

**I. Call to Order – Mayor Dave Pitman**

**II. Roll Call:**

\_\_\_ Murray \_\_\_ Meadows \_\_\_ Leeper \_\_\_ Honeycutt \_\_\_ Blumanhourst

**III. Pledge of Allegiance**

**IV. Approval of June 20, 2016 Regular Meeting Minutes**

*Action:* Motion to approve the June 20, 2016 minutes.

*Motion:* \_\_\_\_\_ *Second:* \_\_\_\_\_ *Vote:* \_\_\_\_\_

**V. Discussion and Approval of Appropriations**

*Action:* Motion to approve the appropriations.

*Motion:* \_\_\_\_\_ *Second:* \_\_\_\_\_ *Vote:* \_\_\_\_\_

**VI. Determination of Agenda Additions**

**VII. Public Comments** (*Please limit comments to 5 minutes*)

**VIII. Public Hearing**

Mayor Dave Pitman opens the public hearing

A public hearing considering the issuance of Industrial Revenue Bonds for Sun Valley, Inc in an amount not to exceed \$5,250,000 for the construction of warehouse facility.

*ACTION:* Motion to close the public hearing.

*Motion:* \_\_\_\_\_ *Second:* \_\_\_\_\_ *Vote:* \_\_\_\_\_

**Consideration of A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF SOUTH HUTCHINSON, KANSAS DETERMINING THE ADVISABILITY OF ISSUING TAXABLE INDUSTRIAL REVENUE BONDS FOR THE PURPOSE OF FINANCING THE CONSTRUCTION OF A WAREHOUSE FACILITY LOCATED IN SAID CITY; AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS.**

*ACTION:* Motion to (approve/deny/table) Resolution 16-537 and authorize the Mayor to sign.

*Motion:* \_\_\_\_\_ *Second:* \_\_\_\_\_ *Vote:* \_\_\_\_\_

**IX. Ordinances, Resolutions and Action Items**

- a. **Consideration of AN ORDINANCE AUTHORIZING THE CITY OF SOUTH HUTCHINSON, KANSAS TO ISSUE ITS TAXABLE INDUSTRIAL REVENUE BONDS, SERIES 2016A AND SERIES 2016B (SUN VALLEY, INC.) FOR THE PURPOSE OF THE CONSTRUCTION OF A WAREHOUSE FACILITY; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.**

**ACTION:** Motion to (approve/deny/table) Ordinance 16-872 and authorize the Mayor to sign.

**Motion:** \_\_\_\_\_ **Second:** \_\_\_\_\_

**Vote:** \_\_\_ Murray \_\_\_ Meadows \_\_\_ Leeper \_\_\_ Honeycutt \_\_\_ Blumanhourst

- b.** Consideration of a revision to the City Personnel Policy section regarding Firearms in the Workplace.

**ACTION:** Motion to (approve/deny/table) the revision of the City Personnel Policy section regarding Firearms in the Workplace.

**Motion:** \_\_\_\_\_ **Second:** \_\_\_\_\_ **Vote:** \_\_\_\_\_

**X. Discussion Items**

- a.** Community Center Remaining Items
- b.** 2017 Budget Presentation

**XI. Reports**

- a.** Mayor & Council Members
- b.** City Attorney
- c.** City Administrator

**XII. Adjournment**

**Motion:** \_\_\_\_\_ **Second:** \_\_\_\_\_ **Vote:** \_\_\_\_\_

**I. Call to Order – Mayor Dave Pitman**

**II. Roll Call:**

X Murray      X Meadows      X Leeper      X Honeycutt      X Blumanhourst

**III. Pledge of Allegiance**

**IV. Approval of June 6, 2016 Regular Meeting Minutes**

*Action:* Motion to approve the June 6, 2016 minutes.

*Motion:* Murray      *Second:* Honeycutt      *Vote:* 5-0

**V. Discussion and Approval of Appropriations**

*Action:* Motion to approve the appropriations.

*Motion:* Meadows      *Second:* Leeper      *Vote:* 5-0

**VI. Determination of Agenda Additions**

**VII. Public Comments** (*Please limit comments to 5 minutes*)

**VIII. Requested Appearances**

**Gayle Martin**, Wichita State University Hugo Wall School to present MiniMPA Certificate to Sergeant Paul Allen, SHPD

**IX. Ordinances, Resolutions and Action Items**

- a. Consideration of AN ORDINANCE VACATING A CERTAIN STREET IN THE CITY OF SOUTH HUTCHINSON, KANSAS IN CONFORMITY WITH THE PROVISIONS OF K.S.A. 15-427.**

*ACTION:* Motion to approve Ordinance 16-871 and authorize the Mayor to sign.

*Motion:* Leeper      *Second:* Murray

*Vote:* X Murray      X Meadows      X Leeper      XHoneycutt      XBlumanhourst

- b. Consideration of a preliminary and final plat for the Love’s Travel Stops & County Stores Inc.**

*ACTION:* Motion to approve preliminary and final plat for the Love’s Travel Stops & County Stores Inc. and authorize the Mayor to sign.

*Motion:* Murray      *Second:* Honeycutt      *Vote:* 5-0

- c. Consideration of a proposals for the replacement of the wastewater departments sludge spreader.**

*ACTION:* Motion to approve the proposal from Midwest Mixer at a cost of \$ 25,000.

*Motion:* Leeper      *Second:* Blumanhourst      *Vote:* 5-0

X. **Discussion Items**

- a. Preliminary 2017 Budget

XI. **Reports**

- a. Mayor & Council Members
- b. City Attorney
- c. City Administrator

XII. **Adjournment**

*Motion:* Honeycutt

*Second:* Blumanhourst

*Vote:* 5-0

**Invoice Approval List**  
**July 5, 2016**

<b>Gen Gov</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-101-6000	Electric service	Westar	\$330.64
101-101-6000	Water bill	City of South Hutch	\$80.00
101-101-6000	Trash removal	Stutzman	\$48.87
101-101-6002	Attorney service	Don Gottschalk	\$1,000.00
101-101-6002	Computer support	Gavin Lusk	\$140.00
101-101-6002	Ordinance-St vacation	Hutchinson News	\$18.87
101-101-6003	Microsoft	First Bank Card	\$32.00
101-101-6004	Machine rental	Pitney Bowes	\$67.20
101-101-7001	Hotel-Leeper-League	First Bank Card	\$165.00
101-101-7001	Mileage-Workwell training	Matt Stiles	\$64.80
101-101-7004	Software	First Bank Card	\$195.62

**\$2,143.00**

<b>Police</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-102-6000	Water bill	City of South Hutch	\$45.01
101-102-6000	Electric service	Westar	\$520.20
101-102-6000	Trash removal	Stutzman	\$48.87
101-102-6002	Computer support	Gavin Lusk	\$1,400.00
101-102-6004	Machine rental	Pitney Bowes	\$67.20
101-102-6008	Signs	First Bank Card	\$83.83
101-102-6008	Fuses	Sunflower Electric	\$6.98
101-102-6008	Check light control	Phoenix Electric	\$112.80
101-102-6008	Spraying	Sallee	\$105.00
101-102-7000	Net gear, cable	First Bank Card	\$46.98
101-102-7005	Freight	Watch Guard	\$45.00
101-102-7006	Seat belt ext, renewal	First Bank Card	\$143.55
101-102-7006	Service both ATV's	Wichita Tractor	\$268.62
101-102-7009	Uniform cleaning	Saylor	\$71.00
101-102-7009	Name Plate and holder	Chief Supply	\$78.49

**\$3,043.53**

<b>Street</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-103-6000	Electric service	Westar	\$385.12
101-103-6000	Water bill	City of South Hutch	\$350.63
101-103-6002	Computer support	Gavin Lusk	\$140.00
101-103-6004	Machine rental	Pitney Bowes	\$67.20

**\$942.95**

<b>Fire</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-104-6000	Electric service	Westar	\$442.96
101-104-6000	Water bill	City of South Hutch	\$85.13
101-104-6000	Trash removal	Stutzman	\$48.88
101-104-6003	Microsoft	First Bank Card	\$22.00
101-104-6004	Subscription	First Bank Card	\$24.24
101-104-7000	Magnify glass	First Bank Card	\$12.99
101-104-7002	Lights	First Bank Card	\$57.02
101-104-7004	Bug spray	First Bank Card	\$15.44
101-104-7004	Polish, Brush	Longs	\$12.20
101-104-7009	Shirts	Kansas Correctional	\$208.40
101-104-8000	Belt clips	Mobile Radio	\$109.70
101-104-8000	Antennas	First Bank Card	\$99.95

**\$1,138.91**

**Invoice Approval List  
July 5, 2016**

<b>Park</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-105-5006	Contract	Robert Snyder	\$1,250.00
101-105-6000	Electric service	Westar	\$304.82
101-105-6000	Water bill	City of South Hutch	\$205.78
101-105-7002	Paint-Vandalism	American Electric	\$6.55
101-105-7002	PVC	Ferguson	\$9.70
101-105-7002	Cutoff	Western Supply	\$7.11

**\$1,783.96**

<b>Court</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-106-6004	Reinstall JUS	Advantage Computer	\$175.00
101-106-6016	Judge service	Larry Bolton	\$1,100.00
101-106-6016	Attorney service	Rick Roberts	\$1,100.00
101-106-6018	Court appointed attorney	Benjamin Fisher	\$225.00
101-106-6018	Court appointed attorney	Shawnah Corcoran	\$825.00
101-106-6018	Court appointed attorney	Trummel Law	\$1,125.00
101-106-7004	Fall conference-Katie	KACM	\$65.00
101-106-7004	Regional meeting	City of Maize	\$15.00

**\$4,630.00**

<b>Code Enf</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-107-6002	Computer support	Gavin Lusk	\$140.00

**\$140.00**

<b>Non Dept</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-109-6000	Electric service	Westar	\$471.01
101-109-7004	Water right penalty	Kansas Dept of Agriculture	\$1,000.00

**\$1,471.01**

**GENERAL TOTAL**

**\$15,293.36**

<b>Water</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
201-000-6000	Water Bill	City of South Hutch	\$350.62
201-000-6000	Electric service	Westar	\$3,394.66
201-000-6002	Attorney service	Don Gottschalk	\$500.00
201-000-6002	Computer support	Gavin Lusk	\$140.00
201-000-6004	Machine rental	Pitney Bowes	\$67.20
201-000-7000	Snacks for meeting	First Bank Card	\$13.36
201-000-7002	Popup, Circle	Western Supply	\$159.07
201-000-7002	Shipping	First Bank Card	\$45.90

**\$4,670.81**

<b>Water Emer</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
204-000-6002	Morton waterline	PEC	\$909.24

**\$909.24**

<b>Sewer</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
301-000-6000	Water Bill	City of South Hutch	\$350.63
301-000-6000	Electric service	Westar	\$8,937.41
301-000-6002	Attorney service	Don Gottschalk	\$500.00
301-000-6002	Computer Support	Gavin Lusk	\$140.00
301-000-6004	Machine rental	Pitney Bowes	\$67.20
301-000-7002	Lab supplies	QA balance	\$270.00
301-000-7002	Repair AC/ lights	Sun Valley	\$1,034.39

**\$11,299.63**

**Invoice Approval List  
July 5, 2016**

<b>Special Hwy</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
401-000-7002	Oil, Freon	Agri Center	\$108.81
401-000-7002	Safety glasses, disc	Airgas	\$64.71
401-000-7002	Bug spray, water	First Bank Card	\$24.39
401-000-7002	Fyfanon	Van Diest	\$1,312.50
401-000-7002	Base, divertor, Paint	Paving Maintenance	\$667.50
401-000-6002	Ave E Paving,Base/surfaci	PEC	\$18,200.00
			<b>\$20,377.91</b>

<b>Sales/Street</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
403-000-7004	Water bill	City of South Hutch	\$24.00
403-000-7004	Mileage-E-Communities	Matt Stiles	\$37.80
403-000-7004	Closing cost	Security 1st Title	\$580.00
			<b>\$641.80</b>

<b>Food Policy</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
808-000-7001	Pop, napkins, plastic wear	First Bank Card	\$284.09
808-000-7004	Canopies, membership	First Bank Card	\$540.95
808-000-7004	Party line, opening sched	KWBW	\$412.26
808-000-7004	Advertising	Rural Messenger	\$14.40
808-000-7004	Electrical cords,adapters	Lowes	\$254.98
			<b>\$1,506.68</b>

<b>CDBG</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
809-000-6002	Construction Com Ctr	Mark Borecky Construction	\$79,247.03
			<b>\$79,247.03</b>

<b>Build Res</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
902-000-8024	Pump	First Bank Card	\$296.49
902-000-8024	SH-Sewer,waterline,drainag	PEC	\$71,444.00
902-000-8024	Relief kit, valve	HD Supply	\$164.11
902-000-8023	8-sac	Mid America Redi-Mix	\$334.35
			<b>\$72,238.95</b>

<b>2012 Temp</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
908-110-6004	Water/Sewer Frontier Com	Dondlinger & Sons	\$47,814.30
908-110-6019	Frontier Com Park	PEC	\$526.32
			<b>\$48,340.62</b>

**GRAND TOTAL                    \$254,526.03**

**RESOLUTION NO. 16-537**

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF SOUTH HUTCHINSON, KANSAS DETERMINING THE ADVISABILITY OF ISSUING TAXABLE INDUSTRIAL REVENUE BONDS FOR THE PURPOSE OF FINANCING THE CONSTRUCTION OF A WAREHOUSE FACILITY LOCATED IN SAID CITY; AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS

**WHEREAS**, the City of South Hutchinson, Kansas (the "Issuer") desires to promote, stimulate and develop the general economic welfare and prosperity of the City of South Hutchinson, and thereby to further promote, stimulate and develop the general economic welfare and prosperity of the State of Kansas; and

**WHEREAS**, pursuant to the provisions of the Kansas Economic Development Revenue Bond Act, as amended and codified in K.S.A. 12-1740 *et seq.* (the "Act"), the Issuer is authorized to issue revenue bonds for such purposes, and it is hereby found and determined to be advisable and in the interest and for the welfare of the Issuer and its inhabitants that revenue bonds of the Issuer in the principal amount not to exceed \$5,250,000 be authorized and issued, in one or more series, to provide funds to pay the costs of the construction of a warehouse facility (the "Project") located in the Issuer and to be leased by the Issuer to Sun Valley, Inc., a Kansas corporation, (the "Tenant").

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SOUTH HUTCHINSON, KANSAS:**

Section 1. **Public Purpose.** The governing body of the Issuer hereby finds and determines that the Project will promote, stimulate and develop the general economic welfare and prosperity of the Issuer, and thereby further promote, stimulate and develop the general economic welfare and prosperity of the State of Kansas.

Section 2. **Authorization to Acquire Project; Intent to Issue Bonds.** The Issuer is hereby authorized to proceed with the construction of the Project and to issue its revenue bonds, in one or more series, in the principal amount not to exceed \$5,250,000 (the "Bonds") to pay the costs thereof, subject to satisfaction of the conditions of issuance set forth herein.

Section 3. **Conditions to Issuance of Bonds.** The issuance of the Bonds is subject to: (a) the passage of an ordinance authorizing the issuance of the Bonds; (b) the successful negotiation of a Bond Agreement, Guaranty Agreement, Lease or other legal documents necessary to accomplish the issuance of the Bonds, the terms of which shall be in compliance with the Act and mutually satisfactory to the Issuer and the Tenant; (c) the successful negotiation and sale of the Bonds to a purchaser or purchasers yet to be determined (the "Purchaser"), which sale shall be the responsibility of the Tenant and not the Issuer; (d) the receipt of the approving legal opinion of Gilmore & Bell, P.C. ("Bond Counsel") in form acceptable to the Issuer, the Tenant and the Purchaser; (e) the obtaining of all necessary governmental approvals to the issuance of the Bonds; and (f) the commitment to and payment by the Tenant or Purchaser of all expenses relating to the issuance of the Bonds, including, but not limited to: (i) expenses of the Issuer and the Issuer

Attorney; (ii) any underwriting or placement fees and expenses; (iii) all legal fees and expenses of Bond Counsel; and (iv) all recording and filing fees, including fees of the Kansas Board of Tax Appeals; and (g) the satisfactory negotiation of an agreement with the Tenant relating to the payment or exemption of all or a portion of property taxes assessed against the Project after issuance of the Bonds.

Section 4. **Property Tax Exemption.** The Issuer hereby determines that pursuant to the provisions of K.S.A. 79-201a *Second* the Project, to the extent purchased or constructed with the proceeds of the Bonds, should be exempt from payment of ad valorem property taxes for ten years commencing with the year following the year in which the Bonds are issued, provided proper application is made therefor. In making such 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. The Tenant is responsible for preparing such application and providing the same to the Issuer for its review and submission to the State Board of Tax Appeals. The Issuer reserves the right to negotiate a payment in lieu of taxes so exempted, to be made by the Tenant.

Section 5. **Sales Tax Exemption.** The Governing Body hereby determines that pursuant to the provisions of K.S.A. 79-3601 *et seq.* (the "Sales Tax Act"), particularly 79-3606(b) and (d) and other applicable laws, sales of tangible personal property or services purchased in connection with construction of the Project and financed with proceeds of the Bonds are entitled to exemption from the tax imposed by the Sales Tax Act; provided proper application is made therefore.

Section 6. **Reliance by Tenant; Limited Liability of Issuer.** It is contemplated that in order to expedite acquisition of the Project and realization of the benefits to be derived thereby, the Tenant may incur temporary indebtedness or expend its own funds to pay costs of the Project prior to the issuance of the Bonds. Proceeds of Bonds may be used to reimburse the Tenant for such expenditures made not more than 60 days prior to the date this Resolution is adopted, and as provided by §1.150-2 of the U.S. Treasury Regulations. The Bonds herein authorized and all interest thereon shall be paid solely from the revenues to be received by the Issuer from the Project and not from any other fund or source. The Issuer shall not be obligated on such Bonds in any way, except as herein set out. In the event that the Bonds are not issued, the Issuer shall have no liability to the Tenant.

Section 7. **Further Action.** The Clerk is hereby authorized to deliver an executed copy of this Resolution to the Tenant. The Mayor, Clerk and other officials and employees of the Issuer, including the Issuer's counsel and Bond Counsel, are hereby further authorized and directed to take such other actions as may be appropriate or desirable to accomplish the purposes of this Resolution, including, but not limited to: (a) cooperate with the Tenant in filing an application for a sales tax exemption certificate with the Kansas Department of Revenue with respect to Bond-financed property; and (b) execution on behalf of the Issuer of the information statement regarding the proposed issuance of the Bonds to be filed with the State Board of Tax Appeals pursuant to the Act.

Section 8. **Effective Date.** This resolution shall become effective upon adoption by the Governing Body.

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**ADOPTED** by the governing body of the City of South Hutchinson, Kansas on July 5, 2016.

[SEAL]

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Mayor

Attest:

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Clerk

**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of the Resolution of the Issuer adopted by the governing body on July 5, 2016, as the same appears of record in my office.

DATED: July 5, 2016.

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Clerk

# **A Tax Abatement Cost-Benefit Analysis of Sun Valley, Inc. for the City of South Hutchinson**

Completed by  
Municipal Consulting, LLC  
5/3/2016

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## **ABOUT THIS REPORT:**

This report uses data that was collected from the firm involved and budget reports from each of the taxing entities where the project is to be located. This data is summarized on pages 4 and 5. In addition, various calculations were applied to the data using rates and information gathered from the current economic and financial conditions.

## **DEFINITIONS USED:**

- **Rate of Return:** Incentives and tax abatements granted by the taxing entities are equivalent to a public investment in the firm. Comparing these investments to the various benefits received over the 10-year project period by the public entity produces an average annual rate of return for the period. Generally, a rate of return that exceeds the entity's cost of capital would be considered a favorable investment.
- **Net Present Value:** This is the amount that a future series of payments is worth today, given an assumed discount rate. The only way to accurately compare payments to be made or received in the future to the dollar value at present is with Net Present Value. Generally, a positive net present value indicates an acceptable investment.
- **Benefit - Cost Ratio:** Typically referred to as the "Cost-Benefit Ratio," this is the ratio of the public entity benefits received over the 10-year project life to the public costs incurred over the same period. If the ratio is above 1.0, then the benefits exceed the costs, and if it is less than 1.0, the costs exceed the benefits. Generally, a public entity would like to have a Benefit-to-Cost ratio of 1.3 or better in order to grant a tax abatement and/or other incentives. However, the governing body may take into account the other economic benefits of the project in making that decision.

**DISCLAIMER:**

This report is prepared using a variety of assumptions regarding discount rate, inflation rate, and other economic variables. It also uses information submitted by the firm based on its best estimates of what they expect to occur in the next decade. Future business results and economic factors are not and cannot be guaranteed. Therefore, we provide no guarantee on the future performance of the firm, or that conditions within the taxing entities will remain as they are today. The governing body should make its decision on the best information presented, while fully recognizing that future performance could be substantially different.

**COMMENTS SPECIFIC TO THIS PROJECT:**

The overall costs and benefits for each taxing entity are:

Taxing Entity	Benefit to Cost Ratio	Average Return on Investment
City of So. Hutchinson	1.17	1.70%
Reno County	1.40	3.95%
Nickerson USD 309	1.30	2.98%
Hutchinson Community College	1.02	0.25%
State of Kansas	37.20	362.01%

Each of the taxing entities has a positive benefit-to-cost ratio. This report assumes that the City of South Hutchinson will approve a 100% property tax abatement for a 10-year period. We have also assumed that one-third of the new employees will relocate to the city and the county. We did not assume that any new employees would relocate from outside of the state. The city's policy requires a payment in lieu of taxes equal to the current taxes on the land, which is approximately \$41.00 based on its current ag land value.

If you have any questions or comments, you may reach me with the contact information below.

R. Steven Robb  
Sole Owner  
Municipal Consulting, LLC  
Phone: 620-235-1874 Cell: 620-704-6495 E-Mail: [steverobb@cox.net](mailto:steverobb@cox.net)  
[www.municipalconsulting.biz](http://www.municipalconsulting.biz)  
2207 N. Free King Hwy, Pittsburg, KS 66762-8418

Column1	Column2	Column3	Column4	Column5	Column6
<b>COST-BENEFIT ANALYSIS PROJECT SUMMARY</b>					
<b>PROJECT NAME:</b>	Sun Valley, Inc.				
<b>DATE:</b>			5/3/2016	(Revised)	
<b>GOVERNMENTAL ENTITIES INVOLVED:</b>					
<b>CITY:</b>			City of So. Hutchinson		
<b>COUNTY:</b>			Reno County		
<b>SCHOOL DISTRICT:</b>			Nickerson USD 309		
<b>SPECIAL TAXING DISTRICT #1</b>	Hutchinson Community College				
<b>STATE:</b>			State of Kansas		
<b>INFLATION RATE:</b>		2.00%	<b>DISCOUNT RATE:</b>		3.00%

**Sun Valley, Inc.**

Column1	Column2	Column3	Column4	Column6	Column11
<b>Community Data Inputs:</b>					
	<b>City of So. Hutchinson</b>	<b>Reno County</b>	<b>Nickerson USD 309</b>	<b>Hutchinson Community College</b>	<b>State</b>
Mill Levy	41.921	40.897	48.490	22.510	1.500
Market Value New Home	\$111,800	\$140,900	\$111,800	\$140,900	\$190,800
Sales Tax	0.750%	1.500%	n/a	n/a	6.50%
Transient Guest Tax	0.00%	0.00%	n/a	n/a	n/a
Utility Revenue/HsHld	\$419.98	n/a	n/a	n/a	n/a
Franchise Fees/HsHld	\$572.44	n/a	n/a	n/a	n/a
Other Revenues/Res.	\$91.16	\$118.68	n/a	\$126.44	\$1,896.45
Marg. Cost/Res./Student	\$111.00	\$39.06	\$1,200.70	\$17.76	\$568.94
Other Revenues/Worker	\$83.18	\$108.29	n/a	\$115.37	\$1,597.42
Marginal Cost/New Worker	\$101.28	\$35.64	n/a	\$16.20	\$484.26
State Funding/Pupil	n/a	n/a	\$9,159.69	n/a	n/a
Federal Funding/Pupil	n/a	n/a	\$651.23	n/a	n/a
Visitor Daily Spending	\$25	\$35			
Average Hotel Room Rate	\$50	\$85			
Pull Factor	N/A	1.06			
Percent of County Share	10.00%	100.00%			
Annual Sales Tax Per Capita	\$116	\$927			
Housing Vacancy Rate	7.80%	8.80%			

**Sun Valley, Inc.**

Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12	Column13	Column14	Column15
<b>Firm Data Inputs:</b>			First Expansion			Second Expansion			Third Expansion			Fourth Expansion		
			Land	Building	FFE	Land	Building	FFE	Land	Building	FFE	Land	Building	FFE
Firm's Investment in:			\$40,000	\$2,500,000	\$0	\$0	\$1,000,000	\$0	\$198,000	\$1,500,000	\$0	\$0	\$0	\$0
City Incentives			\$0	\$0										
	<b>Growth</b>	<b>Const. Per.</b>	<b>Yr. 1</b>	<b>Yr. 2</b>	<b>Yr. 3</b>	<b>Yr. 4</b>	<b>Yr. 5</b>	<b>Yr. 6</b>	<b>Yr. 7</b>	<b>Yr. 8</b>	<b>Yr. 9</b>	<b>Yr. 10</b>	<b>Total</b>	
Sales	2.00%		\$375,000	\$375,000	\$562,500	\$656,250	\$750,000	\$750,000	\$937,500	\$937,500	\$937,500	\$956,250	\$7,237,500	
Purchases	2.00%		\$300,000	\$350,000	\$375,000	\$437,500	\$500,000	\$500,000	\$625,000	\$625,000	\$625,000	\$625,000	\$4,962,500	
Net City Util. Revenue	3.00%	\$109	\$843	\$869	\$895	\$922	\$949	\$978	\$1,007	\$1,037	\$1,068	\$1,101	\$9,779	
Franchise Fees	2.00%	\$75	\$645	\$658	\$671	\$684	\$698	\$712	\$726	\$741	\$756	\$771	\$7,138	
Net County Trash Rev.	3.00%	\$298	\$358	\$369	\$380	\$391	\$403	\$415	\$428	\$441	\$454	\$467	\$4,405	
PILOT - So. Hutchinson		\$0	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$111
PILOT - Reno Co.		\$0	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$108
PILOT - State		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4
PILOT- USD 309		\$0	\$13	\$13	\$13	\$13	\$13	\$13	\$13	\$13	\$13	\$13	\$13	\$128
PILOT - HCC		\$0	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$59
New Employees		0	3	0	0	2	0	2	0	0	0	0	7	
Employees new to the city		33%	1.0	0	0	1	0	0	0	0	0	0	2.0	
Employees new to the county		33%	1.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	
Employees new to the state		0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
New students in K-12			1.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	
New employee average salary		\$0	\$36,000	\$36,720	\$37,454	\$37,500	\$38,250	\$38,036	\$38,796	\$39,572	\$40,364	\$41,171	N/A	
Tax Abatement-Land			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	
Tax Abatement-Bldg.			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	N/A	
Visitors	0.0%	0	50	50	50	50	50	50	50	50	50	50	500	
			<b>City</b>	<b>County</b>	<b>State</b>									
Percentage of sales taxable in the			100%	100%	100%									
Percentage of purchases taxable in the			15%	50%	100%									
Assumed Inflation Rate			2.00%											

Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9	
<b>COST-BENEFIT ANALYSIS PROJECT SUMMARY</b>									
<b>PROJECT NAME:</b>	Sun Valley, Inc.					Ratio of			
<b>DATE:</b>	5/3/2016					NPV of Net			
Entity	Total Benefits	Total Costs & Incentives	Net Benefits	Net Present Value of Net Benefits	NPV of Incentives & Taxes Abated	Benefits to NPV of Incentives and Taxes Abated	Actual Benefit to Cost Ratio	Avg. Annual Rate of Return	
City of So. Hutchinson	\$547,603	\$468,213	\$79,389	\$66,480	\$383,838	0.17	1.17	1.70%	
Reno County	\$631,840	\$452,859	\$178,980	\$151,043	\$374,462	0.40	1.40	3.95%	
Nickerson USD 309	\$723,050	\$557,017	\$166,033	\$138,426	\$443,985	0.31	1.30	2.98%	
Hutchinson Community College	\$255,213	\$249,071	\$6,142	\$5,122	\$206,107	0.02	1.02	0.25%	
State of Kansas	\$1,035,716	\$27,841	\$1,007,875	\$1,232,527	\$13,734	89.74	37.20	362.01%	

**SUMMARY OF COSTS AND BENEFITS FOR:**

**PROJECT:** Sun Valley, Inc.

**DATE:** 5/3/2016

City of So. Hutchinson

**DISCOUNT RATE:** 3.00%

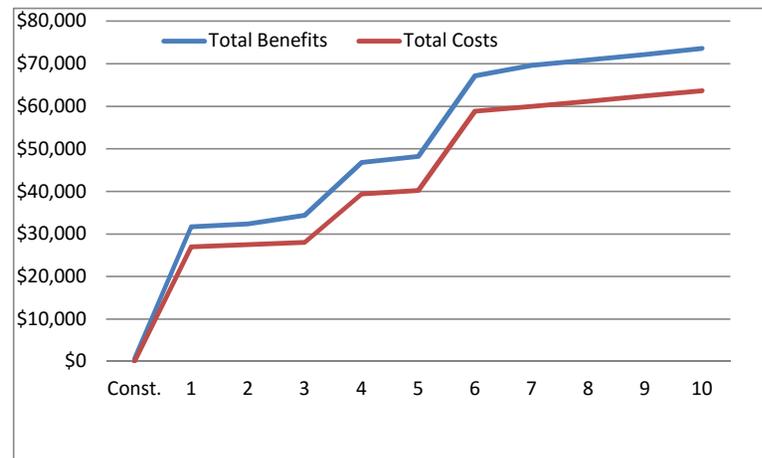
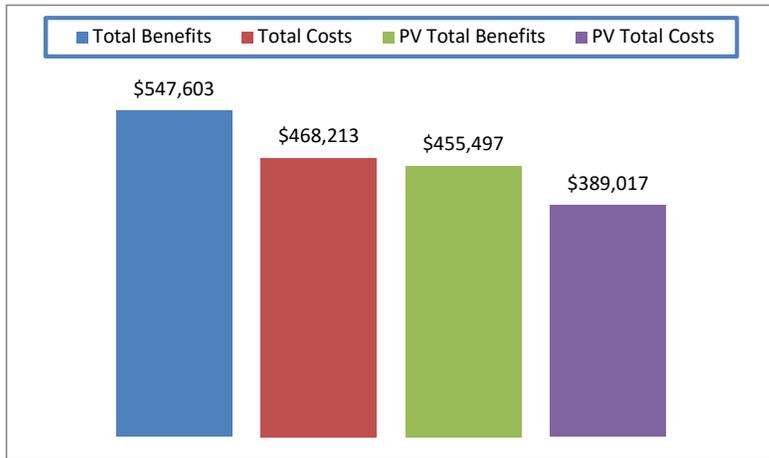
**Ratio of Actual Benefits to Actual Costs Over the 10-Year Period:** 1.17

**Ratio of Present Value of Total Benefits to Present Value of Total Costs:** 1.17

(Typical desired ratio would be 1.3 to 1)

**Average ROI** 1.70%

Year	Sales and Transient Guest Taxes	New Property Taxes	Utilities and Franchise Fees	PILOT Payment	Other City Revenues	Total Benefits	Net Present Value of Total Benefits	Incentives and Cost of Various City Services	Property Taxes Abated	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Net Present Value of Incentives & Taxes Abated
Const.	\$469	\$0	\$184	\$0	\$0	\$653	\$653	\$0	\$0	\$0	\$0	\$653	\$653	\$653	\$0
1	\$3,304	\$26,620	\$1,488	\$11	\$271	\$31,694	\$30,771	\$330	\$26,620	\$26,950	\$26,165	\$4,744	\$5,397	\$4,606	\$25,845
2	\$3,363	\$27,152	\$1,527	\$11	\$276	\$32,329	\$30,473	\$336	\$27,152	\$27,489	\$25,911	\$4,841	\$10,238	\$4,563	\$25,594
3	\$4,801	\$27,695	\$1,566	\$11	\$282	\$34,355	\$31,439	\$343	\$27,695	\$28,038	\$25,659	\$6,316	\$16,554	\$5,780	\$25,345
4	\$5,903	\$38,729	\$1,606	\$11	\$575	\$46,824	\$41,603	\$700	\$38,729	\$39,429	\$35,032	\$7,395	\$23,949	\$6,570	\$34,411
5	\$6,495	\$39,504	\$1,648	\$11	\$586	\$48,244	\$41,615	\$714	\$39,504	\$40,218	\$34,692	\$8,026	\$31,975	\$6,923	\$34,077
6	\$6,775	\$58,090	\$1,690	\$11	\$598	\$67,163	\$56,248	\$728	\$58,090	\$58,818	\$49,259	\$8,346	\$40,320	\$6,989	\$48,649
7	\$8,046	\$59,251	\$1,734	\$11	\$610	\$69,652	\$56,634	\$743	\$59,251	\$59,994	\$48,781	\$9,658	\$49,979	\$7,853	\$48,177
8	\$8,053	\$60,436	\$1,778	\$11	\$622	\$70,901	\$55,970	\$758	\$60,436	\$61,194	\$48,307	\$9,707	\$59,685	\$7,663	\$47,709
9	\$8,059	\$61,645	\$1,824	\$11	\$635	\$72,174	\$55,315	\$773	\$61,645	\$62,418	\$47,838	\$9,756	\$69,442	\$7,477	\$47,246
10	\$8,206	\$62,878	\$1,871	\$11	\$647	\$73,614	\$54,776	\$788	\$62,878	\$63,666	\$47,374	\$9,948	\$79,389	\$7,402	\$46,787
Total	\$63,473	\$462,001	\$16,916	\$111	\$5,102	\$547,603	\$455,497	\$6,212	\$462,001	\$468,213	\$389,017	\$79,389	\$79,389	\$66,480	\$383,838



**SUMMARY OF COSTS AND BENEFITS FOR:**

**Reno County**

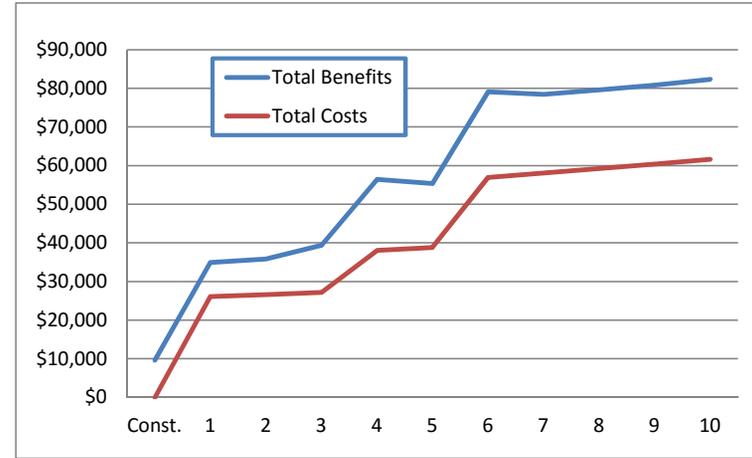
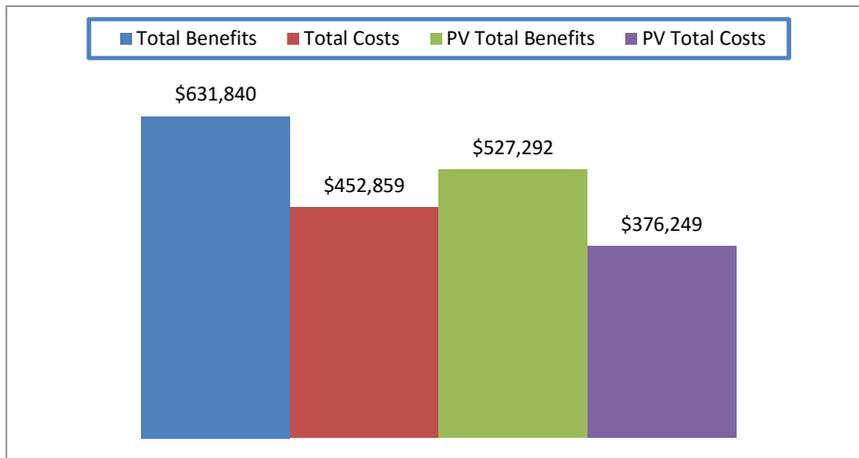
**PROJECT: Sun Valley, Inc.**

**DATE: 5/3/2016**

**DISCOUNT RATE: 3.00%**

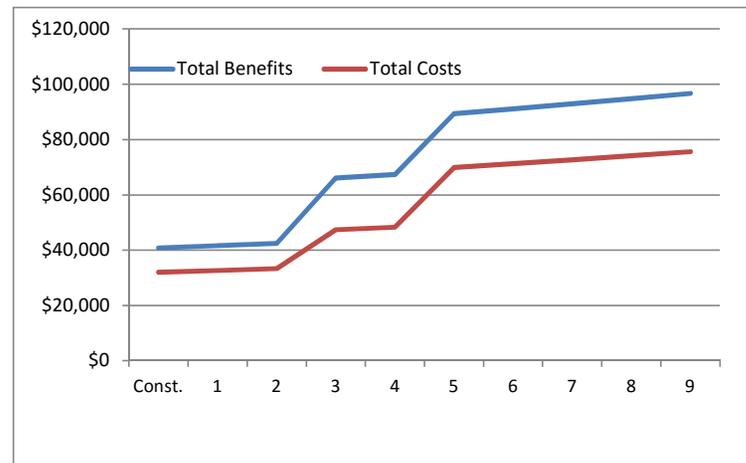
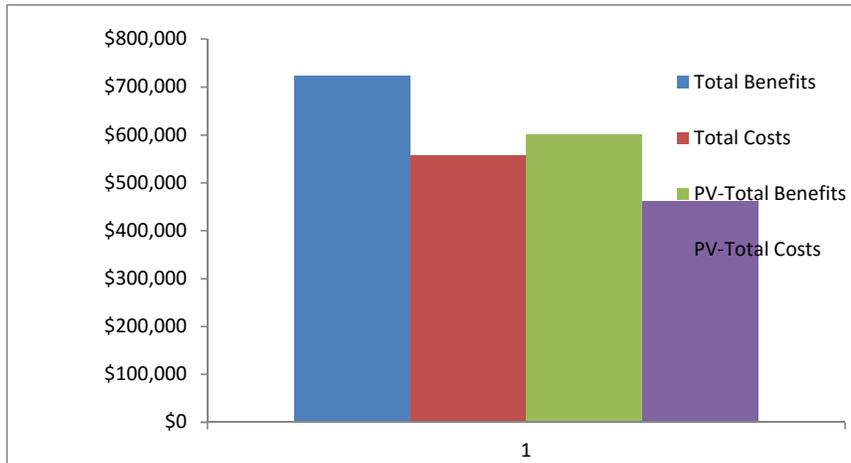
Ratio of Actual Benefits to Actual Costs Over the 10-Year Period:	<b>1.40</b>
Ratio of Present Value of Total Benefits to Present Value of Total Costs:	<b>1.40</b>
Average ROI	<b>3.95%</b>

Year	Sales and Transient Guest Taxes	New Property Taxes	PILOT Payment	Other County Revenues	Total Benefits	Net Present Value of Total Benefits	Cost of Various County Services	Property Taxes Abated	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Net Present Value of Taxes Abated
Const.	\$9,375	\$0	\$0	\$298	\$9,673	\$9,673	\$0	\$0	\$0	\$0	\$9,673	\$9,673	\$9,673	\$0
1	\$8,203	\$25,970	\$11	\$704	\$34,887	\$33,871	\$114	\$25,970	\$26,083	\$25,324	\$8,804	\$18,477	\$8,548	\$25,213
2	\$8,585	\$26,489	\$11	\$721	\$35,806	\$33,751	\$116	\$26,489	\$26,605	\$25,078	\$9,201	\$27,678	\$8,673	\$24,968
3	\$11,591	\$27,019	\$11	\$740	\$39,361	\$36,020	\$118	\$27,019	\$27,137	\$24,834	\$12,223	\$39,902	\$11,186	\$24,726
4	\$17,499	\$37,783	\$11	\$1,125	\$56,418	\$50,127	\$241	\$37,783	\$38,025	\$33,785	\$18,394	\$58,295	\$16,342	\$33,570
5	\$15,637	\$38,539	\$11	\$1,151	\$55,338	\$47,735	\$246	\$38,539	\$38,785	\$33,457	\$16,553	\$74,848	\$14,278	\$33,244
6	\$21,260	\$56,671	\$11	\$1,178	\$79,120	\$66,261	\$251	\$56,671	\$56,922	\$47,671	\$22,198	\$97,046	\$18,590	\$47,461
7	\$19,397	\$57,804	\$11	\$1,206	\$78,418	\$63,761	\$256	\$57,804	\$58,060	\$47,208	\$20,358	\$117,404	\$16,553	\$47,000
8	\$19,410	\$58,960	\$11	\$1,235	\$79,616	\$62,849	\$261	\$58,960	\$59,221	\$46,750	\$20,394	\$137,798	\$16,100	\$46,544
9	\$19,424	\$60,139	\$11	\$1,264	\$80,837	\$61,955	\$267	\$60,139	\$60,406	\$46,296	\$20,431	\$158,230	\$15,659	\$46,092
10	\$19,718	\$61,342	\$11	\$1,294	\$82,365	\$61,287	\$272	\$61,342	\$61,614	\$45,847	\$20,751	\$178,980	\$15,440	\$45,644
Total	\$170,099	\$450,716	\$108	\$10,916	\$631,840	\$527,292	\$2,143	\$450,716	\$452,859	\$376,249	\$178,980	\$178,980	\$151,043	\$374,462



**SUMMARY OF COSTS AND BENEFITS FOR:** Nickerson USD 309  
**PROJECT:** Sun Valley, Inc.  
**DATE:** 5/3/2016 **DISCOUNT RATE:** 3.00%  
**Ratio of Actual Benefits to Actual Costs Over the 10-Year Period:** 1.30  
**Ratio of Present Value of Total Benefits to Present Value of Total Cost:** 1.30  
 (Typical desired ratio would be 1.3 to 1) **Average ROI:** 2.98%

Year	New Property Taxes	PILOT Payment	Additional State, Federal and Other Funding	Total Benefits	Net Present Value of Total Benefits	Additional Costs	Property Taxes Abated	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Net Present Value of Taxes Abated
Const.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	\$30,791	\$13	\$10,007	\$40,811	\$39,622	\$1,201	\$30,791	\$31,992	\$31,060	\$8,819	\$8,819	\$8,562	\$29,894
2	\$31,407	\$13	\$10,207	\$41,627	\$39,237	\$1,225	\$31,407	\$32,632	\$30,758	\$8,995	\$17,815	\$8,479	\$29,604
3	\$32,035	\$13	\$10,411	\$42,459	\$38,856	\$1,249	\$32,035	\$33,284	\$30,460	\$9,175	\$26,990	\$8,396	\$29,317
4	\$44,798	\$13	\$21,239	\$66,050	\$58,685	\$2,548	\$44,798	\$47,347	\$42,067	\$18,704	\$45,693	\$16,618	\$39,803
5	\$45,694	\$13	\$21,664	\$67,371	\$58,115	\$2,599	\$45,694	\$48,294	\$41,659	\$19,078	\$64,771	\$16,456	\$39,416
6	\$67,192	\$13	\$22,097	\$89,302	\$74,789	\$2,651	\$67,192	\$69,844	\$58,493	\$19,459	\$84,230	\$16,296	\$56,272
7	\$68,536	\$13	\$22,539	\$91,088	\$74,063	\$2,704	\$68,536	\$71,240	\$57,925	\$19,848	\$104,078	\$16,138	\$55,726
8	\$69,907	\$13	\$22,990	\$92,910	\$73,344	\$2,758	\$69,907	\$72,665	\$57,363	\$20,244	\$124,322	\$15,981	\$55,185
9	\$71,305	\$13	\$23,450	\$94,768	\$72,631	\$2,814	\$71,305	\$74,118	\$56,806	\$20,649	\$144,971	\$15,826	\$54,649
10	\$72,731	\$13	\$23,919	\$96,663	\$71,926	\$2,870	\$72,731	\$75,601	\$56,254	\$21,062	\$166,033	\$15,672	\$54,119
<b>Total</b>	<b>\$534,397</b>	<b>\$128</b>	<b>\$188,525</b>	<b>\$723,050</b>	<b>\$601,270</b>	<b>\$22,620</b>	<b>\$534,397</b>	<b>\$557,017</b>	<b>\$462,844</b>	<b>\$166,033</b>	<b>\$166,033</b>	<b>\$138,426</b>	<b>\$443,985</b>



**SUMMARY OF COSTS AND BENEFITS FOR:**

Hutchinson Community College

**PROJECT:**

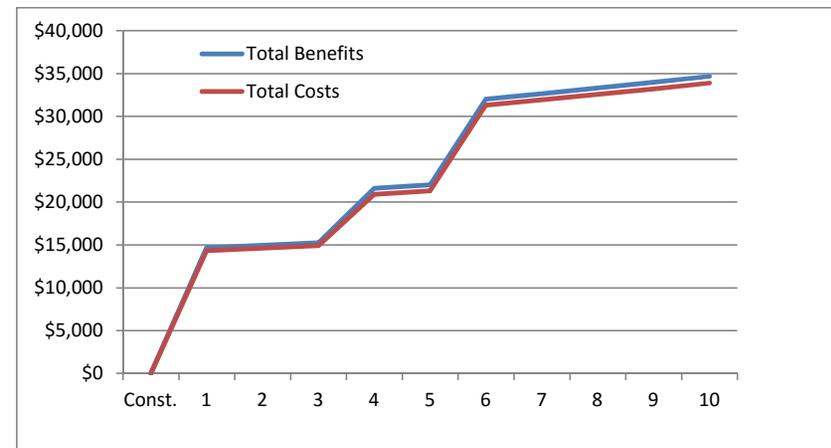
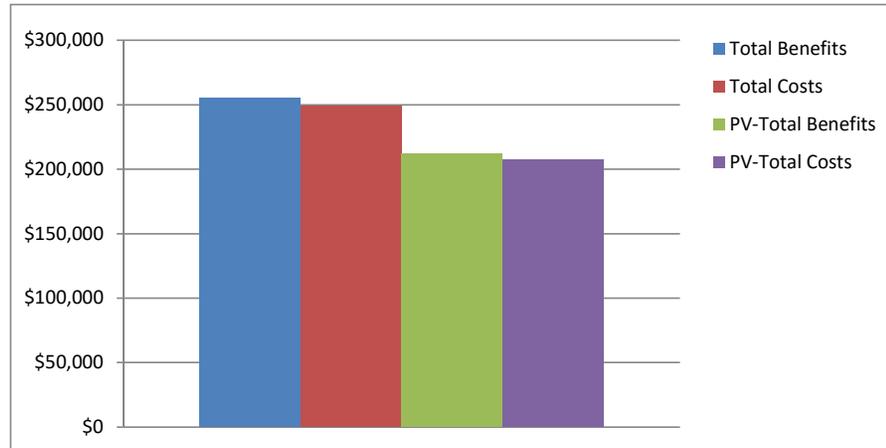
Sun Valley, Inc.

**DATE:** 5/3/2016

**DISCOUNT RATE:** 3.00%

<b>Ratio of Actual Benefits to Actual Costs Over the 10-Year Period:</b>	<b>1.02</b>
<b>Ratio of Present Value of Total Benefits to Present Value of Total Costs:</b>	<b>1.02</b>
(Typical desired ratio would be 1.3 to 1)	
<b>Average ROI</b>	<b>0.25%</b>

Year	New District Property Taxes	District PILOT Payment	Other District Revenues	Total Benefits	Net Present Value of Total Benefits	Other District Costs	District Property Taxes Abated	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Net Present Value of Taxes Abated
Const.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	\$14,294	\$6	\$376	\$14,675	\$14,248	\$53	\$14,294	\$14,347	\$13,929	\$329	\$329	\$319	\$13,878
2	\$14,580	\$6	\$383	\$14,969	\$14,110	\$54	\$14,580	\$14,634	\$13,794	\$335	\$664	\$316	\$13,743
3	\$14,871	\$6	\$391	\$15,268	\$13,972	\$55	\$14,871	\$14,926	\$13,660	\$342	\$1,006	\$313	\$13,609
4	\$20,796	\$6	\$797	\$21,599	\$19,191	\$112	\$20,796	\$20,908	\$18,577	\$691	\$1,697	\$614	\$18,477
5	\$21,212	\$6	\$813	\$22,031	\$19,004	\$114	\$21,212	\$21,326	\$18,396	\$705	\$2,402	\$608	\$18,298
6	\$31,192	\$6	\$829	\$32,027	\$26,822	\$116	\$31,192	\$31,308	\$26,220	\$719	\$3,121	\$602	\$26,123
7	\$31,816	\$6	\$846	\$32,668	\$26,562	\$119	\$31,816	\$31,935	\$25,966	\$733	\$3,854	\$596	\$25,869
8	\$32,452	\$6	\$863	\$33,321	\$26,304	\$121	\$32,452	\$32,573	\$25,714	\$748	\$4,602	\$590	\$25,618
9	\$33,101	\$6	\$880	\$33,987	\$26,048	\$124	\$33,101	\$33,225	\$25,464	\$762	\$5,364	\$584	\$25,369
10	\$33,763	\$6	\$898	\$34,667	\$25,795	\$126	\$33,763	\$33,889	\$25,217	\$778	\$6,142	\$579	\$25,123
<b>Total</b>	<b>\$248,077</b>	<b>\$59</b>	<b>\$7,076</b>	<b>\$255,213</b>	<b>\$212,057</b>	<b>\$994</b>	<b>\$248,077</b>	<b>\$249,071</b>	<b>\$206,935</b>	<b>\$6,142</b>	<b>\$6,142</b>	<b>\$5,122</b>	<b>\$206,107</b>



**SUMMARY OF COSTS AND BENEFITS FOR:**

State of Kansas

**PROJECT:** Sun Valley, Inc.

**Ratio of Actual Benefits to Actual Costs Over the 10-Year Period:** 37.20

**Ratio of Present Value of Total Benefits to Present Value of Total Costs:** 37.80

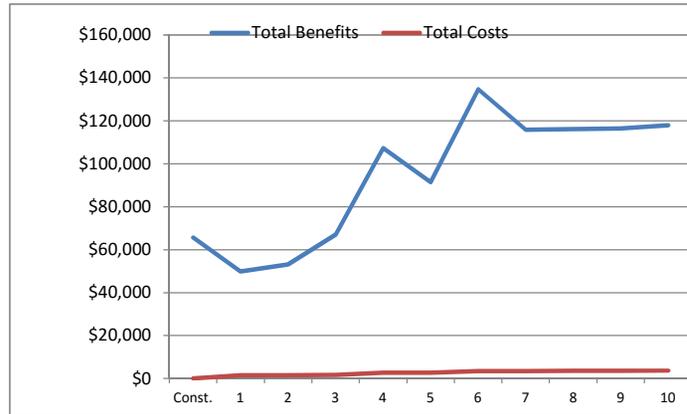
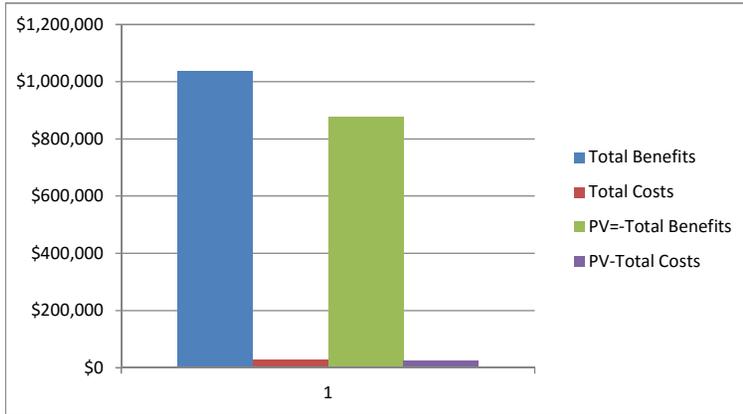
**DATE:** 5/3/2016

**DISCOUNT RATE:** 3.00%

(Typical desired ratio would be 1.3 to 1)

**Average ROI** 362.01%

Year	Sales Taxes	Property Taxes	Corporate and Personal Income Taxes	PILOT Payment	Other State Revenues	Total Benefits	Net Present Value of Total Benefits	Cost of Various State Services	Cost of Educating New Students	Property Taxes Abated	Other Costs & Incentives	Total Costs	Net Present Value of Total Costs	Net Benefits or Costs	Cumulative Net Benefits or Costs	Net Present Value of Net Benefits	Present Value of Taxes Abated and Incentives
Const.	\$40,625	\$0	\$25,000	\$0	\$0	\$65,625	\$65,625	\$0	\$0	\$0	\$0	\$0	\$0	\$65,625	\$65,625	\$65,625	\$0
1	\$47,637	\$953	\$1,242	\$0	\$0	\$49,832	\$48,380	\$0	\$600	\$953	\$0	\$1,553	\$1,508	\$48,279	\$113,904	\$46,873	\$925
2	\$50,962	\$972	\$1,267	\$0	\$0	\$53,201	\$50,147	\$0	\$612	\$972	\$0	\$1,584	\$1,493	\$51,617	\$165,521	\$48,654	\$916
3	\$64,851	\$991	\$1,292	\$0	\$0	\$67,135	\$61,438	\$0	\$625	\$991	\$0	\$1,616	\$1,478	\$65,519	\$231,040	\$59,959	\$907
4	\$93,705	\$1,386	\$12,156	\$0	\$0	\$107,247	\$95,288	\$0	\$1,274	\$1,386	\$0	\$2,660	\$2,363	\$104,587	\$335,627	\$92,924	\$1,231
5	\$87,738	\$1,414	\$2,199	\$0	\$0	\$91,352	\$78,801	\$0	\$1,300	\$1,414	\$0	\$2,713	\$2,340	\$88,638	\$424,266	\$76,460	\$1,219
6	\$114,556	\$2,079	\$18,062	\$0	\$0	\$134,697	\$112,807	\$0	\$1,326	\$2,079	\$0	\$3,404	\$2,851	\$131,293	\$555,559	\$109,956	\$1,741
7	\$110,672	\$2,120	\$3,123	\$0	\$0	\$115,916	\$94,250	\$0	\$1,352	\$2,120	\$0	\$3,472	\$2,823	\$112,444	\$668,002	\$91,427	\$1,724
8	\$110,855	\$2,163	\$3,186	\$0	\$0	\$116,203	\$91,732	\$0	\$1,379	\$2,163	\$0	\$3,542	\$2,796	\$112,661	\$780,664	\$88,936	\$1,707
9	\$111,040	\$2,206	\$3,249	\$0	\$0	\$116,496	\$89,284	\$0	\$1,407	\$2,206	\$0	\$3,613	\$2,769	\$112,883	\$893,547	\$86,516	\$1,691
10	\$112,449	\$2,250	\$3,314	\$0	\$0	\$118,013	\$87,813	\$0	\$1,435	\$2,250	\$0	\$3,685	\$2,742	\$114,328	\$1,007,875	\$85,071	\$1,674
Total	\$945,091	\$16,531	\$74,091	\$4	\$0	\$1,035,716	\$875,565	\$0	\$11,310	\$16,531	\$0	\$27,841	\$23,164	\$1,007,875	\$1,007,875	\$1,232,527	\$13,734



## Sun Valley, Inc.

### Other Economic Impacts of the Project

	In the First Year	Over 10 Years
Number of Jobs Created (Includes related jobs from construction, etc.)	59	7
Number of New Residents in the Community	3	6
Number of Additional Students in the Local School District	1	2
Increase in Local Personal Incomes	\$108,000	\$2,094,849
Increase in Local Retail Sales	\$673,992	\$8,719,067
Increase in the Community's Property Tax Base	\$2,500,000	\$5,000,000

(Published in *The Hutchinson News*, July \_\_\_\_, 2016)

**ORDINANCE NO. 16-872**

AN ORDINANCE AUTHORIZING THE CITY OF SOUTH HUTCHINSON, KANSAS TO ISSUE ITS TAXABLE INDUSTRIAL REVENUE BONDS, SERIES 2016A AND SERIES 2016B (SUN VALLEY, INC.) FOR THE PURPOSE OF THE CONSTRUCTION OF A WAREHOUSE FACILITY; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

**THE GOVERNING BODY OF THE CITY OF SOUTH HUTCHINSON, KANSAS HAS FOUND AND DETERMINED:**

A. The City of South Hutchinson, 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 2016A and Series 2016B (Sun Valley, Inc.) dated as of the Issue Date of the Bonds in the aggregate principal amount not to exceed \$2,600,000 (the "Bonds"), for the purpose of paying the costs of the construction of a certain warehouse facility (the "Project") as more fully described in the Bond Agreement and in the Lease authorized in this Ordinance, for lease to Sun Valley, Inc., a Kansas Corporation (the "Tenant").

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

(i) a Bond Agreement dated as of the Issue Date of the Bonds (the "Bond Agreement"), among the Issuer, the Tenant and Central Bank & Trust Co., Hutchinson, Kansas (the "Bank") prescribing the terms and conditions of issuing and securing the Bonds; and

(ii) a Lease dated as of the Issue Date of the Bonds (the "Lease"), with the Tenant, under which the Issuer will acquire, construct and equip 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 *Twenty-Fourth*, the Project purchased or constructed with the proceeds of the 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 ten years. 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 SOUTH HUTCHINSON, 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 Bonds, to be designated "City of South Hutchinson Kansas Taxable Industrial Revenue Bonds, Series 2016A and Series 2016B (Sun Valley, Inc.)" in the aggregate principal amount not to exceed \$2,600,000, for the purpose of providing funds to pay the costs of the construction of the Project. The Bonds will be in such principal amount, 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 Bonds will be special limited obligations of the Issuer payable solely from the revenues derived from the Lease of the Project. The 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.

Section 6. **Approval of the Guaranty Agreement.** The form of the Guaranty Agreement dated as of the Issue Date of the Bonds between the Tenant and the Bank, for the benefit of the owners of the Bonds is approved.

Section 7. **Execution of Bonds and Bond Documents.** The Mayor of the Issuer is authorized and directed to execute the 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 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 8. **Property Tax Exemption.** The Project will be exempt from ad valorem property taxes for ten years, commencing in the calendar year after the calendar year in which the 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 9. **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 Bonds in accordance with K.S.A. 12-1744. The lien created by the pledge will be discharged when all of the Bonds are paid or deemed to have been paid in accordance with the terms of the Bond Agreement.

Section 10. **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 11. **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 Bonds and the Bond Documents.

Section 12. **Effective Date.** This Ordinance shall take effect after its passage by the governing body of the Issuer, signature by the Mayor and publication once in the Issuer's official newspaper.

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**PASSED** by the governing body of the Issuer on July 5, 2016 and **APPROVED AND SIGNED** by the Mayor.

(SEAL)

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Mayor

ATTEST:

\_\_\_\_\_

City Clerk

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**Topic: Personnel Policy Change Regarding Firearms**

**Date: July 5, 2016**

Due to changes in state law that took effect on July 1, staff is recommending the proposed changes to the city's Personnel Policy section regarding fireworks. Changes were advised by the League of Kansas Municipalities policy guidance.

### **Firearms in the Workplace**

The City of South Hutchinson prohibits employees, volunteers or representatives of the City from openly carrying a personal firearm on city property or during the course of conducting city business. Employees volunteers or representatives have a right to carry concealed weapons in accordance with state laws however a carrying a concealed handgun is not within the course and scope of employment. Any injury while working that is caused by the employee, volunteer or representative choosing to carry a concealed handgun will not be considered for workers' compensation. Any liability associated with the decision to conceal carry will not be defended by the city and will be of a personal nature since the carrying of a concealed handgun is not part of the employee, volunteer or representative's duties. The city is not responsible for lost, damaged or stolen personal property of employees, volunteers or representatives including firearms.

Employees are prohibited from carrying concealed weapons in situations or circumstances deemed dangerous by city policy, or as deemed dangerous by a supervisor, Department Head or the City Administrator. This would include, but is not limited to active fires, hazardous waste situations or confined space entry. Employees are prohibited from leaving a handgun in plain view or unattended. Employees are responsible for providing a secured, locked location for their weapon. Employees opting to conceal carry may temporarily store a firearm in a secure lock box provided by the employee in a city owned vehicle in situations or circumstances deemed dangerous. Employees shall not permanently store conceal carry weapons in city owned vehicles or facilities.

Employees, volunteers and representatives will abide by all laws related to conceal carry, such as not entering any building, private or public, prohibiting conceal carry. Employees, volunteers and representatives are prohibited from conceal carry in areas designated as secured and prohibited from concealed carry under provisions of state law.

Election of an employee, volunteer or representative to conceal carry shall not interfere with the employee's ability to perform any duties or functions of their position and shall not obstruct any required safety equipment Any employee, volunteer or representative of the City in violation of this provision will be subject to disciplinary action as prescribed in this personnel policy, up and including termination.

**Topic: Community Center**

**Date: July 5, 2016**

The construction on the community center has been completed. The remaining issues are getting the building outfitted with audio visual equipment, appliances, tables and chairs, landscaping and parking.

### **Audio Visual**

I've requested a quote from Dynamic Electronics for installation of speakers, a large screen and microphone system in the center. I would expect to see it the first week of July. Depending on the quality of the equipment, the price would be approximately \$5,000.

### **Appliances**

To outfit the community center according to built space and the plans, we will need to purchase 2 electric ranges, 2 self venting overhead microwaves, 2 refrigerators, an ice maker and dishwasher. The estimated cost will be approximately \$4,900 delivered and will be installed by city staff.

### **Tables and Chairs**

Seating capacity for the center is 151 at round tables. The committee recommended 15 72" round tables and 150 accompanying chairs from Sam's Club. The tables, chairs and storage racks should be approximately \$9,400.

### **Landscaping**

Public works staff is planning to install a sprinkler system and plant grass in September. Installing an irrigation well would also be advisable for this facility. The approximate cost would be \$4,000 in materials plus the time for public works staff.

### **Parking**

The biggest issue to consider is parking. The original plan called for parking stalls to be included coming off of the street. However in evaluating the facility layout, Mann and Company has advised coming in off Avenue C and putting in a small parking lot that would connect to an improved alleyway. Concrete would be needed for the ADA stalls, but gravel could be used for more space heading west. With councils permission staff will solicit quotations for installation.