _____, 2016, by Gary Hogsett, Mayor, and Jennifer Rutledge, City Clerk, of the City of Independence, Kansas, a municipal corporation.

[SEAL]

Notary Public

My Appointment Expires:

IN WITNESS WHEREOF, the Tenant has caused this Lease to be signed by an authorized officer, as of the date first above written.

CALCOR, LLC

By: _____
Name: Corey Hugo
Title: Managing Member

"TENANT"

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS:
COUNTY OF MONTGOMERY)

This instrument was acknowledged before me on the ____ day of _____, 2016, by Corey Hugo, Managing Member of Calcor, LLC, a Kansas limited liability company.

[SEAL]

Notary Public

My Appointment Expires:

APPENDIX A

FORM OF REQUISITION FOR PAYMENT OF PROJECT COSTS

CITY OF INDEPENDENCE, KANSAS

Project Fund

(Hugo's Industrial Supply Project)

Payment Order No. _____

Security Bank of Kansas City
Wichita, Kansas
Attn: Corporate Trust Department

I hereby certify that the amounts stated in the attached Payment Schedules have either been advanced by the Tenant or are justly due to contractors, subcontractors, suppliers, vendors, materialmen, engineers, architects or other persons named in the Payment Schedules who have performed necessary and appropriate work in connection with any installation of machinery, equipment or personal property, or have furnished necessary and appropriate materials in the construction or acquisition of land, buildings and improvements constituting a part of the Project. I further certify that the fair value of such work or materials, machinery and equipment, is not exceeded by the amount requested, and such cost is one which may be capitalized for federal income tax purposes.

I further certify that, except for the amounts set forth in the Payment Schedules, there are no outstanding debts now due and payable for labor, wages, materials, supplies or services in connection with the construction of said buildings and improvements or the purchase and/or installation of machinery, equipment and personal property which, if unpaid, might become the basis of a vendor's, mechanic's, laborer's or materialmen's statutory or other similar lien upon the Land, the Project or any part thereof.

I further certify that no part of the amounts set forth in the Payment Schedules have been the basis for any previous withdrawal of any moneys from the said Project Fund.

I further certify that each of the representations and covenants on the part of the Tenant contained in the Lease dated as of December 1, 2016 by and between the City of Independence, Kansas, as the Issuer, and the Tenant are now true and correct in all material respects and are now being materially complied with.

I further certify that the amounts set forth in the Payment Schedules constitute Project Costs, as said term is defined in the Lease, and that all insurance policies which are required to be in force as a condition precedent to disbursement of funds from the Project Fund pursuant to the provisions of *Section 6.1* of the Lease are in full force and effect.

I acknowledge that the Tenant, as Purchaser of the Series 2016 Bond, will be receiving such Series 2016 Bond in compensation for the expenditures set forth in the Payment Schedules to acquire, construct and equip the Project and that the Series 2016 Bond will constitute full payment for these costs.

DATED _____, 2016.

Authorized Tenant Representative

EXHIBIT A - Payment Order No. _____

**PAYMENT SCHEDULE
FOR BUILDINGS, IMPROVEMENTS AND
MISCELLANEOUS PROJECT COSTS**

I hereby request payment of the amounts specified below to the payees whose names and addresses are stated below, and I certify that the description of the purchase or nature of each payment is reasonable, accurate and complete:

PAYMENT SCHEDULE

<u>Payee Name</u>	<u>Payee Address</u>	<u>Purpose or Nature of Payment</u>	<u>Amount</u>
-------------------	----------------------	-------------------------------------	---------------

Initials

EXHIBIT B - Payment Order No. _____

**PAYMENT SCHEDULE
FOR MACHINERY AND EQUIPMENT**

I hereby request payment of the amounts specified below to the payees whose names and addresses are stated below. I certify that the description of the purchase or nature of each payment is reasonable, accurate and complete. I further certify that the items described are free and clear of any liens or security interests. I have attached to this schedule a copy of the purchase order or seller's invoice for each item, and, to the extent any payment is a reimbursement to the Tenant, a copy of the check tendered in payment for such item.

PAYMENT SCHEDULE

<u>Payee Name</u>	<u>Description of Equipment</u>	<u>Amount</u>
	(include name and address of seller, manufacturer, descriptive name, technical description, capacity, serial number of model number as appropriate)	

Initials

SCHEDULE I

DESCRIPTION OF PROPERTY

The following property acquired by the City of Independence, Kansas (the "Issuer") in connection with the issuance by the City of its Taxable Industrial Revenue Bonds, Series 2016 (Hugo's Industrial Supply Project) (the "Series 2016 Bonds"):

(a) The following described real estate in Montgomery County, Kansas:

Parcel 1: Beginning at the Southwest corner of Section 26, Township 32 South, Range 15 East of the 6th P.M., Montgomery County, Kansas, thence S 89°33'22" E 1980.10 feet to the Southwest corner of the E/2 of the SE/4 of the SW/4 of Section 26, Township 32, Range 15, thence N 00°01'38" W 45 feet along the West line of said E/2 of the SE/4 of the SW/4 to the North highway right of way of U.S. 75 and 160 Highway, thence N 00°01'38" W 615 feet, thence S 89°33'22" E 330 feet, parallel to the South section line, thence S 00°01'38" E 610 feet to the North Highway right of way of U.S. 75 and 160; thence N 89°33'22" W 125 feet, thence S 00°01'38" E 5 feet, thence N 89°33'22" W 205 feet to the point of beginning

Parcel 2: Beginning at the Southwest corner of Section 26, Township 32 South, Range 15 East, Montgomery County, Kansas, thence S 89°33'22" E 1320.07 feet to the Southwest corner of the SE/4 of the SW/4 of said Section, thence N 00°00'00" E 361.02 feet along the West line of said SE/4 of the SW/4 to a point 300 feet South of the Northwest corner of the SW/4 of the SE/4 of the SW/4 of Section 26, Township 32 South, Range 15 East to the true point of beginning, thence N 00°00'00" E 60 feet, thence S 89°34'32" E 330 ft., parallel to the North line of said SW/4 of the SE/4 of the SW/4, thence S 00°00'00" E 60 feet, then N 89°34'32" W 330.00 feet to the true point of beginning

Parcel 3: Beginning at the Southwest corner of Section 26, Township 32 South, Range 15 East of the 6th P.M., Montgomery County, Kansas, thence S 89°33'22" E 1320.07 feet to the Southwest corner of the SE/4 of the SW/4 of said Section, thence N 00°00'00" E 361.02 feet along the West line of said SE/4 of the SW/4, thence S 89°34'22" E 330 feet parallel to the North line of the SW/4 of the SE/4 of the SW/4 to the true point of beginning, thence N 00°00'00" E 300 feet to the North line of said SW/4 of the SE/4 of the SW/4, thence S 89°34'32" E 329.72 feet to the Northeast corner of the SW/4 of the SE/4 of the SW/4 of Section 26, Township 32 South, Range 15 East, S 00°01'38" E 496.78 feet along the East line of said SW/4 of the SE/4 of the SW/4 to a point 164 feet North of the Southeast corner of the SW/4 of the SE/4 of the SW/4, thence N 89°33'22" W 185.58 feet, thence S 01°25'47" W 124 feet to the North US 75 and 160 Highway right-of-way thence West 99.25 feet along the Highway right of way to a point 372 feet East of the West line of the SE/4 of the SW/4, thence N 01°25'47" E 320.46 feet, thence N 89°34'32" W 50 feet to the true point of beginning

ALL OF THE ABOVE ALSO DESCRIBED AS:

A tract of land located in a portion of the SW/4 of Section 26, Township 32 South, Range 15 East of the 6th P.M., Montgomery County, Kansas, and being more particularly described as follows:

Commencing at the SW corner of the SE/4 of the SW/4 of said Section 26, thence N 00°00'00" E (assumed bearing) along the West line of the SE/4 of the SW/4 of said Section 26 a distance of 360.95 feet to a point 300.00 feet South of the NW corner of the SW/4 of the SE/4 of the SW/4 of said Section 26, said point being the point of beginning;

thence continuing N 00°00'00" E a distance of 60.00 feet,

thence S 89°34'29" E parallel with the North line of the SW/4 of the SE/4 of the SW/4 of said Section 26 a distance of 330.00 feet;

thence N 00°00'00" E a distance of 240.00 feet to the North line of the SW/4 of the SE/4 of the SW/4 of said Section 26;

thence S 89°34'29" E along said North line a distance of 659.76 feet to a point 330.00 feet East of the East line of the SW/4 of the SE/4 of the SW/4 of said Section 26;

said real property constituting the "Land" as referred to in the Lease entered into by the Issuer concurrently with the issuance of the Series 2016 Bonds (the "Lease"), subject to Permitted Encumbrances:

(b) All buildings, building additions, improvements, machinery and equipment constructed, located or installed on the Land, all or any portion of the costs of which were paid from the proceeds of the Series 2016 Bonds, and which constitute "Improvements" referred to in the Lease, together with any substitutions or replacements therefor, the property described in paragraphs (a) and (b) of this *Schedule I* together constituting the "Project" as referred to in the Lease.

- n. **Consider setting a hearing date of December 19, 2016 at 5:30 PM to revise the budget [CITIZENS/CITY EMPLOYEES].**

The City Clerk/Finance Director recommends setting the date of December 16, 2016 at 5:30 PM for a public hearing to consider revising the budget.

Kelly Passauer

From: Jennifer Rutledge
Sent: Monday, December 05, 2016 3:46 PM
To: Kelly Passauer
Subject: notice of budget hearing amendment
Attachments: NOTICE OF HEARING TO AMEND THE 2016 BUDGET.PDF

The City Clerk recommends amending the budget for the following amounts:

General Fund by the cost of the Ash Youth Center Roof

Library Fund by a small amount of funds the remained from last year and have been paid out in 2016

Sanitation fund – this funds budget did not include the \$375,000 for the polycart program (now being used for FIRE/EMS apparatus bay and possible smaller truck), or the \$119,000 for the new sanitation truck purchased this year.

Jennifer D. Rutledge
City Clerk
City of Independence, KS
620.332.2505

NOTICE OF BUDGET HEARING AMENDING THE 2016 BUDGET

The governing body of the City of Independence, Kansas, will meet on the 19th day of December, 2016, at 5:30pm in the Veterans Room at Memorial Hall, for the purpose of hearing and answering objections of taxpayers relating to the proposed amended use of funds.			
---	--	--	--

Detailed budget information is available at the City Clerk's office and will be available at this hearing.			
--	--	--	--

**PROPOSED
AMENDMENTS TO
2016 BUDGET**

ADOPTED BUDGET - 2016

	Actual	Amount		
	Tax	of Ad	Budgeted	Amended
<u>Fund</u>	<u>Rate</u>	<u>Valorem Tax</u>	<u>Expenditures</u>	<u>Expenditures</u>
General Fund	n/a	n/a	6,706,035	6,880,037
Library Fund	n/a	n/a	268,640	274,508
Sanitation	n/a	n/a	1,100,670	1,641,948


Jennifer D. Rutledge, City Clerk

**o. Consider a resolution rescinding condemnation action for the following properties
[CITIZENS]:**

- 1. 1009 W Maple**
- 2. 1016 W Maple**
- 3. 1017 W Myrtle**
- 4. 1020 W Maple**
- 5. 1208 W. Locust**
- 6. 1307 W. Laurel**
- 7. 200 N. 25th**
- 8. 205 N 24th**
- 9. 311 S. 16th**
- 10. 317 N 18th**
- 11. 505 S. 13th**
- 12. 525 S. 15th**
- 13. 604 N 10th**
- 14. 608 N 10th (Garage Only)**
- 15. 612 E Magnolia**
- 16. 804 S 19th St**
- 17. 815 W. Main (Garage Only)**

Attached is a resolution rescinding condemnation action for the above listed properties.
City staff recommends approval.

RESOLUTION NO. 2016-064

A Resolution Rescinding Previous Condemnation Resolutions

WHEREAS, the Governing Body of the City of Independence previously adopted resolutions condemning certain properties located within the City as being dangerous and unsafe;

AND WHEREAS, the owners of said properties have taken steps to make repairs and/or improvements to the properties.

Be it Resolved by the Governing Body of the City of Independence, Kansas:

Section 1.

The resolutions condemning the following described properties as being dangerous and unsafe are hereby rescinded:

1009 W Maple

Lot 3, Block 13, Concannon's Addition to the City of Independence, Montgomery County, Kansas

1016 W Maple

Lot 8, Block 12, Concannon's Addition to the City of Independence, Montgomery County, Kansas

1017 W Myrtle

Lot 5, Block 5, Concannon's Addition to the City of Independence, Montgomery County, Kansas

1020 W Maple

Lot 7, Block 12, Concannon's Addition to the City of Independence, Montgomery County, Kansas

1208 W Locust

Lot 10, Foster's Addition to the City of Independence, Montgomery County, Kansas

1307 W Laurel

The North 150 feet of Lot 5, Subdivision of West Side Addition to the City of Independence, Montgomery County, Kansas

200 N 25th

Lots 7 and 8, Block 1, Pugh's First Addition to the City of Independence, Montgomery County, Kansas

608 N 10th (garage only)

Lot 66, Elmhurst Addition to the City of Independence, Montgomery County, Kansas

612 E Magnolia

West 52 feet of Lot 5, Block 72, Original City of Independence, Montgomery County, Kansas

804 S 19th

Lot 17, Block 17, Blooms Addition to the City of Independence, Montgomery County, Kansas

815 W Main (garage only)

Lot 4, Block 10, Concannon's Addition to the City of Independence, Montgomery County, Kansas

Adopted by the Governing Body of the City of Independence, Kansas, on the 8th day of December, 2016.

Mayor

ATTEST:

City Clerk

p. Consider options for Garden Club roof replacement or repair [CITIZENS].

The Garden Club House located in Riverside Park has sustained hail damage and was previously approved by the insurance adjuster to replace the roof with asphalt type shingles. Prior to the work occurring, Ken Brown came to City Hall and advised that he did not feel the asphalt shingles were appropriate for this historic building that currently has an asbestos tile type roof. At that time, City staff stopped the work and proceeded to gather information on alternatives to the asphalt shingle roof.

As the Commission may recall, the water treatment pump house had asbestos tiles and were replaced with a Davinci style roof that somewhat replicated the original look. We have received a price for a Davinci style roof, however, the style of the Garden House Roof is somewhat different than the tiles that were on the water treatment pump house. Another alternative was Sienna style shingles that more closely match the existing roof.

The insurance adjuster has advised that they will not provide additional funding for these other roof types as only a certain amount of tiles were hail damaged. The insurance adjuster has offered to find and purchase salvaged asbestos tiles and replace those that are broken and not replace the entire roof. The estimate provided by the adjuster did not include the cost to abate the asbestos tiles that are replaced, which could total an additional \$1,000 to \$1,500.

Attached is a chart showing the various alternatives and related costs, as well as photos of the different styles of shingles and the existing roof. City staff would like direction from the Commission on which option they prefer for the Garden Club roof. Once an option is selected by the Commission, City staff would like approval to sign any related documents to get this project completed.

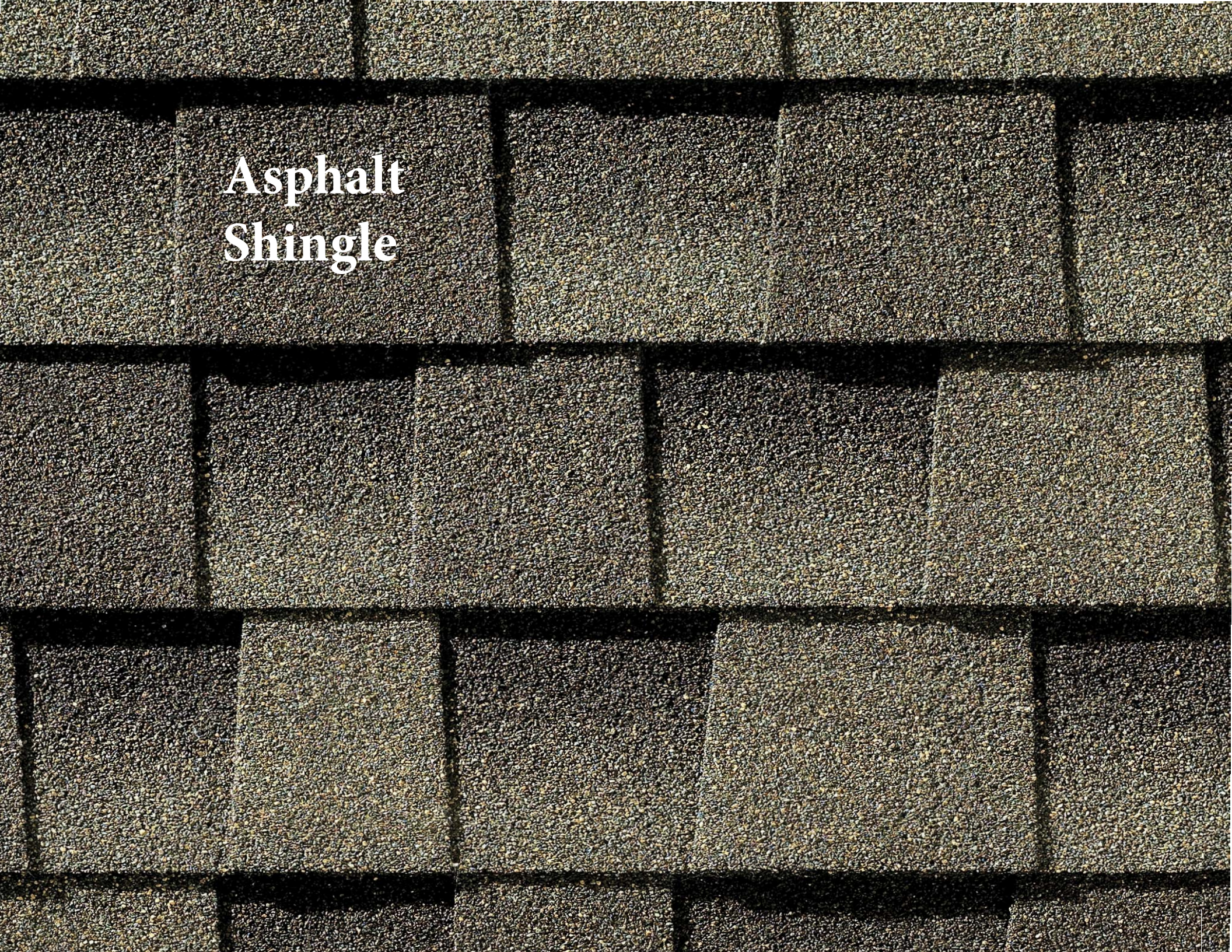
Garden Club Roof	Asphalt Shingles	Davinci Shingles	Sienna Shingles	Replace 15 asbestos tiles with salvaged asbestos tiles*
Cost	\$5,400.00	\$12,300.00	\$8,900.00	\$1,070.00
Less Insurance	-\$4,785.82	-\$4,785.82	-\$4,785.82	-\$1,070.00
Total Cost	\$614.18	\$7,514.18	\$4,114.18	\$0.00

*Does not include asbestos tile disposal estimated at an additional \$1,000 to \$1,500




Garden House
&
Park Office



A close-up photograph of a roof covered in asphalt shingles. The shingles are dark grey or black with a granular texture. They are arranged in a staggered, overlapping pattern. The lighting creates shadows between the shingles, emphasizing their three-dimensional structure.

Asphalt Shingle



ESTIMATE

DATE	10/20/2016
INVOICE #	Estimate
CUSTOMER ID	Barb's Office

Independence Zoo & Park Office
Barb's Office
Independence, KS 67301

DESCRIPTION	QTY	RATE	AMOUNT
Remove and dispose of asbestos roof tiles Install new drip edge, synthetic underlayment and Davinci Bellaforte Single width slate Total Price to replace Park Managers Office Roof	1	\$12,300.00	\$12,300.00

Other Comments

SUBTOTAL	\$ 12,300.00
TAX RATE	0.000%
TAX	\$ -
OTHER	\$ -
TOTAL	\$ 12,300.00

Please make all checks payable to:
H & H Restoration
120 W Myrtle
Independence, KS 67301

If you have any questions about this estimate, please contact
Josh Heller (620) 332-9249

Thank You For Your Business!



Davinci



ESTIMATE

DATE	11/29/2016
INVOICE #	Estimate
CUSTOMER ID	Barb's Office

Independence Zoo & Park Office
Barb's Office
Independence, KS 67301

DESCRIPTION	QTY	RATE	AMOUNT
Remove and dispose of asbestos roof tiles Install new drip edge, synthetic underlayment and GAF Sienna shingle with Timbertex high wind ridge Total Price to replace Park Managers Office Roof	1	\$8,900.00	\$8,900.00

Other Comments

SUBTOTAL	\$ 8,900.00
TAX RATE	0.000%
TAX	\$ -
OTHER	\$ -
TOTAL	\$ 8,900.00

Please make all checks payable to:
H & H Restoration
120 W Myrtle
Independence, KS 67301

If you have any questions about this estimate, please contact
Josh Heller (620) 332-9249

Thank You For Your Business!



Sienna

- q. Consider releasing a mortgage for the property located at 901 E. Birch [CITIZENS].**

Attached is a mortgage release prepared by the City Attorney requested by the Housing Authority.

RELEASE AND SATISFACTION OF MORTGAGE

COMES NOW, City of Independence, Kansas, a municipal corporation, and hereby acknowledges satisfaction of and hereby releases the following described mortgage:

Mortgagor:	Denise I. Bradley
Mortgagee:	City of Independence, Kansas
Date:	June 8, 2010
Recorded:	Book 590 at Page 797
Legal description:	Lot 38, Aganippe Park Addition to the City of Independence, Montgomery County, Kansas.

CITY OF INDEPENDENCE, KANSAS

By: _____
Gary Hogsett, Mayor

ATTEST:

Jennifer D. Rutledge, City Clerk

STATE OF KANSAS	)
	) SS:
MONTGOMERY COUNTY	)

BE IT REMEMBERED that this _____ day of December, 2016, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Gary Hogsett, Mayor of the City of Independence, Kansas, and Jennifer D. Rutledge, City Clerk for City of Independence, Kansas, who are personally known to me to be the same persons who executed the within instrument of writing and such persons duly acknowledged the execution of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal, the day and year last above written.

Notary Public

My commission expires:

- r. **Consider extending the downtown grant program deadline to January 13, 2017 [CITIZENS].**

The Housing Director has requested to extend the deadline for the downtown grant to January 13, 2017.



December 8, 2016

City of Independence, Kansas
Micky Webb, City Manager
811 West Laurel
Independence, KS 67301

Dear Mr. Webb,

Good News, there has been a great deal of interest in the Commercial Business District Building Grant. The challenge is that many of the property owners are having problems getting quotes prior to the grant deadline date. At this time, I am asking that the City allow the deadline date to be extended to January 13, 2017. This should allow any building owner wishing to participate adequate time to get the required documentation.

Thank you for your consideration.

Sincerely,

April Nutt
Executive Director

Reports

s. Sales tax report [CITIZENS].

Attached is the latest sales tax report.

SALES TAX HISTORY - 1 %

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	158,232	140,916	146,498	165,244	160,884	181,630	201,705	152,558	67,359	167,343	162,711	169,077	165,466	155,458
2	151,009	176,067	166,871	182,981	185,327	199,899	144,792	136,232	250,458	136,299	176,956	199,950	179,589	178,180
3	128,947	142,710	135,908	138,875	141,206	165,192	191,612	167,150	160,288	145,230	143,602	169,021	150,704	150,239
4	128,973	128,427	140,937	155,336	157,074	174,007	137,899	116,224	119,846	141,493	146,406	182,580	147,971	155,915
5	152,673	137,289	152,963	183,044	192,096	186,030	128,271	157,722	159,636	168,915	164,579	191,956	161,560	175,729
6	146,069	148,170	148,202	168,831	169,904	166,816	151,571	151,557	169,314	152,648	151,693	177,528	164,169	156,021
7	132,641	157,537	156,951	166,995	172,164	184,254	184,930	143,004	145,565	161,369	196,523	175,552	175,434	167,882
8	140,358	151,963	161,778	173,475	178,065	168,942	129,632	154,606	128,836	170,140	159,740	188,894	176,702	160,338
9	151,549	157,092	149,982	157,786	164,221	193,119	150,088	151,336	151,544	158,025	157,313	173,515	176,049	164,757
10	148,659	151,601	175,105	169,630	190,604	172,784	165,215	142,166	165,656	164,058	170,125	165,823	162,530	158,752
11	134,495	150,900	143,531	169,810	150,097	168,795	146,494	140,173	153,725	158,959	158,817	173,901	160,200	
12	150,555	150,456	152,609	149,053	159,476	160,910	174,614	142,604	177,516	145,454	192,767	159,004	175,816	
Total	1,724,160	1,793,128	1,831,335	1,981,060	2,021,118	2,122,378	1,906,823	1,755,332	1,849,742	1,869,934	1,981,232	2,126,801	1,996,191	1,623,272
Inc. over prior year		68,968	38,207	149,725	40,058	101,260	(215,555)	(151,491)	94,410	20,191	111,299	145,569	(130,610)	(372,920)
		4%	2%	8%	2%	5%	-10%	-8%	5%	1%	6%	7%	-6%	-19%
Average per/month	143,680	149,427	152,611	165,088	168,427	176,865	158,902	146,278	154,145	155,828	165,103	177,233	166,349	180,364
10 payment (s)	1,439,110	1,491,772	1,535,195	1,662,197	1,711,545	1,792,673	1,585,715	1,472,555	1,518,501	1,565,520	1,629,649	1,793,896	1,660,175	1,623,272
	83%	83%	84%	84%	85%	84%	83%	84%	82%	84%	82%	84%	83%	100%

t. Update on City projects [CITIZENS].

The City Manager will provide an update on City projects.

Commission Comments

Public Concerns

Executive Session(s)

Adjournment

Kelly Passauer

From: Marty Reichenberger
Sent: Tuesday, November 29, 2016 1:52 PM
To: mickyw@independencesks.gov; terry@independencesks.gov; Jennifer Rutledge; GHogsett@mamtc.com; fdmeier@gmail.com; kellyp@independencesks.gov
Subject: Thank you

I wanted to thank you all for the hard work you put forth last week during the water disaster. Terry, thank you for keeping me informed for our Rural Water #1, I appreciate you letting me know what was going on.

You all, and the rest of the staff, handled the situation very professionally and proved the city is set up to handle a disaster. I cannot imagine the stress you had to deal with and would want no one else in charge of the situation.

I thank you for your hard work, I know it is a thankless job, and all you catch at times is hell, but I appreciate what you do and serving our community.

Please forward this to Leonhard, I don't have an email contact for him.

Marty Reichenberger

Reichenberger Farms
4605 N 3500 St.
Independence, KS 67301