

-
- A. **CALL TO ORDER/ROLL CALL**
__Nisly __Schmidt __Weber __Garretson __Fairbanks __Scofield

 - B. **PLEDGE OF ALLEGIANCE**
 - C. **APPROVAL OF AGENDA (ADDITIONS/DELETIONS)**
 - D. **CITIZEN COMMENTS**
 - E. **HEARINGS, PRESENTATIONS, PROCLAMATIONS & RECOGNITIONS**
 - 1. Presentation by Interfaith Housing & Community Services, Inc on housing project for veterans called Patriot Place.

 - F. **CONSENT AGENDA**
 - 1. Approval of Minutes – Regular Meeting, July 5, 2022
 - 2. Approval of Invoices
 - 3. Approve Resolution No. 22-591 Intent to Exceed Revenue Neutral RateMotion _____ Second _____ Vote _____

 - G. **ACTION ITEMS**
 - 1. Hearing on Creation of City of South Hutchinson Fiber Optic Project Community Improvement District. Motion to close hearing:

Motion _____ Second _____ Vote _____

Ordinance No. 22-03 – Creating a Community Improvement District

Motion _____ Second _____ Vote _____
 - 2. Preliminary Engagement Letter with Stifel, Nicolaus & Company, Inc.

Motion _____ Second _____ Vote _____
 - 3. Adams Street Road Repairs

Motion _____ Second _____ Vote _____

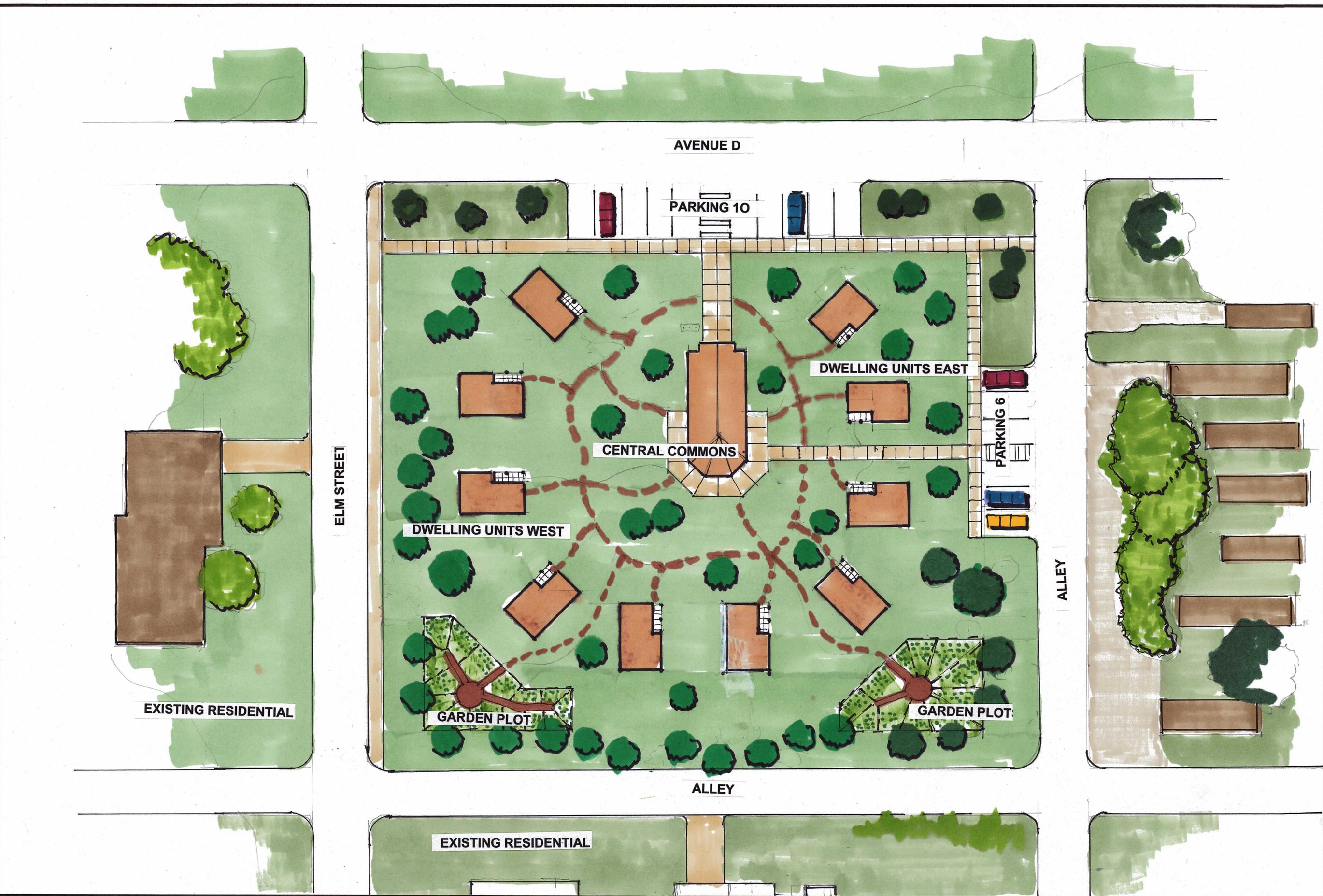
 - H. **DISCUSSION ITEMS**
 - 1. Water Rights Perfection Update
 - 2. Fireworks Stand Permits
 - 3. Market South Hutch Update

 - I. **CITY ADMINISTRATOR’S REPORT**
 - J. **GOVERNING BODY COMMENTS**
 - K. **EXECUTIVE SESSION**
 - L. **ADJOURNMENT**

Meeting Date: July 18, 2022
Department: Administration
Prepared By: Joseph Turner, City Administrator
Agenda Title: Interfaith Housing Presentation on Patriot Place

Background/Analysis – Clint Nelson, Director of Housing for Interfaith Housing, will be on hand to present information to the governing body about a project to build housing units for members of our veterans' community.

Exhibit A – Project Map



Preliminary
July 6, 2022
MANN & CO.

IHS Interfaith Housing Services, Inc.
Serving in Faith

Patriot Place Concept Site Plan

Scale: 1" = 20'-0"



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Mann & Company, P.A.
Architects Landscape Architects Planners
Interior Designers
1703 Landon St. Suite B Hutchinson, KS 67501-6622-4493

Meeting Date: July 18, 2022
Department: Administration
Prepared By: Joseph Turner, City Administrator
Agenda Title: Consent Agenda

Background/Analysis –Consent agendas are designed to take routine business items, non-controversial items, and other matters where a consensus has been reached and combine them into one single motion and vote. Items on the consent agenda should not be discussed or debated by the governing body. Any member of the governing body may elect to pull an item from the consent agenda for a separate vote.

Notable Items:

- Approval of Minutes from July 5, 2022 regular meeting
- Approval of Invoices

Notable Items:

- Used Ford Explorer purchase for police department (\$5,000)

Chief Pickering requested permission to purchase a used patrol vehicle for his department. We believe the vehicle was a good low-risk investment at this price point with relatively low miles (approx. 125,000). It is believed that these miles were low stress miles as it was not used as a traditional patrol vehicle. It will allow us to reduce some of the wear and tear on our other vehicles by distributing the workload and will be upfitted with used equipment from existing inventory supplies.

- Powered by ME Crack Sealing

This is a partial invoice for the first phase of project completion. As I suspected based on my previous experience in Sedgwick, our crack sealing expense is coming in significantly under earlier projections. Our vendor believes that the project will have a final total of about \$50,000 – well below the authorized spending limit of \$150,000.

Powderkeg Fireworks (\$10,000)

We are paying Powderkeg Fireworks for the show and being reimbursed by Market South Hutchinson.

- Zenor Electric (ballfield repairs from December windstorm event)

- Approve Resolution No. 22-591 Notice of Intent to Exceed Revenue Neutral Rate
 - If a member of the council would like to change the date of the hearing, this item will need to be pulled from the consent calendar and voted on separately.

Recommendation – Motion to approve the consent agenda as presented.

Exhibit A – Minutes from July 5, 2022 Regular Meeting

Exhibit B – AP Invoices

Exhibit C – Resolution No. 22-591

A. CALL TO ORDER/ROLL CALL

X Nisly X Schmidt X Weber X Garretson X Fairbanks X Scofield

B. PLEDGE OF ALLEGIANCE

C. APPROVAL OF AGENDA (ADDITIONS/DELETIONS)

D. CITIZEN COMMENTS

Erin Cokeley was interested in joining the Planning Commission.
Mayoral appointment of Erin Cokeley was approved.

E. HEARINGS, PRESENTATIONS, PROCLAMATIONS & RECOGNITIONS

F. CONSENT AGENDA

1. Approval of Minutes – Regular Meeting, June 20, 2022
2. Approval of Invoices

Motion: Schmidt ***Second:*** Weber ***Vote:*** 5-0

G. ACTION ITEMS

H. DISCUSSION ITEMS

1. Revenue Neutral Rate/County Valuation-Council wanting to declare the RNR
2. Scott Boulevard Bridge—July 8 is a starting date.
3. Independence Day Celebrations & Fireworks Show Debrief-Thank employees for all hard work to have the Celebration a success.

I. CITY ADMINISTRATOR'S REPORT

J. GOVERNING BODY COMMENTS

K. EXECUTIVE SESSION

1. Employee-Employer Negotiations

I, Brian Garretson, move that the governing body recess into executive session regarding the current City Clerk vacancy, pursuant to K.S.A. 75-4319(b)(1) to discuss personnel matters of nonelected personnel; to include the City Administrator, City Clerk and City Attorney; with the open meeting to resume at 7:22 p.m. in the City Council Chambers.

Motion was made to bring the meeting back in session resuming at 7:22 p.m.

Motion: Schmidt ***Second:*** Weber ***Vote:*** 5-0

2. Non-elected Personnel

I, Paul Scofield, move that the governing body recess into executive session regarding the annual performance review of the City Administrator, pursuant to K.S.A. 75-4319(b)(1) to discuss personnel matters of nonelected personnel; not to include the City Administrator; with the open meeting to resume at 7:35 p.m. in the City Council Chambers.

Motion was made to bring the meeting back in session resuming at 7:35 p.m.

Motion: Schmidt ***Second:*** Garretson ***Vote:*** 5-0

L. **ADJOURNMENT**

Motion: Schmidt

Second: Garretson

Vote: 5-0

Invoice Approval List
July 18, 2022

Gen Gov	Description	Vendor	Inv. Amt
101-101-6000	Electric Billing	Evergy	\$420.55
101-101-6000	Phone service	Ideatek	\$27.50
101-101-6000	Cox	Cable	\$16.78
101-101-6002	Insurance fee	Freedom Claims	\$4,004.38
101-101-6002	Legal counsel	Parker & Parker	\$5,000.00
101-101-6002	Resolution publications	Prairie Publications	\$536.50
101-101-6003	Cleaning contract	FreshCo	\$150.00
101-101-7000	Staples, licenses, name plate	Office Plus	\$112.24
			\$10,267.95
Police	Description	Vendor	Inv. Amt
101-102-6000	Cable	Cox	\$39.87
101-102-6000	Phone service	Ideatek	\$27.50
101-102-6000	Electric Billing	Evergy	\$612.76
101-102-6002	Drug test	Hutchinson Clinic	\$50.00
101-102-6002	Ink cartridges	Better Image	\$720.00
101-102-6002	Cleaning contract	Tabitha Maxfield	\$150.00
101-102-6002	Repair oil leak-2020 Durango	Allen Samuels	\$158.64
101-102-6002	Envelopes, notes, pens	Office Plus	\$60.26
101-102-6004	Repair copier	Better Image	\$174.50
101-102-6005	MIFI air cards and cell phones	Verizon	\$284.39
101-102-7000	Tissue, pens	Office Plus	\$58.96
101-102-7003	Fuel	Bridgman	\$1,295.51
101-102-7009	Polo Shirts	Finchers	\$295.08
101-102-7009	Hand cuff pouch, Left handed holster	Galls LLC	\$130.22
			\$4,057.69
Street	Description	Vendor	Inv. Amt
101-103-6000	Electric Billing	Evergy	\$455.77
101-103-6000	Phone service	Ideatek	\$27.50
101-103-6005	Cell phones	Verizon	\$24.29
101-103-7002	Shirts	Apollo	\$20.00
101-103-7002	Clamps, fuses, trailer lights	Carquest	\$95.98
101-103-7002	Rock with Ash	Mid America Redi Mix	\$1,551.63
101-103-7002	Hand held blower	Prairieland Partners	\$235.99
101-103-7002	Exhaust elbow	Rose Motor	\$36.63
101-103-7003	Fuel	Bridgman	\$489.88
			\$2,937.67
Fire	Description	Vendor	Inv. Amt
101-104-6000	Cable	Cox	\$10.49
101-104-6000	Phone service	Ideatek	\$27.50
101-104-6000	Electric Billing	Evergy	\$503.64
101-104-6002	Drug test	Hutchinson Clinic	\$50.00
101-104-6005	Cell phone and tablets	Verizon	\$144.32
101-104-7002	Leather name panel	Witmer	\$42.99
101-104-7003	Fuel	Wex	\$418.07

**Invoice Approval List
July 18, 2022**

101-104-7003	Fuel	Bridgman	\$245.63
101-104-7009	Pants	Galls LLC	\$219.91
101-104-8000	Structural boots	Witmer	\$402.15
			\$2,064.70
Park	Description	Vendor	Inv. Amt
101-105-6000	Electric Billing	Evergy	\$335.98
101-105-6003	4th of July Advertisement	KXKU	\$600.00
101-105-6003	Cleaning contract	FreshCo	\$100.00
			\$1,035.98
Court	Description	Vendor	Inv. Amt
101-106-6004	Retrievals	Underground Vaults	\$27.50
101-106-6017	June Jail fees	Reno County Sheriff	\$560.00
101-106-6018	Court Appointed Attorney	Benjamin Fisher	\$75.00
101-106-6018	Court Appointed Attorney	Shawnah Bennett	\$525.00
101-106-6018	Court Appointed Attorney	Regina Goff	\$225.00
			\$1,412.50
Non Dept	Description	Vendor	Inv. Amt
101-109-6000	Electric Billing & Street Lights	Evergy	\$5,934.69
101-109-6026	Refuse payment	Nisly	\$8,919.73
			\$14,854.42
		GENERAL TOTAL	\$36,630.91
Water	Description	Vendor	Inv. Amt
201-000-6000	Electric Billing	Evergy	\$4,801.21
201-000-6000	Locates	Kansas One Call	\$25.80
201-000-6002	Lab Analysis	KDHE	\$92.00
201-000-6005	Cell phones	Verizon	\$145.78
201-000-7002	Chlorine tests	Core Main	\$70.50
201-000-7002	Shirts	Apollo	\$20.00
201-000-7002	Chlorine	Brenntag	\$1,561.48
201-000-7003	Fuel	Bridgman	\$279.26
			\$6,996.03
Sewer	Description	Vendor	Inv. Amt
301-000-6000	Electric Billing	Evergy	\$11,716.90
301-000-6000	Locates	Kansas One Call	\$25.80
301-000-6000	Phone service	Verizon	\$313.18
301-000-6002	Lab Analysis	SDK	\$598.00
301-000-6002	Repair sludge pump drive	Zenor Electric	\$100.00
301-000-6005	Cell phones	Verizon	\$105.75
301-000-7000	Pens	Office Plus	\$22.19
301-000-7002	Shirts	Apollo	\$20.00
301-000-7003	Fuel	Bridgman	\$90.94
			\$12,992.76

**Invoice Approval List
July 18, 2022**

Sp Highway	Description	Vendor	Inv. Amt
401-000-6002	Crack sealing	Powered By Me	\$14,280.00
			\$14,280.00
Donations	Description	Vendor	Inv. Amt
702-000-6004	Rock wall-July 2nd	Inflate-O-Fun	\$745.00
702-000-6004	Fireworks Show	Powderkeg	\$10,000.00
			\$10,745.00
CID	Description	Vendor	Inv. Amt
705-000-6004	2nd quarter CID sales	Love's Travel	\$6,983.80
			\$6,983.80
Comm Ctr	Description	Vendor	Inv. Amt
811-000-6000	Electric Billing	Evergy	\$458.12
811-000-6004	Cleaning Contract	FreshCo	\$300.00
			\$758.12
Equip Res	Description	Vendor	Inv. Amt
901-000-8021	2015 Ford Explorer	Allen Samuels	\$5,000.00
			\$5,000.00
Capital Equip	Description	Vendor	Inv. Amt
902-000-8024	Replace ballasts, lamps, capacitor	Zenor Electric	\$9,220.51
			\$9,220.51
		Grand Total	\$103,607.13

Resolution No. 22-591

A RESOLUTION OF THE CITY OF SOUTH HUTCHINSON, KANSAS REGARDING THE GOVERNING BODY’S INTENT TO LEVY A PROPERTY TAX EXCEEDING THE REVENUE NEUTRAL RATE;

WHEREAS, the Revenue Neutral Rate for the City of South Hutchinson was calculated as 41.886 mills by the Reno County Clerk; and

WHEREAS, the budget proposed by the Governing Body of the City of South Hutchinson will require the levy of a property tax rate exceeding the Revenue Neutral Rate; and

WHEREAS, the Governing Body intends to hold a hearing and hear testimony from all interested taxpayers desiring to be heard as required by state law.

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

Section 1. The Governing Body of the City of South Hutchinson hereby sets a public hearing regarding its intention to exceed the Revenue Neutral Rate for September 19, 2022, at 6:00 p.m. to be held at City Hall located at 2 South Main Street and directs that notice of the public hearing be given as required by state law.

Section 2. The Governing Body of the City of South Hutchinson expresses its intention to exceed the Revenue Neutral Rate with a proposed mill levy of 43.500 mills.

Section 3. The Governing Body of the City of South Hutchinson directs the City Clerk to provide this resolution to the Reno County Clerk as notice of the City’s proposed intent to exceed the Revenue Neutral Rate.

This resolution shall take effect and be in force immediately upon its adoption and shall remain in effect until future action is taken by the Governing Body.

ADOPTED this 18th day of July in the year 2022 and **SIGNED** by the Mayor.

Mayor

Attested:

City Clerk

Meeting Date: July 18, 2022
Department: Administration
Prepared By: Joseph Turner, City Administrator
Agenda Title: Hearing on Creation of City of South Hutchinson Fiber Optic Project Community Improvement District

Background/Analysis – For many months, I have been working to bring state-of-the-art fiber internet connectivity to our residents as inexpensively as possible. This has been an extremely difficult process for a variety of reasons.

South Hutchinson is not eligible for any available grant funding, stimulus funding, or statewide initiative opportunities even though we are a rural community, and our average household income is fairly low. We also have an existing internet provider that provides internet connectivity options. These factors, combined with the rates and terms offered up through traditional bank financing, compel fiber companies like IdeaTek to invest their limited resources in more profitable and less risky projects and communities where the “take rate” percentage or customer acquisition time will be greater and faster because they need the subscriber fees to cover their debt service.

By creating a community improvement district and tapping the municipal bond market, we can secure rates and terms that are much more attractive to IdeaTek than traditional lending sources. This is because we can extend the amortization table across twenty (20) years instead of seven or so. According to conversations with our bond counsel, Gilmore & Bell, it is believed that this may be the very first usage of a CID to build out a fiber network in the state of Kansas.

The bonds are repaid through special assessments levied against the property owned by IdeaTek which comprises the district. The next step in this process is to conduct a hearing on the creation of the district and to pass Ordinance No. 22-03.

A development agreement outlining the specific obligations and the responsibilities of each party will be finalized at a later date and be brought before the governing body.

Financial Impact – Administrative costs incurred by the City will be reimbursed by IdeaTek through the funding of the general obligation bond.

Recommendation – Staff recommends the following actions:

1. Mayor Matt Nisly opens the hearing and allows for guest speakers to present information and for any members of the public to comment.
2. Following comments, a councilmember will motion to close the hearing, followed by a second and a vote.
3. Then a motion and second must be made to approve Ordinance No. 22-03.

EXHIBIT E – Ordinance No. 22-03 and Excerpt of Minutes

Gilmore & Bell, P.C.
06/27/2022

**EXCERPT OF MINUTES OF A MEETING
OF THE CITY COUNCIL OF
THE CITY OF SOUTH HUTCHINSON, KANSAS
HELD ON JULY 18, 2022**

The City Council (the "Governing Body") met in regular session at the usual meeting place in the City at 6:00 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)

The Mayor opened a public hearing for the purpose of receiving comments on the advisability of creating the City of South Hutchinson Fiber Optic Project Community Improvement District. It was determined by the governing body that notice of the public hearing was duly published in accordance with K.S.A. 12-6a26 *et seq.* Thereafter, the Mayor adjourned the public hearing.

An Ordinance was presented entitled:

AN ORDINANCE CREATING A COMMUNITY IMPROVEMENT DISTRICT IN THE CITY OF SOUTH HUTCHINSON, KANSAS; AUTHORIZING A CERTAIN PROJECT THEREIN; APPROVING THE ESTIMATED COSTS OF SUCH PROJECT; CONTAINING THE LEGAL DESCRIPTION AND MAP OF THE BOUNDARIES OF THE DISTRICT; APPROVING THE MAXIMUM AMOUNT AND METHOD OF ASSESSMENT; AND APPROVING THE METHOD OF FINANCING THE PROJECT.

Councilmember _____ moved that said Ordinance be passed. The motion was seconded by Councilmember _____. 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: _____.

The Mayor declared the Ordinance duly passed and the Ordinance was then numbered Ordinance No. ____, was signed by the Mayor and attested by the City Clerk and the Ordinance was directed to be published one time in the official newspaper of the City.

* * * * *

CERTIFICATE

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

(SEAL)

Clerk

Gilmore & Bell, P.C.
06/27/2022

(Published in *The Ninescaw Valley News* on July [22], 2022)

ORDINANCE NO. ____

AN ORDINANCE CREATING A COMMUNITY IMPROVEMENT DISTRICT IN THE CITY OF SOUTH HUTCHINSON, KANSAS; AUTHORIZING A CERTAIN PROJECT THEREIN; APPROVING THE ESTIMATED COSTS OF SUCH PROJECT; CONTAINING THE LEGAL DESCRIPTION AND MAP OF THE BOUNDARIES OF THE DISTRICT; APPROVING THE MAXIMUM AMOUNT AND METHOD OF ASSESSMENT; AND APPROVING THE METHOD OF FINANCING THE PROJECT.

WHEREAS, the city council (the “Governing Body”) of the City of South Hutchinson, Kansas (the “City”), has heretofore received a Petition pursuant to K.S.A. 12-6a26 *et seq.* (the “Act”) and adopted Resolution No. 22-590 of the City, containing the time and place of a public hearing on the advisability of creating a community improvement district in the City (the “District”), the general nature of proposed project within the District (the “Project”), the estimated costs of the Project, the proposed method of financing the Project, the proposed amount and method of assessment, if any, and a map and legal description of the proposed District; and

WHEREAS, Resolution No. 22-590 was published once a week for two consecutive weeks in *The Ninescaw Valley News*, the official City newspaper, on July 1, 2022 and July 8, 2022; and

WHEREAS, the Governing Body, on July 18, 2022, conducted a public hearing on advisability of creating the District; and

WHEREAS, the Governing Body hereby finds and determines it to be advisable to pass this Ordinance to create the District, authorize the Project therein, approve the estimated costs of such Project, contain the legal description and map of the boundaries of the District, approve the maximum amount and method of assessment for the Project and approve the method of financing the Project, all in accordance with the provisions of the Act.

THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SOUTH HUTCHINSON, KANSAS:

SECTION 1. Creation of the Community Improvement District; Legal Description and Map.

The Governing Body hereby finds and determines that it is advisable to create, in accordance with the provisions of the Act, the City of South Hutchinson Fiber Optic Project Community Improvement District (the “District”). The legal description of the District is as follows:

The South 35.00 feet of Lot 14, West Avenue “C”, Original Town of South Hutchinson, Reno County, Kansas TOGETHER WITH the North 15.00 feet of West Avenue “C” and the West 10.00 feet of South Washington Street, both reverting thereto by reason of vacation.

A map of the property contained in the District is set forth on *Schedule I* attached hereto and incorporated by reference herein.

SECTION 2. Authorization of Project; Estimated Costs.

(a) The Governing Body hereby authorizes the Project to be constructed and undertaken within the District, as follows:

Construction of a new facility to house certain improvements necessary in the creation of a fiber optic communication network for the benefit of the City of South Hutchinson, Kansas and its environs, including costs for infrastructure located outside the District but contiguous to any portion of the District and such infrastructure is related to a project within the District or substantially for the benefit of the District.

(b) The estimated costs of the proposed Project is \$1,500,000, to be increased at the pro rata rate of 1 percent per month from and after the date of passage of this ordinance creating the District.

SECTION 3. Method of Financing; Protest Period; No Sales Tax.

(a) The costs of the Project are proposed to be financed by full faith and credit general obligation bonds of the City as authorized by K.S.A. 12-6a36, such bonds payable by special assessments levied as set forth in **Section 4** hereof, and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City.

(b) There will be **no** community improvement district sales tax levied on property within the boundaries of the District.

SECTION 4. Special Assessments

There are hereby approved special assessments on property within the boundaries of the District, with the properties to be assessed, maximum amount, method of assessment and apportionment of cost for such Project approved to be as follows:

100% of the costs of the Project shall be assessed on all real property within the boundaries of the District. The proposed method of assessment is equally per square foot. Where the ownership of any parcel within the District is or may be divided into two or more parcels, the assessment to the parcel so divided shall be assessed to each ownership or parcel on a square foot basis.

SECTION 5. Effective Date. This Ordinance shall take effect and be in force from and after its passage and publication one time in the official City newspaper.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

PASSED by a majority vote of the City Council of the City of South Hutchinson, Kansas, on July 18, 2022.

(SEAL)

Mayor

ATTEST:

City Clerk

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

CERTIFICATE

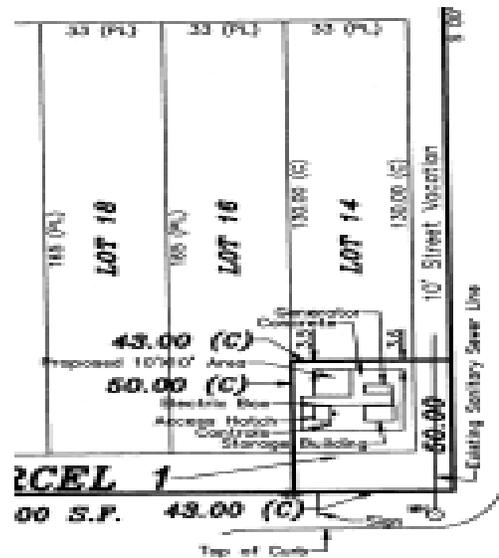
I, the undersigned, hereby certify that the above and foregoing is a true and correct copy of the original Ordinance No. ____ (the “Ordinance”) of the City of South Hutchinson, Kansas (the “City”); that said Ordinance was passed by the City Council on July 18, 2022, that the record of the final vote on its passage is found on page ____ of journal ____; that the Ordinance was published in the official newspaper of the City on July [22]; and that the Ordinance has not been modified, amended or repealed and is in full force and effect as of this date.

DATED: July [22], 2022.

Denise McCue, City Clerk

SCHEDULE I

**MAP OF PROPOSED COMMUNITY IMPROVEMENT DISTRICT
(CID PROJECT AREA IS DESCRIBED AS "PHASE I LOT")**



Meeting Date: July 18, 2022
Department: Administration
Prepared By: Joseph Turner, City Administrator
Agenda Title: Preliminary Engagement Letter with Stifel, Nicolaus & Company, Inc.

Background/Analysis – City staff selected Stifel, Nicolaus & Company, Incorporated (Stifel) to be the underwriter for this bond issue.

Stifel's rates and fees are extremely competitive, and they provide top notch customer service and attentiveness. Their team is based locally in Wichita and are timely with their responses and thorough in their research and due diligence. Ultimately, I trust the team of Steve Shogren and Bret Shogren and I am confident that our project will be handled with care.

The next step in this process is for the City of South Hutchinson to enter into a non-binding preliminary engagement letter where Stifel will effectively become the firm that underwrites and markets our bond offering to investors.

Financial Impact – None.

Recommendation – Staff recommends the council authorize city administrator to sign the preliminary engagement letter with Stifel.

Exhibit F – Stifel Engagement Letter



July 12, 2022

City of South Hutchinson, Kansas
2 South Main
South Hutchinson, Kansas 67505

Re: Underwriter Engagement Relating to Potential Municipal Securities Transaction for improving infrastructure within the City with Taxable General Obligation Bonds, Series 2022

Dear Joseph Turner:

The City of South Hutchinson, Kansas (“Issuer”) and Stifel, Nicolaus & Company, Incorporated (“Stifel”) are entering into this engagement letter to confirm that they are engaged in discussions related to a potential issue of (or series of issuances of) municipal securities related to Taxable General Obligation Bonds, Series 2022 (the “Issue”) and to formalize Stifel’s role as underwriter with respect to the Issue.

Engagement as Underwriter

Issuer is aware of the “Municipal Advisor Rule” of the Securities and Exchange Commission (“SEC”) and the underwriter exclusion from the definition of “municipal advisor” for a firm serving as an underwriter for a particular issuance of municipal securities. Issuer hereby designates Stifel as an underwriter for the Issue. Issuer expects that Stifel will provide advice to Issuer on the structure, timing, terms and other matters concerning the Issue.

Limitation of Engagement

It is Issuer’s intent that Stifel serve as an underwriter for the Issue, subject to satisfying applicable procurement laws or policies, formal approval by the City Council of Issuer, finalizing the structure of the Issue and executing a bond purchase agreement. While Issuer presently engages Stifel as the underwriter for the Issue, this engagement letter is preliminary, nonbinding and may be terminated at any time by Issuer, without penalty or liability for any costs incurred by the underwriter, or Stifel. Furthermore, this engagement letter does not restrict Issuer from entering into the Issue with any other underwriters or selecting an underwriting syndicate that does not include Stifel.

Disclosures Required by MSRB Rule G-17 Concerning the Role of the Underwriter

The Issuer confirms and acknowledges the following disclosures, as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2019-20 (Nov. 8, 2019)¹:

The following G-17 conflict of interest disclosures are broken down into three types, including: 1) dealer-specific conflicts of interest disclosures (if applicable); 2) transaction-specific disclosures (if applicable); and 3) standard disclosures. You may receive additional separate disclosure letters pursuant to Rule G-17 from the co-managing underwriters or other syndicate members for the Bonds if they have their own dealer-specific or transaction-specific disclosures.

¹ Revised Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective Mar. 31, 2021).

1. **Dealer-Specific Conflicts of Interest Disclosures**

Stifel has not identified any actual or potential² material conflicts of interest:

2. **Transaction-Specific Disclosures: Disclosures Concerning Complex Municipal Securities Financing:**

Since we have not recommended a “complex municipal securities financing” to the Issuer or Obligor, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17.

3. **Standard Disclosures**

- **Disclosures Concerning the Underwriters’ Role:**
 - MSRB Rule G-17 requires an underwriter to deal fairly at all times with both issuers and investors.
 - The underwriters’ primary role is to purchase the securities with a view to distribution in an arm’s-length commercial transaction with the Issuer. The underwriters have financial and other interests that differ from those of the Issuer.
 - Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer’s interest in this transaction.
 - The underwriters have a duty to purchase the securities from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the securities to investors at prices that are fair and reasonable.
 - The underwriters will review the official statement for the securities, if any, in accordance with, and a part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.³
- **Disclosures Concerning the Underwriters’ Compensation:**
 - The underwriters will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of

² When we refer to *potential* material conflicts throughout this letter, we refer to ones that are reasonably likely to mature into *actual* material conflicts during the course of the transaction, which is the standard required by MSRB Rule G-17.

³ Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters’ obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriters may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

Sincerely,

Stifel, Nicolaus & Company, Incorporated

By: 

Name: Bret Shogren

Title: Director

Issuer accepts and acknowledges the foregoing.

Accepted and Executed:

By: _____

Name: _____

Title: _____

Date: _____

Meeting Date: July 18, 2022
Department: Administration
Prepared By: Joseph Turner, City Administrator
Agenda Title: Adams St. Concrete Road Repairs

Background/Analysis – The asphalt road at the intersections of South Adams Street and Avenues E & F have deteriorated significantly over the last couple of years. The original surface was a simple 1.5-to-2-inch overlay on top of the dirt without a base for support.

Instead of installing a new asphalt section we are going to replace these two sections in-house with concrete.

As I have stated numerous times, our public works department needs to tackle significant projects where we can save taxpayers significant sums of money versus outsourcing to private vendors. This is especially so in this high-inflation environment where vendors are marking up projects dramatically.

Based on quotes that are several months old, we believe we can save approximately \$40,000 by doing this project with our team.

Financial Impact – Special Highway Fund 401-000-6002 has authorized expenditures totaling \$72,950 with one expense thus far totaling \$14,280 for crack sealing.

Recommendation – Staff recommends the council authorize city administrator to spend up to \$30,000 on concrete and materials to complete Adams Street road repairs.

Meeting Date: July 18, 2022
Department: Administration
Prepared By: Joseph Turner, City Administrator
Agenda Title: Water Rights Perfection Update

Background/Analysis – We are now halfway through the year, and I wanted to provide the governing body with an update on our water rights perfection efforts. I have previously shared the information in the table below showing that we must pump 144 and 148 million gallons of water to perfect these wells.

Municipal Water Rights Perfection Schedule								
Well #	Authorized Quantity (acre feet)	Authorized Quantity (gal.)	Greatest Quantity Used to Date (gal.)	Year	Perfected	Perfection Deadline	Extension Deadline	Conversion Ratio
City	1,072.37	349,433,000	358,127,400	2011	Eligible	2023	2033	n/a
3	428.45	139,610,000	201,270,000	2008	Eligible	2023	2033	n/a
4	442.87	144,310,000	116,775,700	2008	NO	2023	2033	n/a
5	454.53	148,110,000	118,601,400	2000	NO	2023	2033	n/a
	1,325.85	432,030,000	436,647,100	n/a	n/a			

Our stated goal has been to perfect Well No. 4, and we are well on our way to accomplishing this objective. Here is the latest update on our monthly production levels.

2022 Water Usage (gal.)				
	Well #3	Well #4	Well #5	Total
January	3,901,600	10,857,400	5,757,600	20,516,600
February	274,300	12,465,100	6,934,000	19,673,400
March	60,500	13,965,900	7,496,700	21,523,100
April	38,500	14,306,200	9,280,400	23,625,100
May	51,000	14,855,200	9,563,700	24,469,900
June	1,290,300	15,354,200	10,942,800	27,587,300
July	0	0	0	0
August	0	0	0	0
September	0	0	0	0
October	0	0	0	0
November	0	0	0	0
December	0	0	0	0
	5,616,200	81,804,000	49,975,200	137,395,400
Auth. Qty.	139,610,000	144,310,000	148,110,000	349,433,000
Amt. to Perfect	n/a	62,506,000	98,134,800	n/a

Meeting Date: July 18, 2022
Department: Administration
Prepared By: Joseph Turner, City Administrator
Agenda Title: Fireworks Stand Permits

Background/Analysis – This year one of our regular fireworks vendors purchased a brick and mortar building on Main Street and relocated their temporary stand to this permanent location. This set off a domino effect as a vendor has previously set up a temporary stand on the adjacent parcel. However, due to distance requirements, this vendor was forced to relocate to another area.

Our permits are issued on a first come first served basis.

Fire Chief Shae Barajas Brooks astutely observed and brought to my attention that this could be an issue next year if a temporary vendor seeking to locate at their original space next to this company were to request a permit before the owner of the permanent building.

It is my belief that our permitting process should give priority to permanent structures and wanted to get confirmation/support for this approach from the governing body.

Additionally, I am concerned that fireworks vendors operating in South Hutchinson are not filing their sales tax reports to the state correctly. Based on my research and conversations with the state, several vendors have not reported sales tax in our jurisdiction for the time period that would encompass our sales period.

Sales taxes are supposed to be submitted to the state via Form ST-36.

As part of our permit process, I am requesting that council authorize staff to include a requirement that vendors provide proof of correct submission of their transactions and sales taxes to the city as a condition for permit approval.

Meeting Date: July 18, 2022
Department: Administration
Prepared By: Joseph Turner, City Administrator
Agenda Title: Market South Hutchinson Review

Background/Analysis – The governing body previously directed staff to examine more fully our relationship with Market South Hutchinson, the entity that receives our transient guest tax (TGT) funds.

In the intervening period, Councilman Brian Garretson was appointed to the board of the organization. Both of us have attended their meetings since then.

During these meetings I have informed the group that the organizational by-laws and the agreement between it and the City need to be updated. I have attached those respective agreements for your review.

It is my desire to check-in with the governing body and discuss this issue in a bit more detail to get further guidance and clarity.

EXHIBIT G – Market South Hutchinson Agreement and By-laws

AGREEMENT

This article of agreement made and entered into this 15th day of February, 2005 by and between the City of South Hutchinson, Kansas, hereinafter known as "City" and Market South Hutchinson, hereinafter known as "MSH".

WHEREAS; although all of the revenue generated from the transient guest tax in the City of South Hutchinson is paid to the Greater Hutchinson Convention/Visitors Bureau, also known as CVB, by and through an agreement entered into by and between the City of Hutchinson, Kansas, the City of South Hutchinson, Kansas and the Hutchinson/Reno County Chamber of Commerce on January 1, 1995, and its amendments; and

WHEREAS; a portion of those funds are returned to the City of South Hutchinson each year to be utilized for convention and tourism promotion in accordance with state law; and

WHEREAS; the City of South Hutchinson has engaged an organization known as Market South Hutchinson to utilize such funds for the purpose of promoting convention and tourism within the City.

NOW THEREFORE;

1. The City hereby agrees to pay unto MSH, from time to time, all funds received by it from the CVB.
2. All such funds shall be utilized by MSH in a manner pursuant to and consistent with the purposes provided by State law for the use of transient guest tax revenues.
3. MSH shall account for all such funds received from the City by providing a financial report to the City illustrating its activities and expenditures each quarter, commencing April 1, 2005.
4. This agreement may be terminated by either party hereto at any time and for any reason by providing the other party written notification of such termination. In such event, termination hereof shall be effective upon receipt of such notification.

Attest: Dennis J. McLine

"CITY OF SOUTH HUTCHINSON"

Ronald W. Street, Mayor

"MARKET SOUTH HUTCHINSON"

Erwin Leper, chairman

Market South Hutchinson

BY-LAWS

The city of South Hutchinson has established a Transit Guest tax with proceeds to go to Market South Hutchinson.

The purpose of Market South Hutchinson is to use Transit Guest Tax collected by the city to promote the city to visitors, travelers and anyone coming into the city for any purpose.

All such funds shall be utilized by MSH in a manner consistent with the purposes provided by state law for the use of the transient guest tax revenues.

Market South Hutchinson shall consist of the present 7 members as of the date this document is approved. (Chairperson, one from Simmons Bank, One from Reno County Health Dept. One from K-State Extension, one from South Hutch Chamber/business at large, one from city of South Hutch, One from the Mennonite Communities. The member from any of these organizations may change as long as they are from the same organization.

Market South Hutchinson will consult with the city council on major changes.

Market South Hutchinson shall meet at least once every other month or as often as necessary, to plan projects and authorize expenditures by vote.

Market South Hutchinson shall give a financial report to the city Council every 2 months.

Approved by Market South Hutchinson on July 12, 2018

Approved by City of South Hutchinson on August 20, 2018

On July 8, 2021, the position of Vice Chairman/Chairman was created.
To be filled by one of the present members.

CITY OF SOUTH HUTCHINSON, KANSAS
JUNE 1 - JUNE 30, 2022
 (THIS FORM MEETS THE REQUIREMENTS OF KSA 12-1608)

Fund	FUND NAME	OLD	RECEIPTS	DISBURSEMENTS	NEW	WARRANTS	DESCRIPTION
		BALANCES		(Warrants Pd)	BALANCES	OUTSTANDING	check number
101	General Operating	1,840,698.47	395,089.49	148,366.85	2,087,421.11		
201	Water Utility	126,463.22	61,380.08	48,955.22	138,888.08	80.00	114938
202	Principle & Interest	0.00	0.00	0.00	0.00	23.00	115389
204	Water Reserve	782,121.65	8,333.33	7,222.94	783,232.04	96.38	115646
301	Sewer Utility	297,108.30	90,452.35	53,398.31	334,162.34	100.00	116327
303	Sewer Reserve	1,204,928.25	8,333.33	0.00	1,213,261.58	334.28	116497
401	Special Highway	129,874.10	2,456.47	0.00	132,330.57	350.00	116522
402	Flood Control Maintenance	9,781.62	9,523.62	0.00	19,305.24	18,000.00	116533
403	St/Econ Dev-Sales Tax	383,651.18	13,867.63	0.00	397,518.81	522.02	116536
501	Employee Benefit	23,188.81	12,579.58	402.06	35,366.33	110.00	116547
502	Employee Health Insurance	201,318.06	3,662.62	2,400.78	202,579.90	175.00	116559
601	Bond & Interest	295,633.95	256,883.22	0.00	552,517.17	75.00	116563
701	Convention/Tourism	0.00	0.00	0.00	0.00	2,640.00	116564
702	Donations	5,713.24	2,000.00	1,470.00	6,243.24	598.00	116566
703	Special Park	3,757.94	0.00	0.00	3,757.94	191.94	116576
705	CID Love's	4,590.84	2,392.96	0.00	6,983.80	426.24	116580
801	ASAP	29,248.36	2,242.94	200.00	31,291.30		
802	Diversion	11,549.49	150.00	0.00	11,699.49		
805	Special Events	837.48	0.00	0.00	837.48		
806	Special Law Fund	1,453.12	1,500.00	0.00	2,953.12		
808	ARPA	189,845.79	189,845.79	0.00	379,691.58		
810	Neighborhood Revitalization	0.00	0.00	0.00	0.00		
811	Community Center	20,012.25	770.00	1,264.45	19,517.80		
812	Technology	5,327.44	220.00	0.00	5,547.44		
901	Equipment Reserve	717,839.86	66,620.82	36,926.00	747,534.68		
902	Capital Improvement Reserve	1,524,497.72	2,166.68	70,105.00	1,456,559.40		
911	2021 Temp Notes	0.00	0.00	0.00	0.00	(390.15)	Cr Card OSD
912	Bond Cost of Issuance	0.00	0.00	0.00	0.00		
913	Insurance Proceeds	4,514.00	0.00	4,514.00	0.00		
	TOTALS	7,813,955.14	1,130,470.91	375,225.61	8,569,200.44	23,331.71	8,592,532.15
	AVAILABLE CASH:						
	Petty Cash				450.00		
1001	SIMMONS BANK - CHECKING ACCOUNT #100366				327,463.51		
1000	SIMMONS BANK - MMDA ACCOUNT #603570				4,335,696.89		
1008	SIMMONS BANK - CHECKING RESERVE # 1725				1,700,221.59		
1006	FARMERS BANK - FREEDOM CLAIMS MANAGEMENT INC				203,699.90		
1020	MUNICIPAL INVESTMENT POOL FUND 0203-01				0.26		
1050	SIMMONS BANK - Certificate of Deposit 06-02-2022 - Cap Equip 197818529				300,000.00		
1055	SIMMONS BANK - Certificate of Deposit 05-18-2022 General 197817117				500,000.00		
1056	SIMMONS BANK - Certificate of Deposit 06-02-2022 - General 197818420				200,000.00		
1057	SIMMONS BANK - Certificate of Deposit 06-02-2022 - General 197818503				250,000.00		
1075	SIMMONS BANK - Certificate of Deposit 06-02-2022 - Water 197818511				275,000.00		
1076	SIMMONS BANK - Certificate of Deposit 11-05-2021 - Water 197789886				200,000.00		
1080	Temporary Notes 2021				300,000.00		
	TOTAL AVAILABLE CASH (TO AGREE WITH TOTAL FUNDS)				8,592,532.15		
	I, SHEILA STEVENS, DO HEREBY CERTIFY THAT THE ABOVE STATEMENT IS CORRECT.						
	<i>Sheila Stevens</i>				CITY TREASURER		7/12/2022

2022 Monthly Water and Sewer Accounts

Month	Res Acct.	Com Act	Total	New	Disconnect	Late
January	851	213	1064	9	9	112 Res 11 Comm
February	848	211	1059	8	10	115 Res 12 Comm
March	849	212	1061	9	13	114 Res 11 Comm
April	849	211	1060	11	9	127 Res 4 Comm
May	848	211	1059	8	15	113 Res 7 Comm
June	846	211	1057	13	18	130 Res 12 Comm
July						
Aug						
September						
October						
November						
December						

PUBLIC WORKS REPORT

To: Honorable Mayor and City Council

From Ronnie Pederson, Public Works Superintendent

Re: Public Works Superintendent report for July 18th City Council Meeting

Date: July 13, 2022

Streets

- Mowed irrigated city property.
- Mowed rough cut city property.
- Tractor mowing. (Greased mower)
- Cleaned up park area from the 4th of July fireworks show. (Removed barricades)
- Ordered AB3 rock.
- Ordered chemicals. (Weed killer)
- Repaired dump truck exhaust.
- Riding mower repairs.
- Cleaned city hall AC units.

Water

- Weekly checks and inspections completed.
- Monthly state water samples collected.
- Completed painting all 3 water wells.
- Changed out chlorine cylinders at water wells.
- Poured concrete pad at water well #4 for gen that has been ordered.
- Continued cleaning out water meter pits and inspection for lead and copper revisions.
- Completed dead ends for the month.
- Changed out meter pit and repaired setters.
- Red tag customer.
- One call utility locates.

Wastewater

- Daily and weekly checks and inspections completed.
- Monthly maintenance completed at wastewater facility and lift stations.
- Collected state wastewater samples for analysis.
- Prepared for annual priority pollutant scan testing per KDHE permit.
- Cleaned UV bulbs and clarifier channels.
- Working with reps on digester diffuser replacement project. (Quotes in progress)
- Ordered VFD for sludge handling facility press sludge pump. (Zenor Electric installed 7/13/2022)
- Pressed and wasted sludge.
- One call utility locates.

Activity Report July 18th, 2022

- Chief Barajas attended a mutual training with Manhattan Fire Dept. over ISO grading guideline changes.
- SHFD received about \$1,200 worth of equipment from the forestry service for free from their surplus equipment.
- Currently working with Reno County on setting up combined quarterly training with the Volunteer Departments.
- Setting up annual pump testing in Aug. with Reno County, and annual aerial testing with Hutchinson Fire Dept. in Sept.
- We received our approval letter for the Forestry 50/50 Grant. SHFD was approved for up to \$7,564.08. This will be utilized to purchase a radio, pagers, 2 Fire shelters for the Brush truck and a thermal imaging camera.
- SHFD attended the L.O.D.D. funeral of Josh Haynes in Pleasanton, Ks. on June 29th.
- Training with Sedgwick County and Evergy on Aug. 4th.
- July 19th Training webinar over electric car fires set up at the SHFD Station.
- Scheduling our 2nd Annual 9/11 Memorial Walk for Sept. 10th.

Calls for June 2022

Canceled En Route	3
EMS Incident	26
Medical Assist	1
Public Assist	3
False Alarm	2
Vehicle Fire	1
Special Incident	1
Hazardous Condition	1
Trash/Rubbish Fire	1
Over Pressure/Rupture	1

40 Calls

Total for 2022: 310



CITY ADMINISTRATOR'S REPORT

To: Honorable Mayor and City Council

From: Joseph Turner, City Administrator

Re: City Administrator Report for July 18th Regular City Council Meeting

Date: July 14, 2022

SCKEDD/Housing Programs

I have had recent meetings and communications with Reno County Commissioner Ron Hirst and representatives for SCKEDD to discuss various housing programs. Most recent, I met with SCKEDD officials to discuss the KHRC moderate income housing program to explore options with their down payment assistance program. The ultimate goal being to encourage/incentive home building in Prairie Ridge.

Interfaith Housing

Met with representatives from Interfaith Housing to discuss various programs to improve our local housing stock as well as discuss a potential development geared towards serving military veterans in our region. Clint Nelson, their Director of Housing, will be on hand to discuss the project in more depth.

KDHE Consent Order/Tyson Foods

Staff will submit our first quarterly report as part of the agreed upon consent order with KDHE. Tyson states that they may have identified a main source of their chlorides and are awaiting lab reports from various tests they have undertaken. Superintendent Pederson reports that our effluent chloride levels have decreased dramatically over the last two months. Based on these two pieces of information, I am cautiously optimistic about the progress that is being made.

Scott Blvd Bridge

The closure of Scott Boulevard to begin demolition and reconstruction slated for July 8th was pushed back due to weather and supply chain issues. We have not received an updated closure announcement but expect the project to begin before the end of the month.

Reno County/Hutchinson 150th Sesquicentennial Celebration

The mile long block party to celebrate the 150th birthdays of Reno County and Hutchinson will take place on August 18th. Staff have been discussing ways we may participate in this event and represent the City of South Hutchinson. All/most other cities are participating in some capacity.