



EL DORADO CITY COMMISSION – REGULAR MEETING AGENDA
CITY HALL – 220 E. FIRST AVENUE
July 5, 2022 – 6:30 PM

- 1. Call to Order**
- 2. Roll Call**
- 3. Invocation** – Pastor Jurdan Counts with the Park Avenue Baptist Church
- 4. Pledge of Allegiance**

Proclamations and Recognition

- 5. Parks and Recreation Professionals Day**

Personal Appearances. Personal appearances are opportunities for organizations or citizens to make special presentations before the City Commission. Such appearances are scheduled in advance of the meeting by calling City Clerk Tabitha Sharp at (316) 321-9100 by 5:00 pm the Tuesday preceding the meeting. Presentations are limited to ten minutes. Any presentation is for information purposes only; no action will be taken.

- 6. C.J. Wilson – Dam Jam Music Festival**

7. Public Comments. Persons who wish to address the City Commission regarding items not on the agenda and that are under the jurisdiction of the City Commission may do so when called upon by the Mayor. Comments on personnel matters and matters pending in court are not permitted. Speakers are limited to three minutes. Any presentation is for information purposes only; no action will be taken.

Consent Agenda (*Consent agenda items will be acted on by one motion unless a majority of the City Commission votes to remove an item for discussion and separate action.*)

- 8. Approval of City Commission Minutes from [June 20, 2022](#) and City Commission Work Session from [June 15, 2022](#).**

Old Business

- 9. None**

New Business

- 10. Gordy Heritage, LLC Industrial Revenue Bond Request**
- 11. Setting a Public Hearing for the Revenue Neutral Rate (RNR)**

Discussion Items

- 14. None**

Reports

- 15. City Commission and Advisory Board Updates**
- 16. City Manager**

Executive Session

17. None

Adjournment

18. Consideration of a motion to adjourn the July 5, 2022 regular meeting

PUBLIC COMMENT POLICY:

Citizens are encouraged to address the City Commission during regularly scheduled meetings. This policy is intended to provide some guidelines to ensure that all El Dorado citizens have a chance to address the Commission.

1. Each citizen will state their name and address before making comments.
2. There are no residency requirements.
3. Each citizen will have three minutes to present his or her comments.
4. An extension of time, if necessary, may be approved but must be by a majority of the City Commission.
5. Comments or questions will be directed only to the City Commission.
6. Citizens will follow the decorum policy.
7. Debate or argument between parties in the audience will not be allowed.
8. Certain legal issues may not be discussed. (Examples include but are not limited to personnel issues, lawsuits, etc.)
9. Violation of this public comment policy will result in the citizen being directed to cease or resume sitting.

Approved by the Commission this 2nd day of May 2005.



PROCLAMATION

THE CITY OF EL DORADO, KANSAS

WHEREAS parks and recreation programs are an integral part of communities throughout this country, including the City of El Dorado; and

WHEREAS our parks and recreation are vitally important to establishing and maintaining the quality of life in our communities, ensuring the health of all citizens, and contributing to the economic and environmental well-being of a community and region; and

WHEREAS our parks and recreation professionals daily maintain our pools, beaches, campsites, marinas, picnic areas, athletic fields, skate parks, dog parks, festival venues, gardens, visitor centers, historic and cultural attractions, and many other recreational facilities and amenities normally as unsung services; and

WHEREAS Kansas local parks generate over \$1 billion in economic activity annually with the service of parks and recreation professionals; and

WHEREAS there are over 8,000 programmers, managers, maintainers, landscapers, facilitators, lifeguards, coaches, event organizers and caretakers who plan, provide, operate and enhance the experience of our parks, recreation programs and facilities in the State of Kansas; and

WHEREAS the City of El Dorado recognizes the benefits derived from the service of our parks and recreation professionals

NOW, THEREFORE, I, Bill Young do hereby recognize Friday, July 15, 2022 as

PARKS AND RECREATION PROFESSIONALS DAY

and I call this observance to the attention of all of our citizens.

IN WITNESS THEREOF, I have hereto set my hand and caused the Official Seal of the City of El Dorado, Kansas to be affixed the 5th day of July, 2022.

Mayor Bill Young

Seal

Tabitha Sharp, City Clerk

EL DORADO CITY COMMISSION MEETING

June 20, 2022

The El Dorado City Commission met in a regular session on June 20, 2022 at 6:30 p.m. in the Commission Room with the following present: Mayor Bill Young, Commissioner Kelly Tetrick, Commissioner Gregg Lewis, Commissioner Leon Leachman, Commissioner Kendra Wilkinson, City Manager David Dillner, City Engineer Scott Rickard and Administration Director Tabitha Sharp. Absent: City Attorney Ashlyn Lindskog

VISITORS

Mike Holton	220 E 1 st Ave	El Dorado, KS
Phil Benedict	El Dorado Chamber	El Dorado, KS
Emily Connell	El Dorado Main Street	El Dorado, KS
Alyssa Warner	220 E 1 st Ave	El Dorado, KS
Jason Patty	220 E 1 st Ave	El Dorado, KS
Katie Miller	Kansas Municipal Utilities	El Dorado, KS
Scott Hackler	351 NE Cole Creek Rd	El Dorado, KS
Vince Haines	300 N Star	El Dorado, KS
Steve Waite	El Dorado Main Street	El Dorado, KS
Craig Yaryan	El Dorado Main Street	El Dorado, KS
James & Melissa Briscoe	421 S High	El Dorado, KS

CALL TO ORDER

Mayor Bill Young called the June 20, 2022 meeting to order.

INVOCATION

Pastor Mark Somerville, Family Worship Center, opened the meeting with an invocation.

PLEDGE OF ALLEGIANCE

The City Commission led the Pledge of Allegiance.

PROCLAMATIONS AND RECOGNITIONS

Katie Miller, Kanas Municipal Utilities, presented Public Utilities Director Jason Patty with the “Wastewater Operator of the Year” award.

PERSONAL APPEARANCE

Phil Benedict, El Dorado Chamber of Commerce, gave an update on the Chamber’s activities.

PUBLIC COMMENT

Mayor Bill Young opened the floor for public comments.

There were no comments.

CONSENT AGENDA

Approval of the City Commission minutes from June 6, 2022 and City Commission Work Session minutes from May 11 and June 1, 2022.

Approval of Appropriation Ordinance No. 05-22 in the amount of \$1,096,214.45.

Approval of Resolution No. 2941 for a Temporary liquor Permit for Gold Fest on September 24, 2022.

Commissioner Leon Leachman moved to approve the consent agenda as presented.

Commissioner Kendra Wilkinson seconded the motion.

Motion carried 5 – 0.

NEW BUSINESS

DOWNTOWN UNDERGROUND ELECTRIC PROJECT

City Manager David Dillner stated that the Commission authorized participation in this project in 2021 and allocated \$380,000 for the project. He stated that the City was required to obtain easements for this project and has run into obstacles that prevent us from moving forward without additional direction from the City Commission.

Commissioner Kendra Wilkinson stated that this project has not been what Evergy had originally talked to the Commission about. She stated that there has been a lot of time from Engineering involved in the project, and Evergy has yet to move forward with a project they originally stated had to start in January of 2022. She stated that the size and number of easements has increased as they have continued to change the project. She stated that while she originally supported the project, she is now having trouble moving forward with it.

Commissioner Gregg Lewis confirmed that everything will still be upgraded downtown if we choose not to move forward.

City Engineer Scott Rickard stated that it will be up to Evergy. He stated that at the beginning of this project, they did state that they needed to do an update downtown.

Mayor Bill Young stated that in August, Evergy stated that the project would be done, they would just move forward with putting it underground with the City's participation.

City Engineer Rickard stated that he didn't want to promise anything because there was no agreement for that.

Commissioner Kelly Tetrick stated that he agreed with Commissioner Wilkinson. He stated that he doesn't support eminent domain and without that, there will be little hope to move the project forward.

Commissioner Lewis stated that he also agreed with Commissioner Wilkinson.

Steve Waite, El Dorado Main Street, stated that they felt blindsided because they haven't been given all of the information. He stated that he felt that they should get to know if this is a ten dollar project or a ten million dollar project. He stated that the downtown creates a lot of revenue for the City of El Dorado and feels that the money allocated to this project is being sent to another project that the Commission wants to do.

Commissioner Leon Leachman stated that he would like to know the final cost.

Mayor Young stated that the goal posts have moved several times on this project. He stated that he supported the project from the beginning, but the challenge is that the price has increased and the size of the easements has increased. He stated that in an executive session, the Commission agreed on an amount so that the real estate negotiations could be done. He stated that there are multiple businesses who desire more money than offered and others who have expressed that they do not want to allow access to their easement.

Mayor Young stated that they have talked about eminent domain before, but that those discussions revolve around blighted properties. He stated that contrary to what was said, there are no plans to spend this money elsewhere at this time. He stated that he is a big believer in property rights, and if the business owners were inclined to move forward with the project, they would agree to allow the use of the land. He stated that he has talked to business owners on all sides of this project.

Mayor Young stated that the report provided explains the process that has been completed up to this point and that staff have followed the direction of the Commission.

Commissioner Wilkinson stated that she understood the upset, but the upset should be directed at Evergy.

Mr. Waite stated that Evergy pays a lot of franchise fees to the City and every project has changes. He stated that perhaps a benefit district could be set up.

City Manager Dillner stated that the problem with a benefit district is that we do not have a total cost. He stated that there is currently a ceiling set by the City Commission on what we have to offer, we can't negotiate past that.

Commissioner Tetrick stated that the Commission has already decided what they are comfortable with and he is unwilling to force owners to release their property.

EL DORADO CITY COMMISSION MEETING

June 20, 2022

City Engineer Rickard stated that there are some who support, and some who have questions, but others who have said no. He stated that as discussed with the Commission, they have worked with Evergy to get around some, but are unable to get around others.

Mr. Waite stated that he would donate his property on Vine for a staging area.

City Engineer Rickard stated that typically project planning begins five years out and we identify all of the issues ahead of time, this project was backwards. He stated that after the public meeting, the map of easements grew significantly.

Commissioner Lewis stated he thought we should give Main Street sixty days to negotiate with the owner's downtown.

City Engineer Rickard stated that you have to be very careful negotiating easements for a municipality.

Mayor Young stated that he wasn't comfortable with anyone else negotiating on the City's behalf.

Commissioner Lewis asked if they could discuss the amount in an executive session.

City Engineer Rickard stated that once they got past the amount approved by the Commission, he came back to them to let them know what had happened and has not moved forward until he received further instruction from the Commission.

Scott Hackler, 357 NE Cole Creek Rd, stated that he owns three businesses downtown. He stated that if this project moves forward, he is going to lose parking and Evergy will be able to block his drive at any time. He stated that none of his customers have ever commented on the electrical poles in his parking lot. He stated that he felt there were no noticeable improvements to the look of downtown. He stated that the new transformers will be more visible than the current poles. He stated that in addition to all of that, he will never be able to expand his business due to the easement. He stated that other than a moderate compensation for the easement, he did not see any benefit to this project.

Commissioner Leachman stated that what bothers him the most is the people saying no. He stated that there are enough saying no that it stops the project.

Commissioner Tetrick stated that there are going to be poles above ground either direction within a block of this area. He stated that he felt that there is too much money involved now.

Commissioner Wilkinson asked if it got tabled for thirty days, we have to ask what the Commission would expect to happen in thirty days.

Commissioner Leachman asked at what point there would be too many properties to work around.

EL DORADO CITY COMMISSION MEETING

June 20, 2022

City Engineer Rickard stated that it was about the money.

Commissioner Lewis asked if they could leave Mr. Hackler's project out.

City Engineer Rickard stated that he has discussed it with Evergy and they cannot work around it. He stated that Evergy is going to want an answer soon.

Commissioner Leon Leachman moved to table the project for thirty days at which time he would like to understand how many properties have said they will not sell their easements to the City and also how much more money would be needed to purchase easements.

Commissioner Kendra Wilkinson stated that she would like to have an answer by July 18th.

Commissioner Gregg Lewis seconded the motion.

Mayor Young stated that they discussed in executive session what they were willing to spend on this project. He stated that they directed staff to stay within that amount and if they couldn't, they would not move forward. He stated that he did not support delaying it thirty days.

Motion failed 2 – 3 (Mayor Young, Commissioners Tetrick and Wilkinson voted against it).

Commissioner Kelly Tetrick moved to discontinue the City's participation in a previously authorized project to underground electric infrastructure within downtown El Dorado and releases such funds necessary for the City's share of the project.

Commissioner Kendra Wilkinson seconded the motion.

Commissioner Wilkinson stated that this is a painful decision.

Motion carried 3 – 2 (Commissioners Lewis and Leachman voted against).

ANNUAL EQUIPMENT RESERVE AND BUILDING RESERVE FUND TRANSFERS

City Manager David Dillner stated that at the end of each year, staff review the fund balances and recommend how to allocate any excess funds. He stated that equipment reserve is used to replace items such as trucks or other equipment. He stated that the building reserve fund will be created to replace items such as air conditioners or other large items.

Commissioner Leon Leachman asked if, when the funds are needed for a specific purchase or project, staff would come back to the Commission for authorization.

City Manager Dillner stated that it follows the purchasing policy, any non-budgeted item over \$40,000 would come to the Commission for approval.

EL DORADO CITY COMMISSION MEETING**June 20, 2022**

City Manager Dillner reviewed the proposed transfers:

	General Fund	Water Fund	Sewer Fund	Refuse Fund	Stormwater Fund
Fund Balance					
12/31/2021	\$ 2,315,812.92	\$ 2,514,379.90	\$ 1,273,139.60	\$ 841,854.54	\$ 374,456.94
Equipment					
Reserve	\$ 500,000	\$ 200,000	\$ 200,000	\$ 416,000	\$ 100,000
Building					
Reserve	\$ 100,000	\$ 175,000	\$ 100,000	\$ 50,000	\$ -

City Manager Dillner stated that this is part of a new strategy to better invest our monies and directly benefit the funds they come from.

Commissioner Leon Leachman moved to approve Ordinance No.1371 authorizing the creation of building reserve funds for the City of El Dorado, Kansas.

Commissioner Kendra Wilkinson seconded the motion.

Motion carried 5 – 0.

Commissioner Leon Leachman moved to approve the proposed fund transfers as submitted.

Commissioner Kendra Wilkinson seconded the motion.

Motion carried 5 – 0.

PURCHASE AUTHORIZATION FOR COMBINATION SEWER TRUCK

City Manager David Dillner stated that bids were received for a new sewer vacuum truck. He stated that the cost of \$318,487 would be paid from the water fund.

Public Utilities Jason Patty stated that they will be utilizing this truck for redundancy in service. He stated that one truck will be used for camera services and vapo-rooting. He stated that the other would be for leaks and emergency situations.

Mayor Bill Young stated that the conduit from the stadium to Butler's campus wasn't correct and the City was able to use their truck to repair it with no problem.

Commissioner Leon Leachman asked if it was both a water force and vacuum truck.

Public Utilities Director Patty stated that it was able to do both.

Commissioner Kendra Wilkinson asked when it was expected.

Public Utilities Director Patty stated that he expected it at Christmas.

EL DORADO CITY COMMISSION MEETING

June 20, 2022

Commissioner Kelly Tetrick moved to approve the purchase of a new combination sewer truck from RED Equipment Company, LLC in the amount of \$318,487 and authorize the City Manager to execute any associated paperwork.

Commissioner Gregg Lewis seconded the motion.

Motion carried 5 – 0.

COMMISSION MEETING TIME CHANGE

City Manager David Dillner stated that at a previous meeting, the City Commission requested that staff bring an ordinance changing the time of the Commission meetings to 5:30 p.m., the ordinance is in the packet for their approval.

Commissioner Leon Leachman moved to approve Ordinance No. 1372, an Ordinance amending Title 2, Section 2.04.090 of the City of El Dorado, Kansas Municipal Code relating to the scheduling of regular City Commission meetings.

Commissioner Kendra Wilkinson seconded the motion.

Mayor Bill Young stated that he brought this up to not only allow the Commission and staff to attend Monday evening events, but also to shorten the days for staff and the Commission who work a full day prior to the meeting.

Motion carried 5 – 0.

REPORTS

CITY COMMISSION AND ADVISORY BOARD UPDATES

Commissioner Gregg Lewis asked if the house on Summit is moving forward.

City Engineer Scott Rickard stated that a permit has been pulled, but no work done. He stated that the property on North Star has been sold. He stated that one of the others has some structure difficulties, but progress is being made.

Mayor Bill Young asked what happens to the property that was sold.

City Engineer Rickard stated that our code states that

Commissioner Leon Leachman discussed upcoming activities through Experience El Dorado. He also commended the Mayor on a great presentation last week with the Chamber.

Commissioner Leachman asked who someone should call about a blighted property.

City Manager Dillner stated that they should call the Engineering department.

Mayor Young commended staff on their continued development.

CITY MANAGER REPORT

City Manager David Dillner stated that the pool is up and running.

City Manager Dillner stated that assessed valuations went up approximately 9%. He stated that staff will return with information on the revenue neutral rate.

City Manager Dillner stated that this weekend is garage sale weekend and we have over 100 homes on the list.

Fireworks

ADJOURNMENT

Commissioner Kendra Wilkinson moved to adjourn the meeting at 8:06 p.m.

Commissioner Kelly Tetrick seconded the motion.

Motion carried 5 – 0.

City Clerk Tabitha D. Sharp

Mayor Bill Young

EL DORADO CITY SPECIAL COMMISSION MEETING

June 15, 2022

The El Dorado City Commission met in special session on June 15, 2022 at 5:00 pm at 220 E 1st Avenue with the following present: Mayor Bill Young, Commissioner Kelly Tetrick, Commissioner Gregg Lewis, Commissioner Leon Leachman (arrived at 5:40 p.m.), Commissioner Kendra Wilkinson, City Manager David Dillner, City Engineer Scott Rickard and City Clerk Tabitha Sharp. Absent: City Attorney Ashlyn Lindskog

VISITORS

Mike Holton	128 N Vine	El Dorado, KS
Jason Patty	220 E 1 st Ave	El Dorado, KS
Alyssa Warner	220 E 1 st Ave	El Dorado, KS
Emily Connell	El Dorado Main Street	El Dorado, KS

CALL TO ORDER

Mayor Bill Young called the June 15, 2022 Special City Commission meeting to order at 5:00 p.m.

WORK SESSION DISCUSSION ITEMS

WATER AND SEWER STUDY OVERVIEW

Public Utilities Director Jason Patty reviewed the results of the water and sewer studies.

DOWNTOWN ELECTRIC PROJECT

City Engineer Scott Rickard stated that staff were given a budget to acquire easements and began the process. He stated that while some have been supportive, there are some who are not. He stated that there are at least two properties who have refused to be part of the project and a few who have requested more money than is available in the budget given.

Mayor Bill Young asked what the Commission should do from here.

City Manager David Dillner stated that they would have to discuss it at the regular meeting and either direct staff to offer more or cancel the project.

Commissioner Kendra Wilkinson asked if we had heard from Evergy.

City Engineer Rickard stated that they have scheduled a meeting with him on Tuesday.

Commissioner Wilkinson asked if they could see a list of the number of businesses in favor and those not.

City Engineer Rickard stated that those who have said no will cause the project to stop unless the Commission is willing to move forward with condemnation of the easements.

Commissioner Kelly Tetrick stated that he felt that they had tried to make it work, but he wasn't willing to put more money into it.

Commissioner Gregg Lewis asked how the two banks would be impacted.

City Engineer Rickard stated that Community National is not part of the project. He stated that Emprise would lose some landscaping. He stated that staff have not reached out to businesses since the last Commission meeting because there was nothing else that could be done until the Commission makes a decision. He stated that each property received information on the project and their rights as the property owner. He stated that several have stated that it's not about money, they are just not interested in doing the project.

Commissioner Tetrick stated that it was time to make a decision.

Mayor Young stated that they would discuss it on Monday.

COMMISSION MEETING TIME CHANGE ORDINANCE

Mayor Bill Young stated that at the last meeting, he asked that the meeting time be moved up to accommodate the schedules of the Commission and staff who have children involved in recreation league sports. He stated that he also felt that having the meetings at 6:30 p.m., it causes staff to be here an hour and a half extra before the meeting begins.

The Commission agreed to review the ordinance at the next meeting.

REVENUE NEUTRAL RATE DISCUSSION

City Manager David Dillner reviewed the information received from the County on the City's new assessed valuation. He stated that if we intend to request any of the funds generated by the increased valuation, the Commission must approve a Resolution stating that the City intends to exceed the Revenue Neutral Rate. He stated that this is especially important this year as the Revenue Neutral Rate law will be enforced fully and the County will be required to send out the information to each property owner.

Mayor Bill Young stated that the purchasing power piece was important because it helps us understand how the City is impacted by the change in the assessed valuation.

Commissioner Kelly Tetrick stated that he would like to see the amount that at least gets the City back to zero in reference to purchasing power.

Commissioner Kendra Wilkinson confirmed that because the city had to adopt the intent to exceed the revenue neutral rate in order to maintain the mill levy.

City Manager Dillner stated that she was correct.

Commissioner Wilkinson asked if the legislators knew how this was affecting the cities.

City Manager Dillner stated that they enacted this law because prior to this, cities were able to absorb the increase in assessed valuation without raising the mill levy. The legislators felt that this was mostly dishonest and felt they should do this.

Commissioner Leon Leachman stated that he felt that the citizens may complain, but in truth, may not show up to speak at the meetings.

Commissioner Kelly Tetrick stated that it was just a bad law because while we do not actually set the valuation, we have to react to it.

Commissioner Gregg Lewis asked if the increase could fund three new fire fighters.

City Manager Dillner stated that staff do not have that information available yet, this is the first step. He stated that the Resolution must be approved and submitted to the County by July 20th. He stated that after that, a public hearing must be held between August 20th and September 20th for the revenue neutral rate and the budget.

REGULAR AGENDA PREVIEW

The City Commission reviewed the items to be placed on a future agenda.

COMMISSION REPORTS

Commissioner Gregg Lewis asked if the pool was opening.

City Manager David Dillner stated that it was next week, he was going to put a video out on Friday.

Mayor Bill Young asked if staff was going to bring the information on trapping.

City Manager Dillner asked what exactly the Commission wanted.

Mayor Young stated that he wanted to understand the current ordinance before they had further discussion.

Staff explained that the current ordinance states that traps will be set only by the animal control officer Monday through Thursday and picked up Monday through Friday. There are no fees associated with trapping.

The Commission agreed that they did not need to see anything else.

CITY MANAGER REPORT

There was no report.

ADJOURNMENT

Commissioner Kendra Wilkinson moved to adjourn the meeting at 6:26 p.m.

Commissioner Leon Leachman seconded the motion.

Motion carried 5 – 0.

City Clerk Tabitha D. Sharp

Mayor Bill Young

TO: City Commission
FROM: David Dillner, City Manager
SUBJ: Gordy Heritage, LLC Industrial Revenue Bond Request
DATE: June 24, 2022

Background: Gordy Heritage, LLC requested the City issue its industrial revenue bonds (IRBs) to finance the cost of the rehabilitation of two apartment complexes, consisting of 124 units. The two existing apartment complexes under consideration for IRBs are Gordy Square (200 N. Gordy) and Heritage House Apartments (211 N. Gordy).

Investment Resources Corporation is a real estate development and holding company that specializes in multi-family and affordable housing projects. The company has received an award of low-income housing tax credits from the Kansas Housing Resources Corporation to assist with the purchase and redevelopment of the aforementioned apartment complexes.

The developer estimates the total project costs at \$13.3 million with approximately \$8.5 million in construction expenses. The developer requested IRBs to help offset a portion of the construction expenses.

The City's industrial revenue bond policy does not explicitly allow the issuance of IRBs for multi-family housing, although it does allow the City Commission to "deviate from any policy or procedure if the governing body determines that such deviation is of exceptional benefit to the City or extraordinary circumstances prevail."

The City Commission should make a finding as to the reasons for deviating from policy. The following points may provide sufficient justification for proceeding with the issuance of IRBs for the project:

- Goal No. 4 of the Comprehensive Plan addresses housing by stating that the City shall work to "*ensure that all El Dorado citizens have access to affordable, quality housing opportunities.*" Objectives under this goal include:
 - Revitalization of existing residential areas in need of improvements; and
 - Increase and improve the supply of quality residential rental properties.
 - Meet the special housing needs of our current and future residents and improve housing choices for special needs and underserved populations (i.e., explore options to expand affordable senior-occupied homes, apartments, assisted living, and nursing home facilities).
- The City Commission defined housing as a priority. The strategic plan states that "*Collaborate with area developers and builders to facilitate **housing opportunities** for the community.*"
- The subject properties are located within an Opportunity Zone. The City's IRB policy states "*the City will consider granting tax abatements to properties in the existing tax base as a taxable use if such property is included in an area designated as an Opportunity Zone where such project has the potential to serve as a significant catalyst for revitalization and investment within the designated area.*"
- The developer requests an abatement only on the incremental increase in valuation and agrees to remit a payment-in-lieu of taxes (PILOT) equal to \$50,000, for that portion of the project currently paying taxes.
- The cost-benefit analysis prepared by Wichita State University demonstrated a positive benefit to all taxing entities following the completion of the project.

Policy Issue: Should the City authorize the issuance of its industrial revenue bonds to help offset a portion of construction expenses for this project?

Strategic Priority: The strategic priority of the City applicable to this request is:

Economic Development – *The City of El Dorado actively works to create an environment that facilitates capital investment, produces jobs, and increases the tax base of the community.*

Collaborate with area developers and builders to facilitate ***housing opportunities*** for the community.

Attachments:

- Gordy Heritage, LLC Application for Industrial Revenue Bonds
- Gordy Heritage, LLC Cost-Benefit Analysis prepared by Wichita State University
- Agreement for the Payment in Lieu of Taxes (PILOT)
- Initial Proceedings – Gordy Heritage
- Notice of Public Hearing for the newspaper and taxing entities

Fiscal Impact: The developer will make an annual PILOT of \$50,000 for distribution to all taxing entities. This PILOT will pay the taxing entities for the taxes currently paid on the two apartment complexes. Therefore, the taxing entities will not see any reduction in property taxes because of approving IRBs for this project.

Legal Review: Bond Counsel reviewed the developer’s request. The City has the authority under state law to issue IRBs for the benefit of the project. Bond Counsel prepared the necessary documents for the issuance of the IRBs.

Trade-offs: Without the IRBs, it is unlikely the developer will be able to justify the investment necessary to rehabilitate the apartments. The project may not proceed in the event the City Commission does not decide to authorize the issuance of IRBs.

Recommended Motion:

Commissioner _____ moved to approve Resolution No.2942, a resolution determining the advisability of issuing taxable industrial revenue bonds for the purpose of financing the acquisition, renovation, construction, and equipping of a senior apartments facility located in the City, and authorizing the execution of related documents.

Commissioner _____ seconded the motion.

[Return to Agenda](#)

[Next Item](#)

INVESTMENT RESOURCES CORPORATION

7701 East Kellogg, Suite 820, Wichita, KS 67207
Phone (316) 652-0616 Fax (316) 652-0072

April 4, 2022

David Dillner
City Manager
220 E. 1st Ave.
El Dorado, KS 67042
ddillner@eldoks.com

Sarah Hoefgen
Executive Director of El Dorado, Inc.
201 E. Central
El Dorado, KS 67042
shoefgen@eldorado-inc.com

RE: Proposed Approximately \$11,500,000, City of El Dorado, Kansas Taxable Industrial Revenue Bonds to Gordy Heritage, LLC for the Rehabilitation of Gordy Square and Heritage House Apartments in El Dorado, Kansas

Dear Mr. Dillner, Mayor Young, and Members of the City Commission:

The purpose of this correspondence is to request the approval of a Resolution of Intent to issue Industrial Revenue Bonds in an approximate amount of Eleven Million Five Hundred Thousand Dollars (\$11,500,000) by the governing body of the City of El Dorado (the “City”). The proceeds of the proposed bonds will be used to finance the cost of the rehabilitation of two (2) apartment complexes, consisting of a total of 124 units, which are commonly known as Gordy Square and Heritage House Apartments, located next to each other at 200 and 211 N. Gordy Street, which provide affordable housing to the elderly residents of the City (collectively, the “Project”).

Investment Resources Corporation (IRC) is a real estate development and holding company, specializing in multi-family and affordable housing projects. We currently own and operate, through affiliated entities, a number of housing projects in the City, including the Walnut River Residences (925 River Rd.) and Lawndale Senior Residences (1630 N. Main St.).

We have obtained an award of Low-Income-Housing-Tax-Credits (LIHTCs) from the Kansas Housing Resources Corporation (KHRC) to assist in the purchase and re-development of

the Project. The apartment complexes operate with Section 8 Housing Assistance Payment Contracts (HAP) and Regulatory Agreements for Insured Multi-family Housing under the National Housing Act. The units are leased exclusively to senior residents in the City, and the federal subsidy associated with the HAP Contracts assist senior residents in your City that are below the median average income to afford and stay in quality housing in your community.

The total project costs are estimated to be \$13,300,000 with approximately \$8,500,000 in construction costs. As you are aware, construction costs have skyrocketed, and there is a limit to the amount of tax-credits that the State of Kansas can award to any specific affordable housing project. As such, we need all the help we can get to make the rehabilitation work; thereby ensuring quality housing continues to exist for the senior residents of the City. The apartment complexes have historically been fully-occupied underscoring the need for this type of housing in the community.

First, because any increase in taxes could seriously jeopardize the financing for the project, we are seeking a 10-year, 100% ad valorem property tax abatement on bond-financed property and an agreement for Payment in Lieu of Taxes (PILOT) in the maximum amount of \$400 per unit beginning in the year after the Bond issuance. We request that the payments be capped at this rate for a period of ten (10) years. The PILOT will permit the applicant to proceed with the anticipated Project and result in the public benefits more fully outlined in the enclosed application attached hereto. Obviously, we will also agree to make a payment to the City to reimburse the City for its administrative costs each year in an agreed-upon amount, commencing one (1) year after delivery of the Bonds.

Second, we respectfully requested the City Council pass a Resolution Determining the Advisability of the Issuance of Industrial Revenue Bonds (“Resolution”) for and on behalf of the City wherein the City declares its intent to issue approximately \$11,500,000 of its City of El Dorado, Kansas, Taxable Industrial Revenue Bonds, Series 2022 for the purposes described herein. The issuance of the IRB’s would be for the purpose of obtaining a sales-tax-exemption certificate for the Project.

We are aware that such a Resolution is only an indication for the City to issue the proposed bonds to assist in the financing of the project, and that such Resolution is subject in all respects to the governing body’s final approval of the terms and provisions of the Bond Ordinance, Trust Indenture, Lease Agreement and other related documents as drafted by the City’s bond-counsel. However, upon passage of the Resolution, we are prepared to proceed in reliance thereon. Should there be any questions or requests for further information in the course of the City’s evaluation of this application, we will be pleased to promptly respond thereto.

IRC believes in the City of El Dorado and supports the community and its economy. We look forward to working with you on this project and are always available to answer questions regarding this project or any of our business activities.

Sincerely,

Investment Resources Corporation

By: 
Roarke Gordon, General Counsel
roarke@investmentresources.net

**CITY OF EL DORADO, KANSAS
APPLICATION FOR
INDUSTRIAL REVENUE BONDS**

1. Gordy Heritage, LLC April 1, 2022
Name of Applicant Firm Date of Request
2. C/o Investment Resources Corporation
Attention: Matt Catanese and Roarke Gordon
7701 E. Kellogg, Suite 820, Wichita, KS 67216 (316) 652-0616
Applicant Address Phone Number
3. Ownership and Management. The term "Principal", as used herein, shall mean a sole proprietor, general partner, owner of 15% or more of the stock of a profit corporation, or a member of the board of directors of a non-profit corporation or any other corporation.
 - a. Describe the organizational structure of applicant (sole proprietorship, partnership, corporation, other):

The applicant is a Kansas limited liability company, formed for the purpose of purchasing, rehabilitating, owning and leasing the Gordy Square and Heritage House Apartments in the City of El Dorado, KS (the "Project").

IRC, or an affiliate of IRC, will manage the Applicant and the Project. 99.99% of Gordy Square, LLC will be owned by a tax-credit investor. This investor will contribute equity in exchange for the tax-credits issued by the Kansas Housing Resources Corporation (KHRC) which is the state-agency responsible for allocating low-income-housing-tax-credits (LIHTCs) in Kansas. The proceeds of such equity contribution will be used for costs to rehabilitate the Project and ensure affordable housing exists for the senior residents in the City of El Dorado.

The remaining 0.01% will be owned by an affiliate of Investment Resources Corporation ("IRC"). IRC was founded in 1975. It is a real estate development and holding company specializing in affordable housing projects. Many of our developments utilize Affordable Housing Tax Credits and bonds financing, as will be used for this Project. IRC is the largest owner/developer of affordable housing in the State of Kansas with a current portfolio which includes over 4,000 units of multifamily housing, several of which are located in the City. Affiliates of IRC own several properties in the City, including Walnut River Residences and Lawndale Senior Residences. The Walnut River project utilized the same financing sources of tax credit equity and bond financing as currently proposed for this Project.

1. If a corporation, is it publicly owned? Not applicable.

2. If a partnership, is it limited? Applicant is treated as a partnership for tax purposes. Yes, it is limited.
3. Give name and address of each principal The principal of IRC is:
Santo M. Catanese, 7701 E. Kellogg, Suite 820, Wichita, KS 67207.
4. Nature of applicant's business:
Gordy Heritage, LLC is an entity formed to rehabilitate, own and lease the Gordy Square and Heritage House Apartments consisting of 124-units of senior apartments located at 200 and 211 N. Gordy Street, El Dorado, Kansas.
5. How long has applicant been in this business?
Gordy Square, LLC is a newly-formed, special and single-purpose entity formed for the purpose of applying for this Project. This entity was awarded tax credits by the Kansas Housing Resources Corporation. That said, the developer, Investment Resources Corporation has been actively involved in the Gordy Square and Heritage House Apartments since they were initially built in 1978-1979.
6. The products to be assembled or manufactured or service to be rendered?
The apartment complex will include 124 units, consisting of 123 one-bedroom units and 1 two-bedroom unit.
Applicant will provide affordable housing to residents of the City pursuant to a HUD-rental assistance payments.
7. Location: 200 and 211 N. Gordy Street, El Dorado, Kansas
8. Estimated amount of issue: \$11,500,000
9. Are the applicant or any principals delinquent in real or personal property taxes to Butler County, Kansas?
No.
Elsewhere: **No.** If so, specify _____
10. Has the applicant or any principals been convicted of crimes or misdemeanors other than traffic violations during the last 10 years?
No. If so, specify _____

11. Are there any outstanding federal or state tax liens against the applicant or any principal?

No. If so, specify _____

12. Are there outstanding judgments in a court of record against applicant or any principal?

No. If so, specify _____

13. Has the applicant or any principal been declared bankrupt, filed a Chapter 11 or 13 reorganization proceeding, or been in receivership within the last 10 years?

No. If so, specify _____

14. Has the applicant or any principal been involved in a previous industrial revenue bond issue which failed?

No. If so, specify _____

15. Give name, address and phone number of two banking or credit references:

Equity Bank, Andrew Chaney, VP Commercial Lending, 7701 E. Kellogg, Ste. 100,
Wichita, KS; (316) 858-3153

First National Bank of Hutchinson, Troy Hutton, President, 330 E. 3rd Ave., Hutchinson,
KS; (620) 560-6156

16. Applicant Signature



Signature: Matt Catanese

4-4-2022

Date

Title: Vice President

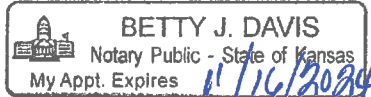
17. Sworn Affidavit Statement.

I, Matt Catanese, hereby certify that the above instrument is true and correct to the best of my personal knowledge.

Matt Cal

Signature

Subscribed and sworn to before me this 4th day of April, 2022.



Betty J Davis

Notary Public

My term expires: 11/16/2024

CITY OF EL DORADO, KANSAS
QUESTIONNAIRE FOR ISSUANCE OF INDUSTRIAL REVENUE BONDS
INCLUDING EXEMPTION OF AD VALOREM PROPERTY TAXES

I. GENERAL INFORMATION

1. Gordy Heritage, LLC April 1, 2022
Name of Applicant Firm Date of Request
2. C/o Investment Resources Corporation
Attention: Matt Catanese
7701 E. Kellogg, Suite 820, Wichita, KS 67216 (316) 652-0616
Applicant Address Phone Number
3. Names and addresses of all persons or corporations who would be obligated as either applicant or personal guarantors of the bond documents:

Gordy Heritage, LLC, 7701 E. Kellogg, Suite 820, Wichita, KS 67207
Name Address
4. The products to be assembled or manufactured or service to be rendered.

The apartment complex will include 123 one-bedroom units and 1 two-bedroom unit.
5. Roarke R. Gordon, 7701 E. Kellogg, Suite 820, Wichita, KS 67207 (316) 652-0616
Applicant's Attorney Address Phone Number
6. Dominic Eck, Gilmore & Bell, P.C., One Main Place,
100 North Main, Suite 800, Wichita, KS (316) 303-3116
City's Bond Counsel Address Phone Number
7. None (privately placed)
Applicant's Bond Underwriter Address Phone Number
8. Estimated amount of issue \$11,500,000
9. Number of years to retire bonds: Approximately 17-20 years
10. List all previous participation in industrial revenue bond financing:

Government Entity	Name of Applicant/Entity	Date of Issue	Underwriter
Hutchinson, KS	Commerce Gardens Apartments, LLC	2015	Not applicable.
Hutchinson, KS	Commerce Gardens Apartments II, LLC	2019	Not applicable.
Abilene, KS	Timber Ridge Residences, L.C.	1999	Not applicable.

Junction City, KS	Coronado Park Residences, L.C.	1999	Not applicable.
Junction City, KS	Coronado Heights Residences, L.C.	2000	Not applicable.
Hays, KS	CT Residences, L.C.	2000	Not applicable.
Wichita, KS	QAC, Inc.	1999	Not applicable.
El Dorado, KS	Walnut River Residences, L.C.	1995	Not applicable.
El Dorado, KS	Walnut River Residences II, L.C.	2002	Not applicable.
El Dordado, KS	Walnut River Residences III, L.C.	2003	Not applicable.
Arkansas City, KS	Rockridge Apartments, L.C.	2003	Not applicable.
Park City, KS	Country Park Residences, L.C.	2002	Not applicable.
Park City, KS	Country Park Residences II, L.C.	2010	Not applicable.
Hutchinson, KS	North Park Village Residences, L.C.	2000	Not applicable.
Hutchinson, KS	Prairie Village Residences II, L.C.	1997	Not applicable.
Hutchinson, KS	Prairie Village Residences II, L.C.	2000	Not applicable.
Hutchinson, KS	Prairie Village Residences II, L.C.	2002	Not applicable.

II. NATURE OF IMPROVEMENTS

- Purchase of land: \$93,250
Acres 1.865267
- Land improvements (buildings): \$11,021,750
- Machinery and equipment \$250,000

III. COSTS OF ISSUANCE

- Capitalized debt service: \$100,000
 - Underwriting expense: Not applicable
 - Attorney fees: \$35,000
 - Other (specify): \$
- TOTAL REQUEST: \$11,500,000

IV. IRB PROPOSAL

- Will the issue refinance an existing facility? No

2. Is the proposed project an expansion or replacement of another existing facility? (which) Replacement
3. Is the applicant presently doing business in the City of El Dorado? Not the Applicant, but the Applicant's affiliates are currently doing business as Walnut River Residences, L.C. and Lawndale Residences L.C.
4. What type and size of building and/or improvements will be constructed?

There will be a rehabilitation of (2) apartment buildings comprising of 124 units. There will be 123 one-bedroom units, and 1 two-bedroom unit.

5. Name and address of contractor and/or architect:

Contractor: Accel Construction, LLC, Attn: Tony Caputo, 4015 N. Woodlawn Ct., Suite #1, Bel Aire, KS 67220

Architect: Krehbiel Architecture, Attn: Jeff Krehbiel, 1300 E. Lewis St., Wichita, KS, 67211

6. What type of equipment will be financed? Appliances

V. MARKETING OF BONDS

SECTION NOT APPLICABLE AS BONDS WILL BE PRIVATELY PLACED.

1. Has a bond underwriter analyzed the marketability of the bonds? Not applicable
- a) If yes, attach a copy to this application.
2. Will the bonds be sold as a public offering or privately placed? Privately Placed
3. Have arrangements for the marketing of the bonds been made? Not applicable
4. Has the tenant investigated conventional financing? Yes

5. Does the tenant intend to purchase all or any part of the industrial revenue bonds? Yes
6. Will the applicant use a local Trustee? No trustee is required for the proposed bond structure.

VI. PROPOSED LOCATION

1. Location of the proposed facility: 200 and 211 N. Gordy Street, El Dorado, KS
2. If facility is a proposed expansion or replacement of another plant, state size and location of current operations:

This is the rehabilitation of an existing apartment complex.
3. What percentage of the facility will be occupied by the applicant? 100%
4. Is the prospective location properly zoned? Yes
5. If a zoning change is pending, cite application number and present status. N/A

If an application has not been made, briefly describe what change will be needed and plans for submitting application:

Not applicable.
6. If unusual demands for water or sewer will be made, specify the demands:

Nothing unusual anticipated.
7. Has an environmental assessment study been conducted? (if so attach)

Yes, a Phase I and Geotec Report will be prepared by Kaw Valley Engineering, Inc.

VII. FINANCIAL RESPONSIBILITY

1. How many years has the applicant been in business?

The Developer has been in business since 1975. The applicant is a new single-purpose entity, formed for the purpose of further developing this Project. Gordy Square and Heritage House Apartments have been open and operating as an apartment project since 1978-1979.

2. What amount is the applicant to deposit in a reserve account for payment of debt service? Not applicable
3. How many years taxes would applicant be willing to place in an Escrow Account? Not applicable
4. What portion of the project is being financed from other company funds (in addition to the bond issue)? 0%

Applicant will use tax-credit financing/equity from the Members of the Applicant in the amount of \$6,015,199.00, a traditional financing from Midwest Housing Development Fund, Inc., a Kansas non-profit lender in the amount of \$5,850,000, existing replacement reserves held by the properties in the amount of \$318,000, income from the continued operations of the apartments throughout construction in the amount of \$412,732, and a deferred development fee in the amount of \$700,000 as sources of cash other than from the issuance of the bonds.

5. Attach pro-forma statements for the first five (5) years of operation after issuance of the bonds, including revenue projections, operating expense projections and a debt amortization schedule. Attached.
6. Provide a time-line in which bond transactions will be consummated.

Resolution of Advisability to be passed by the City of El Dorado prior to 2023 year-end. The applicant anticipates issuance of the bonds in calendar year 2023.

IX. ECONOMIC BENEFIT TO COMMUNITY

1. What dollar amount of revenue is contemplated? \$1,150,000 (annually)
2. What percentage of sales will be sold locally? 100%
3. What is the estimated amount of merchandise and services purchase locally, per year? \$80,000

- | | <u>Full Time</u> | <u>Part Time</u> |
|--|------------------|------------------|
| 4. How many people will the project employ? <u>4</u> | | |
| Type: Professional | <u>None</u> | |
| Technical | <u>None</u> | |
| Clerical | <u>Two</u> | |
| General Labor | <u>Two</u> | |

5. Number of current full-time employees at applicant's present location 4
6. Provide salary range information \$30,000 - \$50,000
7. Will facility improvements be constructed using local contractor?

The contractor is based in Bel Aire, KS, but intends to use local sub-contractors for a majority of the work.

X. In order to facilitate the timely processing of the application, please attach as part of the proposal the following items:

1. Certified copies of applicant's financial statement for the past three years.
Not applicable. The applicant is a newly formed single-purpose entity.
2. Applicant's most recent annual or quarterly financial report.
Not applicable. The applicant is a newly formed single-purpose entity.
3. Interim financial statements, to date, for the current fiscal year.
Not applicable. The applicant is a newly formed single-purpose entity.
4. A financial statement, current to date, for each personal guarantor certified by a certified public accountant and the guarantor.
Not applicable.

XI. Applicant should be aware that additional financial data may be required if requested by the City Manager, City Attorney, Bond Counsel or the Bond Underwriter.



Signature
Matt Catanese, Vice President

4-4-2022

Date
(316) 652-0616

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF EL DORADO, KANSAS
HELD ON JULY 5, 2022**

The governing body met in regular session at the usual meeting place in the City on July 5, 2022, at 6:30 p.m., the following members being present and participating, to wit:

Absent:

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

* * * * *

(Other Proceedings)

Among other business, in accordance with a notice published on June 25, 2022, in ***The Butler County Times-Gazette***, a public hearing was held by the governing body relating to the proposed issuance of Taxable Industrial Revenue Bonds (Gordy Heritage, LLC Project) in a principal amount not to exceed \$11,500,000 (the "Bonds") and regarding an exemption from ad valorem taxation of property constructed or purchased with the proceeds of such Bonds. All interested persons were afforded an opportunity to present their views on the issuance of the Bonds, the location and nature of the Project to be financed with the proceeds of the Bonds and the exemption from ad valorem taxation. Thereupon, the public hearing was closed.

There was presented a Resolution entitled:

**A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF EL DORADO,
KANSAS DETERMINING THE ADVISABILITY OF ISSUING TAXABLE
INDUSTRIAL REVENUE BONDS FOR THE PURPOSE OF FINANCING THE
ACQUISITION, RENOVATION, CONSTRUCTION, AND EQUIPPING OF A
SENIOR APARTMENTS FACILITY LOCATED IN THE CITY; AND
AUTHORIZING EXECUTION OF RELATED DOCUMENTS**

Commissioner _____ moved that the Resolution be adopted. The motion was seconded by Commissioner _____. The Resolution was duly read and considered, and upon being put, the motion for the adoption of the Resolution was carried by the vote of the governing body as follows:

Aye: _____.

Nay: _____.

Thereupon, the Mayor declared the Resolution duly adopted and the Resolution was then duly numbered Resolution No. _____ and was signed by the Mayor and attested by the Clerk.

* * * * *

(Other Proceedings)

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On motion duly made, seconded and carried, the meeting hereupon adjourned.

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 El Dorado, Kansas held on the date stated therein, and that the official minutes of such proceedings are on file in my office.

[SEAL]

Clerk

RESOLUTION NO. [__]

A RESOLUTION OF THE GOVERNING BODY OF THE CITY OF EL DORADO, KANSAS DETERMINING THE ADVISABILITY OF ISSUING TAXABLE INDUSTRIAL REVENUE BONDS FOR THE PURPOSE OF FINANCING THE ACQUISITION, RENOVATION, CONSTRUCTION, AND EQUIPPING OF A SENIOR APARTMENTS FACILITY LOCATED IN THE CITY; AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS

WHEREAS, the City of El Dorado, Kansas (the “Issuer”) desires to promote, stimulate and develop the general economic welfare and prosperity of the City of El Dorado, 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 a principal amount not to exceed \$11,500,000 be authorized and issued, in one or more series, to provide funds to pay the costs of the acquisition, renovation, construction, and equipping of a senior apartments facility (the “Project”) located in the Issuer and to be leased by the Issuer to Gordy Heritage, LLC, a Kansas limited liability company, or another legal entity to be formed by the principals of Gordy Heritage, LLC (the “Tenant”).

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF EL DORADO, 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 acquisition, renovation, construction, and equipping of the Project and to issue its revenue bonds, in one or more series, in a principal amount not to exceed \$11,500,000 (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 Trust Indenture, Bond Agreement, Site Lease, Project Lease, Bond Purchase Agreement 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; (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 execution and delivery by the Tenant of an agreement for payment in lieu of taxes in substantially the form presented to the governing body of the Issuer with this Resolution.

Section 4. Property Tax Exemption and Payment in Lieu of Taxes. The Issuer hereby determines that pursuant to the provisions of K.S.A. 79-201a *Twenty-Fourth*, 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; provided no exemption may be granted from the ad valorem property tax levied: (a) by a school district pursuant to the provisions of K.S.A. 72-53,113, and amendments thereto; and (b) for the uses restricted pursuant to the provisions of K.S.A. 79-201a, *Second* and *Twenty-Fourth*. 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 tax exemption granted is subject to the execution and delivery by the Tenant of an agreement for payment in lieu of taxes in substantially the form presented to the governing body of the Issuer with this Resolution.

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. In the event that the Bonds are not issued for any reason, the Tenant will not be entitled to a sales tax exemption under the terms of the Sales Tax Act and will remit to the State Department of Revenue all sales taxes that were not paid due to reliance on the sales tax exemption certificate granted hereunder.

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. 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 El Dorado, Kansas on July 5, 2022.

[SEAL]

Mayor

Attest:

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, 2022, as the same appears of record in my office.

DATED: _____ 2022.

Clerk

June __, 2022

Board of Education
Unified School District No. 490
124 W. Central Ave.
El Dorado, Kansas 67042

County Clerk
Board of County Commissioners
Butler County Courthouse
205 W. Central Ave.
El Dorado, Kansas 67042

Re: \$11,500,000
City of El Dorado, Kansas
Taxable Industrial Revenue Bonds
(Gordy Heritage, LLC Project)

We have enclosed for your information a Notice of the Public Hearing and Issuance of Industrial Revenue Bonds proposed by the City of El Dorado, Kansas pursuant to K.S.A. 12-1749c and K.S.A. 12-1749d, as amended.

Very truly yours,

CITY OF EL DORADO, KANSAS

Tabitha Sharp, Clerk

Enclosure

AFFIDAVIT OF MAILING AND PUBLICATION

I, the undersigned, of lawful age, upon oath or affirmation, hereby declare under the penalties of perjury:

1. I am the duly appointed and acting Clerk of the City of El Dorado, Kansas, and I was the duly appointed and acting Clerk at all times referred to in this affidavit.

2. On June ___, 2022, I mailed a letter and attached Notice of Public Hearing addressed as follows:

Board of Education
Unified School District No. 490
124 W. Central Ave.
El Dorado, Kansas 67042

County Clerk
Board of County Commissioners
Butler County Courthouse
205 W. Central Ave.
El Dorado, Kansas 67042

The foregoing items were mailed by first-class mail with adequate postage. Each envelope was endorsed with the return address of my office. Copies of the letter and notice mailed are attached to this affidavit.

3. Neither package was returned undelivered.

4. The Notice of Public Hearing mailed as stated above was published once in *The Butler County Times-Gazette*, the official City newspaper, on June 25, 2022, which date was at least seven days prior to the date the public hearing was held. A true copy of the affidavit of publication of the Notice of Hearing is attached to this affidavit.

Tabitha Sharp, Clerk

STATE OF KANSAS)
) SS:
COUNTY OF BUTLER)

Subscribed and sworn or affirmed before me this ____day of _____, 2022.

[SEAL]

Notary Public

My Appointment Expires:

Typed or Printed Name of Notary Public



Center for Economic Development and Business Research
Wichita State University
1845 Fairmount St.
Wichita, Kansas 67260-0121
(316) 978-3225

DATE OF ANALYSIS
TIME OF ANALYSIS
VERSION OF ANALYSIS

5/31/2022
2:20 PM
V2

PROJECT SUMMARY (no multipliers, no substitution)	
Company Name	Gordy Heritage
Number of new jobs for 10-year period	4
Amount of payroll for 10-year period	\$1,834,400
Amount of capital investment for 10-year period	\$1,000,000
Land	\$0
Buildings	\$628,000
Machinery and Equipment	\$372,000

INCENTIVE SUMMARY	
City Incentives - El Dorado	59,320
Tax abatement	24,020
Sales tax exemption	35,300
Forgivable loans	0
Infrastructure	0
Cash value all other incentives	0

County Incentives - Butler	14,837
Tax abatement	14,837
Sales tax exemption	0
Forgivable loans	0
Infrastructure	0
Cash value all other incentives	0

Butler Co. Community College	6,911
Tax abatement	6,911
Sales tax exemption	
Forgivable loans	
Infrastructure	
Cash value all other incentives	

State Incentives	239,186
Tax abatement	9,736
Sales tax exemption	229,450
Forgivable loans	0
Training dollars	0
Infrastructure	0
Cash value all other incentives	0

School District Incentives - 490 El Dorado	7,806
Tax abatement	7,806



Center for Economic Development and Business Research
Wichita State University
1845 Fairmount St.
Wichita, Kansas 67260-0121
(316) 978-3225

DATE OF ANALYSIS
TIME OF ANALYSIS
VERSION OF ANALYSIS

5/31/2022
2:20 PM
V2

TAX ABATEMENT PARAMETERS		
<i>Real Property</i>		
Number of years		10
Percentage		62.7%
<i>Personal Property</i>		
Number of years		0
Percentage		0.0%
CONSTRUCTION IMPACTS		
Jobs Multiplier		1.7008
Earnings Multiplier		1.533
Direct jobs		61
Direct payroll earnings		\$3,158,000
Total jobs		104
Total payroll earnings		\$4,841,214
SUBSTITUTION		
Firm NAICS code	531000 Real estate	
Substitution percentage applied to firm operations		100.0%
FIRM MULTIPLIERS (On-going Operations)		
Jobs		1.4248
Earnings		1.8347
ECONOMIC IMPACT OF FIRM OPERATIONS		
<i>Number of jobs 10-year period</i>		
Direct		-
Total		-
<i>Payroll earnings for 10-year period</i>		
Direct		\$0
Total		\$0



Center for Economic Development and Business Research
Wichita State University
1845 Fairmount St.
Wichita, Kansas 67260-0121
(316) 978-3225

DATE OF ANALYSIS
TIME OF ANALYSIS
VERSION OF ANALYSIS

5/31/2022
2:20 PM
V2

FISCAL IMPACT	
City Fiscal Impacts. - El Dorado	Discounted
Present value of net benefits	\$456,297
Rate of Return on Investment	
Net public benefits 10-year period	\$456,297
Public costs 10-year period	\$55,276
ROI	825.5%
Benefit-Cost Ratio	
Public benefits 10-year period	\$511,573
Public costs 10-year period	\$55,276
Benefit-Cost Ratio	9.25

County Fiscal Impacts. - Butler	Discounted
Present value of net benefits	\$7,341
Rate of Return on Investment	
Net public benefits 10-year period	\$7,341
Public costs 10-year period	\$12,339
ROI	59.5%
Benefit-Cost Ratio	
Public benefits 10-year period	\$19,680
Public costs 10-year period	\$12,339
Benefit-Cost Ratio	1.59

Butler Co. Community College	Discounted
Present value of net benefits	\$9,167
Rate of Return on Investment	
Net public benefits 10-year period	\$9,167
Public costs 10-year period	\$5,748
ROI	159.5%
Benefit-Cost Ratio	
Public benefits 10-year period	\$9,167
Public costs 10-year period	\$5,748
Benefit-Cost Ratio	1.59

State Fiscal Impacts	Discounted
Present value of net benefits	\$447,366
Rate of Return on Investment	
Net public benefits 10-year period	\$447,366
Public costs 10-year period	\$237,547
ROI	188.3%
Benefit-Cost Ratio	
Public benefits 10-year period	\$684,912
Public costs 10-year period	\$237,547
Benefit-Cost Ratio	2.88

School District Fiscal Impacts. - 490 El Dorado	Discounted
Present value of net benefits	\$5,664
Rate of Return on Investment	
Net public benefits 10-year period	\$5,664
Public costs 10-year period	\$6,492
ROI	87.2%
Benefit-Cost Ratio	
Public benefits 10-year period	\$12,156
Public costs 10-year period	\$6,492
Benefit-Cost Ratio	1.87

In the preparation of this report, the Center for Economic Development and Business Research assumed that all information and data provided by the applicant or others is accurate and reliable. CEDBR did not take extraordinary steps to verify or audit such information, but relied on such information and data as provided for purposes of the project.

This analysis requires CEDBR to make predictive forecasts, estimates and/or projections (hereinafter collectively referred to as "FORWARD-LOOKING STATEMENTS"). These FORWARD-LOOKING STATEMENTS are based on information and data provided by others and involve risks, uncertainties and assumptions that are difficult to predict. The FORWARD-LOOKING STATEMENTS should not be considered as guarantees or assurances that a certain level of performance will be achieved or that certain events will occur. While CEDBR believes that all FORWARD-LOOKING STATEMENTS it provides are reasonable based on the information and data available at the time of writing, actual outcomes and results are dependent on a variety of factors and may differ materially from what is expressed or forecast. CEDBR does not assume any responsibility for any and all decisions made or actions taken based upon the FORWARD-LOOKING STATEMENTS provided by CEDBR.



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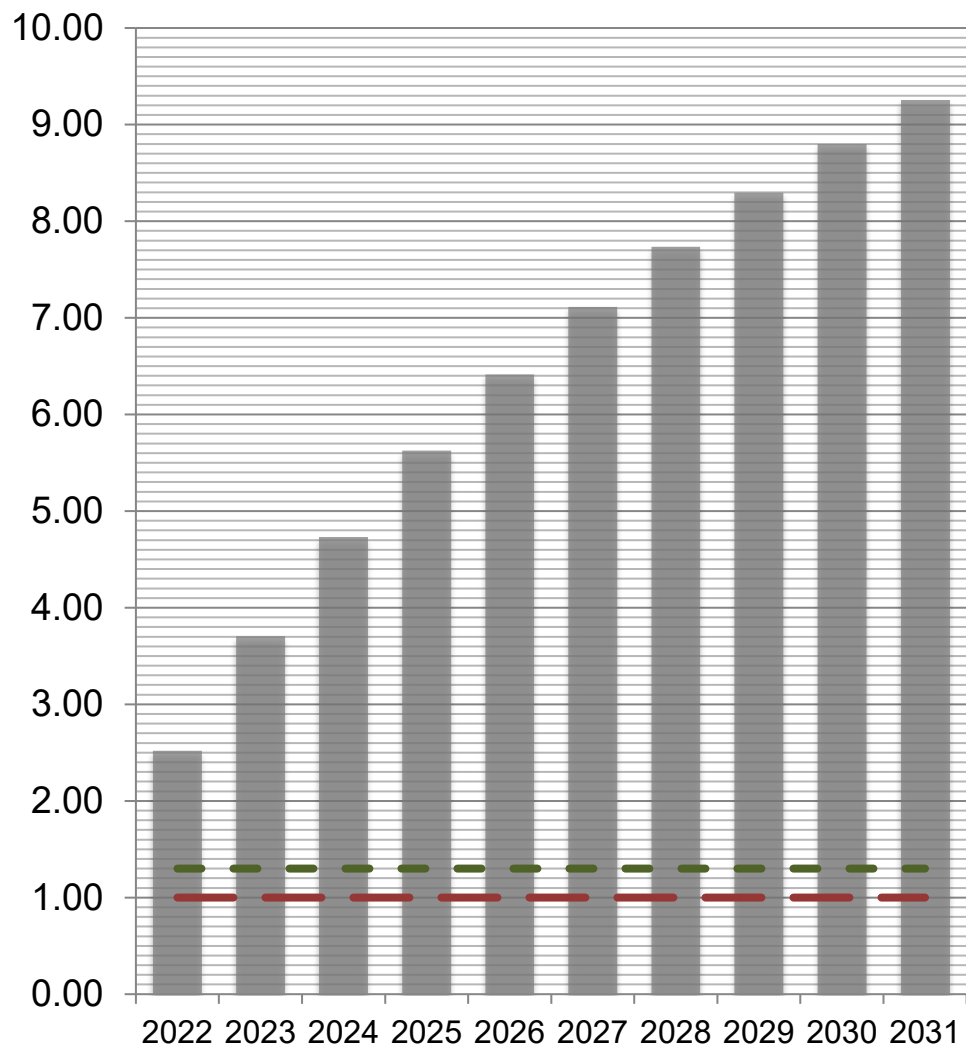
Project or Company Name: Gordy Heritage

Date of Analysis: 5/31/2022

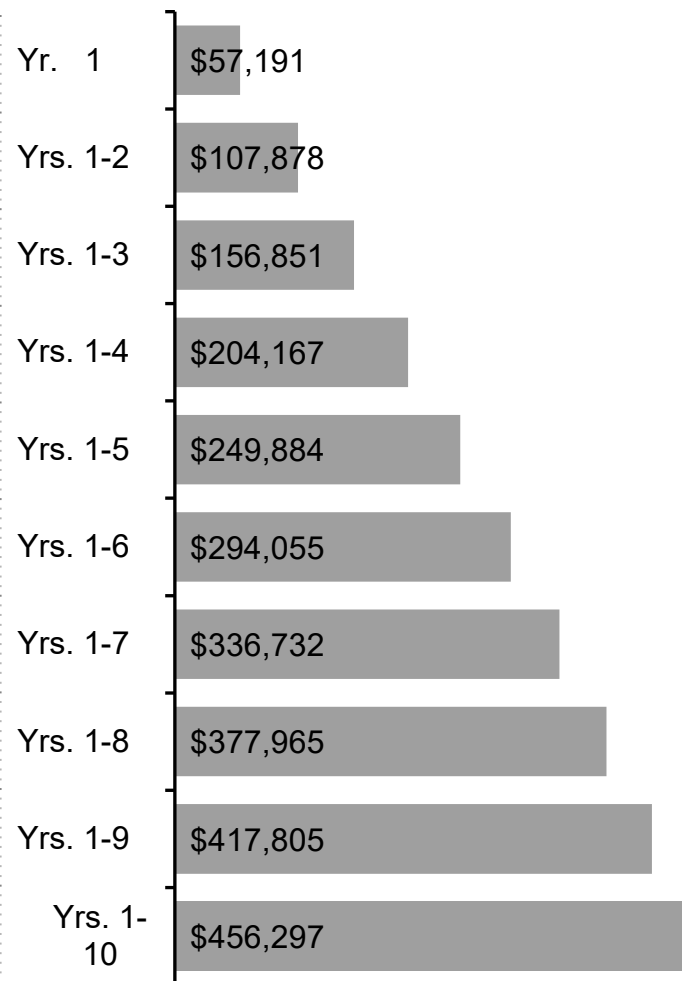
Version of Analysis: V2

City Fiscal Impacts. - El Dorado

Benefit-Cost Ratio



Present Value of Net Benefits

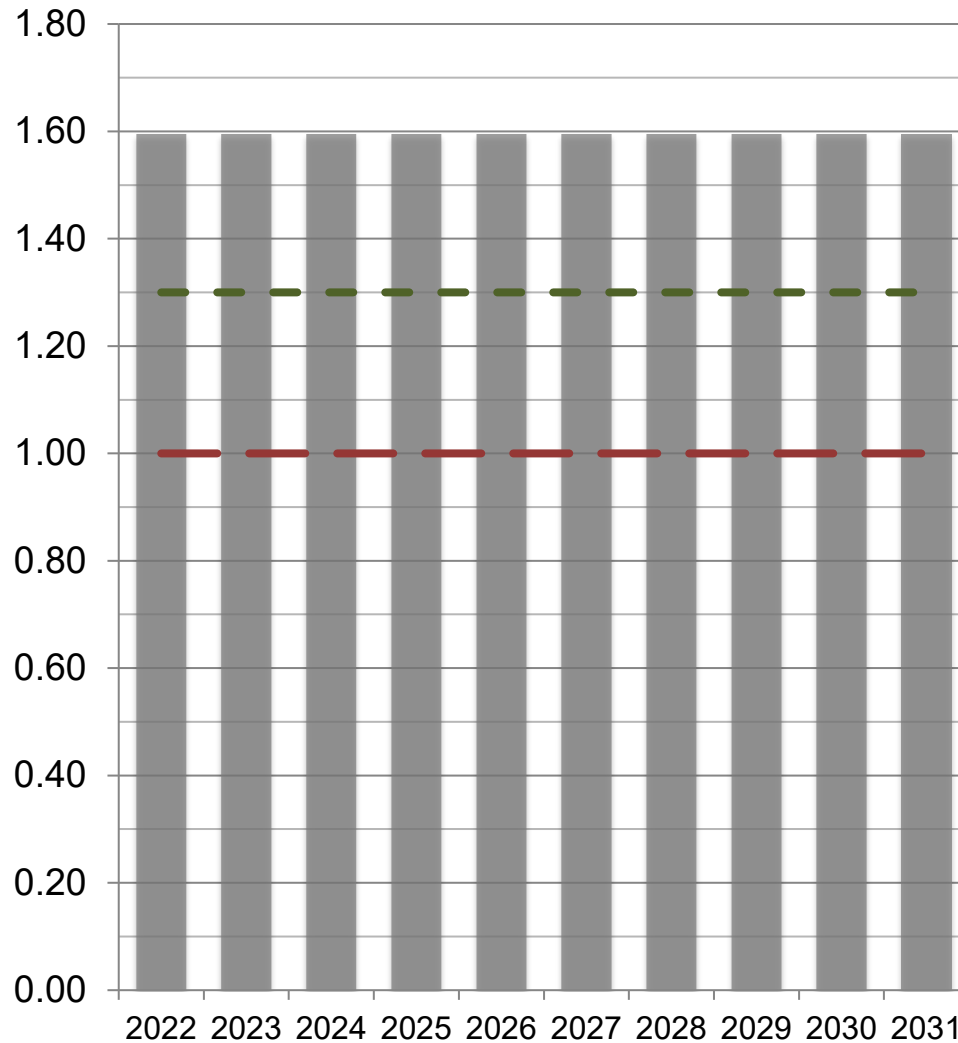




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Project or Company Name: Gordy Heritage
Date of Analysis: 5/31/2022
Version of Analysis: V2
County Fiscal Impacts. - Butler

Benefit-Cost Ratio



Present Value of Net Benefits

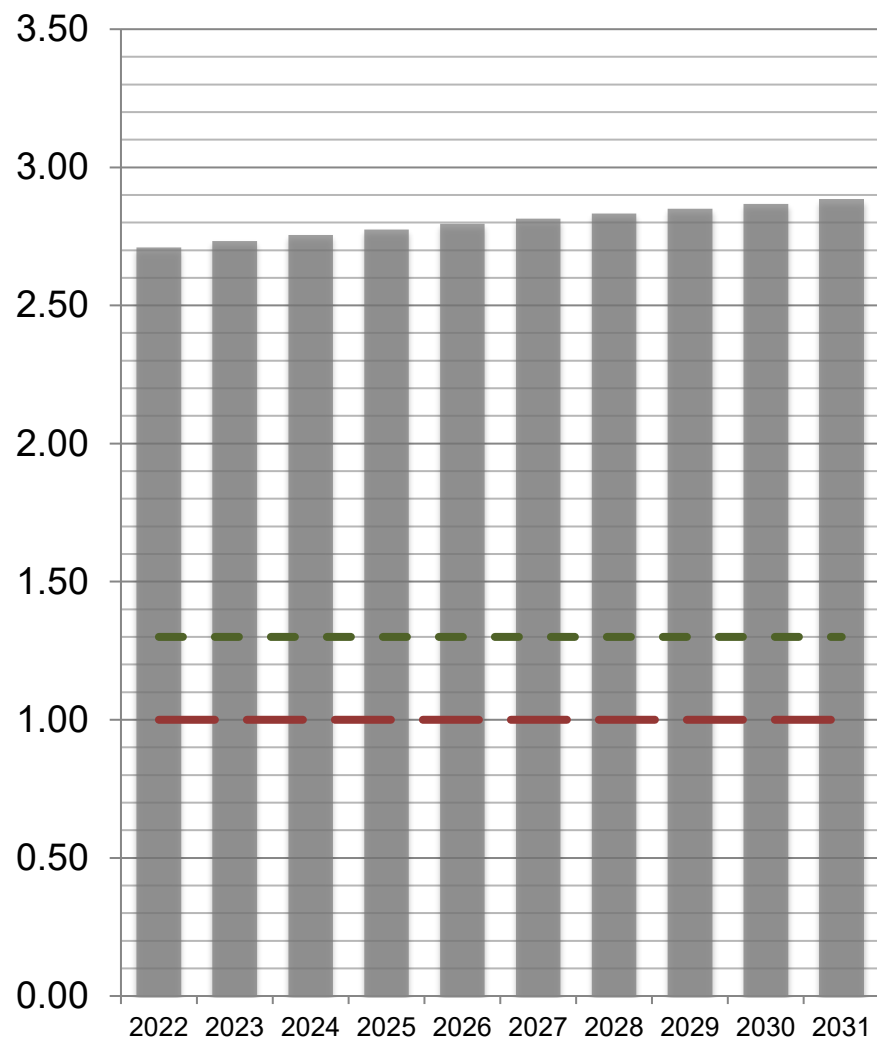




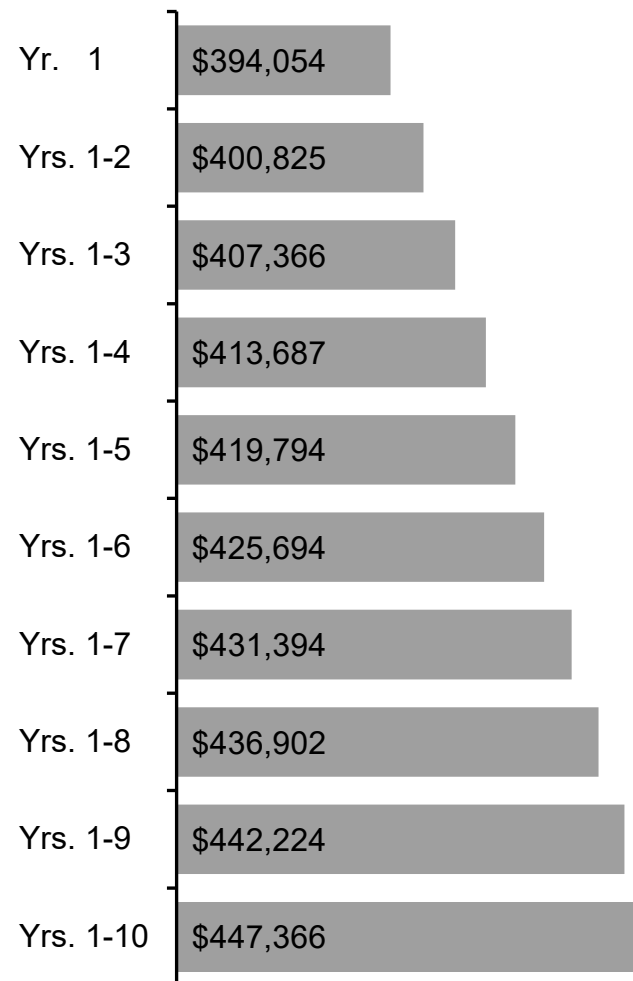
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Project or Company Name: Gordy Heritage
Date of Analysis: 5/31/2022
Version of Analysis: V2
State Fiscal Impacts

Benefit-Cost Ratio



Present Value of Net Benefits

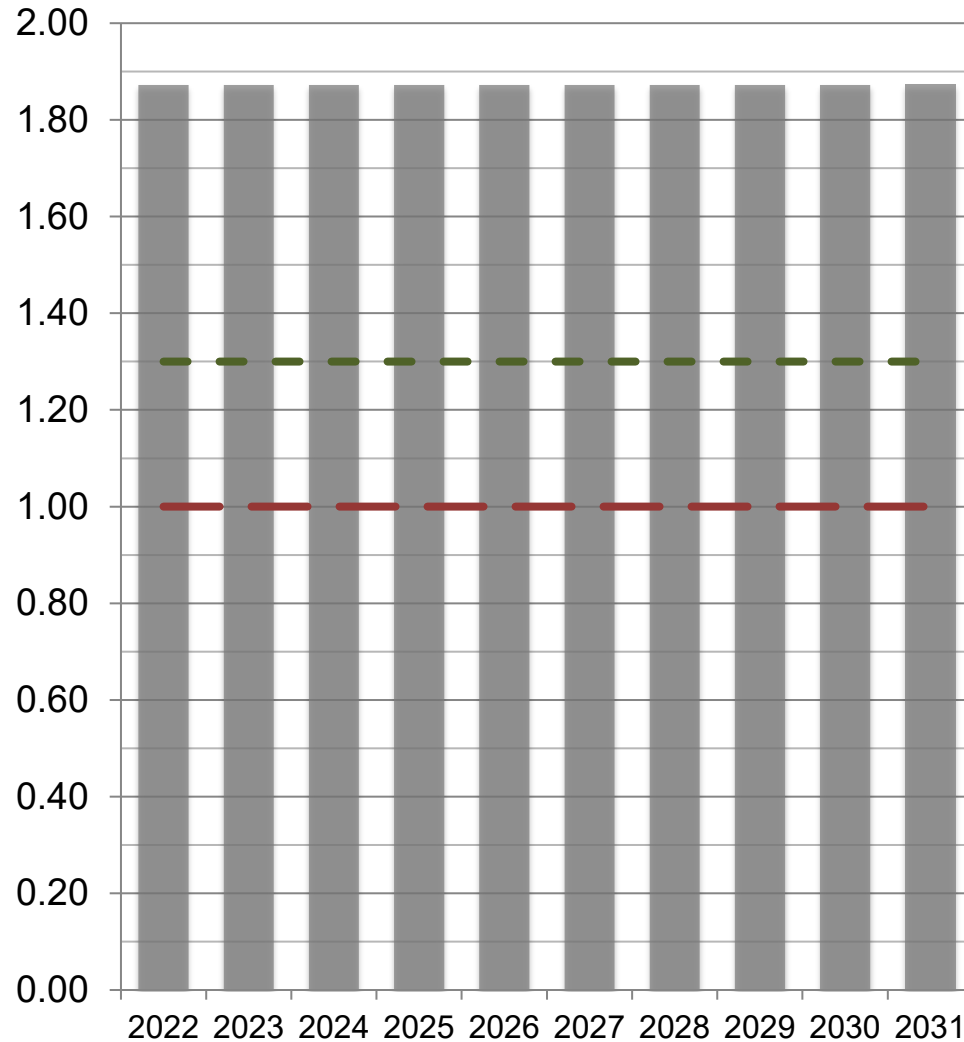




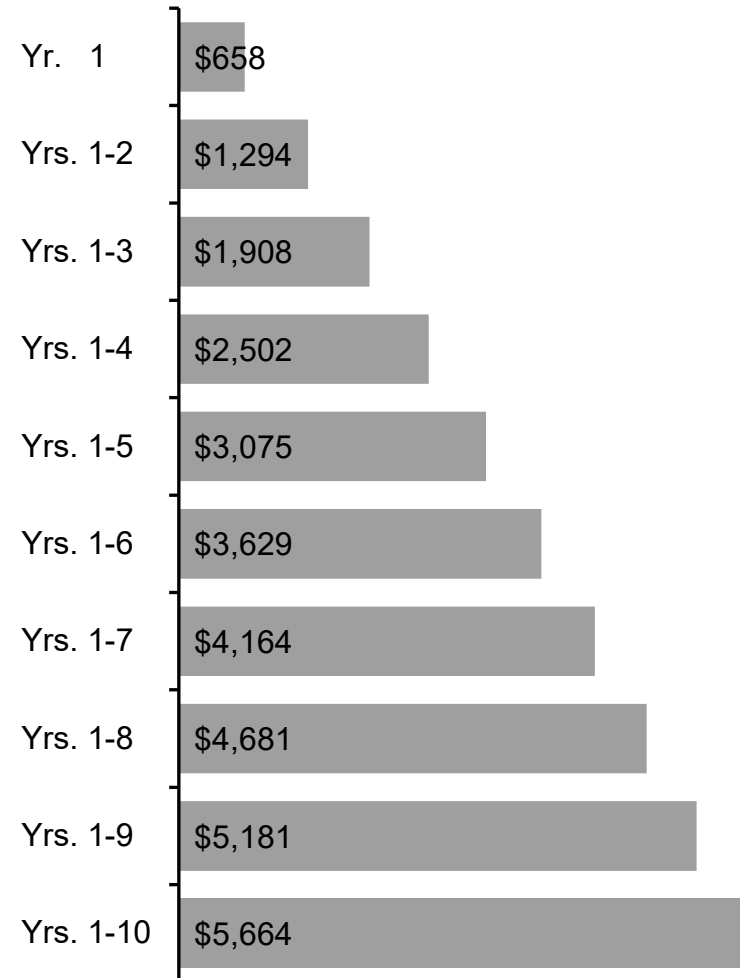
Center for Economic Development and Business Research
Wichita State University
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Project or Company Name: Gordy Heritage
Date of Analysis: 5/31/2022
Version of Analysis: V2
School District Fiscal Impacts. - 490 El Dorado

Benefit-Cost Ratio



Present Value of Net Benefits



CEDBR-FISCAL IMPACT MODEL FIRM DATA SHEET

COMPANY INFORMATION

Company name or project name	Gordy Heritage
Contact name	Matt Catanese
Contact telephone number	316.652.0616
Contact e-mail address	att@investmentresources.net
Company NAICS Code - <i>Please select a NAICS code from the list provided. Model parameters are set based on the NAICS selected.</i>	531000 Real estate
Substitution Override	
Year of application	2022

SITE LOCATION - *If incentives are being requested for more than one physical location, and these locations are in different taxing jurisdictions, then a separate firm data sheet must be filled out for each location. If the property is located in a special taxing district or industrial zone, please contact CEDBR.*

Street Address	
City	El Dorado
County	Butler
School District	490 El Dorado

REAL PROPERTY CONSTRUCTION AND IMPROVEMENTS - *If construction is expected to significantly exceed 12-months allocate expenditures to multiple expansions.*

Expansion #1	
Year of expansion	2022
<i>Market value of firm's initial NEW OR ADDITIONAL investment in:</i>	
Land	\$0
Building and improvements	\$628,000
Furniture, fixtures and equipment (including machinery)	\$372,000
<i>Initial construction or expansion:</i>	
Cost of construction at the firm's new or expanded facility	\$6,316,000
<i>Amount of taxable construction materials purchased in:</i>	
City	\$3,158,000
County (should include city amount)	\$3,158,000
State (should include city and county amounts)	\$3,158,000
<i>Amount of taxable furniture, fixtures and equipment purchased in:</i>	
City	\$372,000
County (should include city amount)	\$372,000
State (should include city and county amounts)	\$372,000
Total construction salaries	\$3,158,000
Expansion #2 (if applicable)	
Year of expansion	
<i>Market value of firm's initial NEW OR ADDITIONAL investment in:</i>	
Land	
Building and improvements	
Furniture, fixtures and equipment (including machinery)	
<i>Initial construction or expansion:</i>	
Cost of construction at the firm's new or expanded facility	
<i>Amount of taxable construction materials purchased in:</i>	
City	
County (should include city amount)	
State (should include city and county amounts)	
<i>Amount of taxable furniture, fixtures and equipment purchased in:</i>	
City	
County (should include city amount)	
State (should include city and county amounts)	
Total construction salaries	

Expansion #3 (if applicable)	
Year of expansion	
<i>Market value of firm's initial NEW OR ADDITIONAL investment in:</i>	
Land	
Building and improvements	
Furniture, fixtures and equipment (including machinery)	
<i>Initial construction or expansion:</i>	
Cost of construction at the firm's new or expanded facility	
<i>Amount of taxable construction materials purchased in:</i>	
City	
County (should include city amount)	
State (should include city and county amounts)	
<i>Amount of taxable furniture, fixtures and equipment purchased in:</i>	
City	
County (should include city amount)	
State (should include city and county amounts)	
Total construction salaries	
OPERATIONS	
First Year of Full Operations As a Result of This Project	2023
<i>New or additional sales of the firm related to this project</i>	
Year 1	\$1,130,000
Year 2	\$1,153,000
Year 3	\$1,177,000
Year 4	\$1,200,000
Year 5	\$1,224,000
Year 6	\$1,248,000
Year 7	\$1,274,000
Year 8	\$1,300,000
Year 9	\$1,325,000
Year 10	\$1,352,000
<i>Percent of these sales subject to sales taxes in the:</i>	
City	0.0%
County	0.0%
State	0.0%
Annual net taxable income, as a percent of sales, on which state corporate income taxes will be computed:	
<i>New or additional purchases of the firm related to this project</i>	
Year 1	\$50,000
Year 2	\$51,500
Year 3	\$53,000
Year 4	\$54,600
Year 5	\$56,200
Year 6	\$57,900
Year 7	\$59,600
Year 8	\$61,400
Year 9	\$63,200
Year 10	\$65,100
<i>Percent of these purchases subject to sales/compensating use taxes in the:</i>	
City	100.0%
County	100.0%
State	100.0%

EMPLOYMENT	
<i>Number of NEW employees to be hired each year as a result of this project</i>	
Year 1	4
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
<i>Number of these employees moving to county each year FROM OUT-OF-STATE</i>	
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
<i>Number of these employees moving to county each year FROM OTHER KANSAS COUNTIES</i>	
Year 1	0
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
<i>Weighted average annual salary of all NEW employees, including all employees hired to date, related to this project</i>	
Year 1	\$40,000
Year 2	\$41,200
Year 3	\$42,400
Year 4	\$43,700
Year 5	\$45,000
Year 6	\$46,400
Year 7	\$47,800
Year 8	\$49,200
Year 9	\$50,700
Year 10	\$52,200

VISITORS - Include customers, vendors and company employees from other locations in the count of visitors	
<i>Number of ADDITIONAL out-of-county visitors expected at the firm as a result of this project</i>	
Year 1	372
Year 2	372
Year 3	372
Year 4	372
Year 5	372
Year 6	372
Year 7	372
Year 8	372
Year 9	372
Year 10	372
Number of days that each visitor will stay in the area	3
Number of nights that a typical visitor will stay in a local hotel or motel	2
Percentage of visitors traveling on business	0%
Percentage of visitors traveling for leisure	100%
Percentage of visitor's expenditures spent in the same city as firm's location	100%
Percentage of visitor's expenditures spent in the same county as firm's location	100%
Percentage of visitor's expenditures spent in Kansas	100%

PAYMENT BY THE COMPANY TO TAXING JURISDICTIONS - <i>Such as payments in lieu of taxes</i>	
Firm payments to the City	
Year 1	\$50,000
Year 2	\$50,000
Year 3	\$50,000
Year 4	\$50,000
Year 5	\$50,000
Year 6	\$50,000
Year 7	\$50,000
Year 8	\$50,000
Year 9	\$50,000
Year 10	\$50,000
Firm payments to the County	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Firm payments to the State of Kansas	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Firm payments to the School District	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

CEDBR-FISCAL IMPACT MODEL INCENTIVE INFORMATION	
CONTACT INFORMATION FOR CEDBR REGARDING INCENTIVE AMOUNTS	
Contact name	Matt Catanese
Contact telephone number	(316) 652-0616
Contact e-mail address	matt@investmentresources.net
SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS	
Sales tax exemption EXPANSION #1 (please enter yes or no)	yes
Percent of construction material costs funded by IRB for EXPANSION #1	100.0%
Sales tax exemption EXPANSION #2 (please enter yes or no)	No
Percent of construction material costs funded by IRB for EXPANSION #2	0.0%
Sales tax exemption EXPANSION #3 (please enter yes or no)	No
Percent of construction material costs funded by IRB for EXPANSION #3	0.0%
SALES TAX EXEMPTION FOR OPERATIONS	
Value of sales tax exemption for OPERATIONS -- CITY	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Value of sales tax exemption for OPERATIONS -- COUNTY	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Value of sales tax exemption for OPERATIONS -- STATE	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

PROPERTY TAX ABATEMENT	
Property tax abatement - Real property land and buildings	
Number of Years	10
Percentage	62.7%
Property tax abatement - Machinery and equipment	
Number of Years	0
Percentage	0.0%

FORGIVABLE LOANS - <i>Cash value</i>	
Forgivable loans (cash value) -- CITY	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Forgivable loans (cash value) -- COUNTY	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Forgivable loans (cash value) -- STATE	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

STATE TRAINING DOLLARS	
Training dollars KIT/KER/IMPACT (cash value)	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

INFRASTRUCTURE IMPROVEMENTS	
Infrastructure improvements (cash value) -- CITY	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Infrastructure improvements (cash value) -- COUNTY	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Infrastructure improvements (cash value) -- STATE	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

OTHER INCENTIVES - <i>Cash value</i>	
Cash value of all other incentives -- CITY	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Cash value of all other incentives -- COUNTY	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	
Cash value of all other incentives -- STATE	
Year 1	
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
Year 8	
Year 9	
Year 10	

AGREEMENT FOR PAYMENT IN LIEU OF TAXES

This Agreement, entered into as of _____, 20__ between the City of El Dorado, Kansas (the “Issuer”) and Gordy Heritage, LLC (the “Tenant”);

WITNESSETH THAT:

1. **Tax Exemption; Payment in Lieu of Taxes.** In consideration of (i) the issuance by the Issuer of its Taxable Industrial Revenue Bonds (Gordy Heritage, LLC Project), in one or more series, in an aggregate principal amount not to exceed \$11,500,000 (the “Bonds”) to finance the acquisition, renovation, construction, and equipping of senior apartment facilities (the “Project”) to be leased by the Issuer to the Tenant, (ii) the Tenant's execution of the lease of the Project financed with the proceeds of the Bonds, (iii) the laws of the State of Kansas affording exemption from *ad valorem* property taxation for the portion of the Project acquired, purchased or constructed with the proceeds of the Bonds for a period commencing with the year after calendar year in which bonds are issued, and (iv) the agreement by the Issuer to apply for the exemption if the payments provided for herein are made, the Tenant agrees to make payments in lieu of *ad valorem* property taxes in the amounts specified herein, in the manner provided for herein.

2. **Amount of Payments; Place of Payment.** In lieu of general *ad valorem* property taxes on the Project for the 10 calendar years following the year in which the Bonds are issued, other than special assessments levied on account of special benefits and the *ad valorem* property tax levied by a school district pursuant to the provisions of K.S.A. 72-53,113, and amendments thereto, the Tenant shall pay by separate check to the Treasurer of Butler County, Kansas, or other appropriate office as directed by the Issuer, on or before December 20 in each of the years, with the privilege of half payment as provided by law for general *ad valorem* taxes, a payment in lieu of taxes equal to \$50,000 per year, to be distributed as and for a part of the general *ad valorem* tax collections for all taxing subdivisions in which the Project is located.

3. **Reduction of Payment for Actual Taxes Paid.** Except for the *ad valorem* taxes described in **Section 4** herein, the annual amount to be paid pursuant to **Section 2** herein shall be reduced (but not below zero) by any actual *ad valorem* tax payments paid in respect of the real property constituting a part of the Project by or on behalf of the Tenant for any given year (other than special assessments).

4. **No Exemption for Special Assessments and Capital Outlay Levy.** All special assessments and the unified school district's capital outlay levy provided in K.S.A. 72-53,113 that is levied against the real property portion of the Project, if any, will not abate and will continue to be the obligation of the Tenant, payable in the manner provided by law.

5. **Failure to Make Payment in Lieu of Taxes.** Should the Tenant fail to make the payments required above, penalties and/or interest will be assessed against the Tenant by the Butler County Treasurer in accordance with applicable state laws relating to late tax payments. If the Tenant fails to make a payment required by this Agreement and the failure shall continue for one year, this Agreement shall be deemed terminated effective as of December 20 in the year the payment was originally due, and Tenant agrees that from and after the termination date, it shall pay in full the regular amount of *ad valorem* real estate and personal property taxes on the property constituting the Project.

6. **Approval of Exemption.** This Agreement is conditioned on the issuance by the Board of Tax Appeals of the State of Kansas of an order exempting the bond-financed portion of the Project from *ad valorem* taxation in accordance with Kansas law, including particularly K.S.A. 79-201a *Twenty-Fourth*.

7. **Counterparts.** This Agreement may be executed simultaneously and several counterparts, each of which shall be deemed to be an original and all of which shall constitute the same instrument.

8. **Transferability.** The benefits of this Agreement may be transferred to any assignee of the Project Lease made in accordance with the provisions of the Project Lease between the Issuer and the Tenant.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be signed by a duly authorized official, the signature to be attested by a duly authorized officer and its official seal to be applied, and the Tenant has caused this Agreement to be signed on its behalf by a duly authorized officer, the signature attested by a duly authorized officer, and its corporate seal (if any) to be applied, as of the day and year first above written.

CITY OF EL DORADO, KANSAS

By: _____
Mayor

[SEAL]

ATTEST:

City Clerk

GORDY HERITAGE, LLC

By: _____
Name: _____
Title: _____

June 23, 2022

Butler Community College
901 S Haverhill Rd
El Dorado, KS 67042

Re: \$11,500,000
City of El Dorado, Kansas
Taxable Industrial Revenue Bonds
(Gordy Heritage, LLC Project)

We have enclosed for your information a Notice of the Public Hearing and Issuance of Industrial Revenue Bonds proposed by the City of El Dorado, Kansas pursuant to K.S.A. 12-1749c and K.S.A. 12-1749d, as amended.

Sincerely,



Tabitha D. Sharp, City Clerk
City of El Dorado, KS

June 23, 2022

County Clerk
Board of County Commissioners
Butler County Courthouse
205 W Central Ave
El Dorado, KS 67042

Re: \$11,500,000
City of El Dorado, Kansas
Taxable Industrial Revenue Bonds
(Gordy Heritage, LLC Project)

We have enclosed for your information a Notice of the Public Hearing and Issuance of Industrial Revenue Bonds proposed by the City of El Dorado, Kansas pursuant to K.S.A. 12-1749c and K.S.A. 12-1749d, as amended.

Sincerely,



Tabitha D. Sharp, City Clerk
City of El Dorado, KS

June 23, 2022

Board of Education
Unified School District No. 490
124 W Central Ave.
El Dorado, KS 67042

Re: \$11,500,000
City of El Dorado, Kansas
Taxable Industrial Revenue Bonds
(Gordy Heritage, LLC Project)

We have enclosed for your information a Notice of the Public Hearing and Issuance of Industrial Revenue Bonds proposed by the City of El Dorado, Kansas pursuant to K.S.A. 12-1749c and K.S.A. 12-1749d, as amended.

Sincerely,



Tabitha D. Sharp, City Clerk
City of El Dorado, KS

(Published in *The Butler County Times-Gazette*, June 25, 2022)

**NOTICE OF PUBLIC HEARING
AND OF
ISSUANCE OF TAXABLE INDUSTRIAL REVENUE BONDS**

Public notice is hereby given that the City Commission of the City of El Dorado, Kansas (the “Issuer”), will conduct a public hearing on July 5, 2022 at 6:30 p.m., or as soon thereafter as may be heard at City Hall, 220 E. First Avenue, El Dorado, Kansas, in regard to the issuance by the Issuer of its Taxable Industrial Revenue Bonds (Gordy Heritage, LLC Project), in an approximate principal amount of \$11,500,000 (the “Bonds”) and in regard to an exemption from ad valorem taxation of property constructed or purchased with the proceeds of such Bonds. The Bonds are proposed to be issued by the Issuer under authority of K.S.A. 12-1740 *et seq.*, as amended, to pay the costs of the acquisition, renovation, construction and equipping of senior apartments located at 200 and 211 N. Gordy Street, El Dorado, Kansas. The Issuer further intends to lease such facility to Gordy Heritage, LLC, a Kansas limited liability company (the “Tenant”). The governing body of the Issuer will not pass an ordinance authorizing the issuance of such revenue bonds until the public hearing has been concluded.

Notice is further given, in accordance with K.S.A. 12-1744e, that the Issuer intends to issue the Bonds and lease the facility to the Tenant as set out above.

A copy of this Notice, together with a copy of the inducement resolution of the Issuer to be considered for adoption on July 5, 2022, indicating the intent of the governing body of the Issuer to issue such Bonds and a report analyzing the costs and benefits of such property tax exemption are on file in the office of the Clerk, or will be as soon as completed, and available for public inspection during normal business hours.

All persons having an interest in this matter will be given an opportunity to be heard at the time and place above specified.

Dated: June 25, 2022.

CITY OF EL DORADO, KANSAS

Tabitha Sharp, Clerk

TO: City Commission
FROM: Alyssa Warner, Finance Director
SUBJ: Setting a Public Hearing for the Revenue Neutral Rate (RNR)
DATE: June 24, 2022

Background:

In March 2021, the Kansas Legislature passed KSA 79-2988 (formerly Senate Bill 13) to establish limitations on ad valorem property tax levies by taxing subdivisions without an additional notice and hearing prior to budget adoption. The legislation created new notice and public hearing requirements for local governments. Municipalities desiring to collect property taxes in excess of the amount collected the prior year are required to publish a notice of intent to exceed the prior year's taxes. The County Clerk will mail a notification to taxpayers to inform them of the governing body's intent.

Staff will provide more information regarding the proposed budget at upcoming work sessions. After further deliberation of the proposed budget, the City Commission may then elect to decrease the mill levy following the RNR and budget hearings.

The City Commission discussed this at the June 16th work session. The Commission directed the City Manager to proceed with preparing a Notice of Intent to Exceed the Revenue Neutral Rate to accept the increased taxes generated from an increase in rising assessed valuations.

Strategic Priority:

Develop a balanced operating budget that maintains funding levels without requiring an increase to the mill levy.

Fiscal Impact:

City Staff have provided a Revenue Neutral Rate example handout that demonstrates the various financial impacts of accepting the RNR and exceeding that rate up to the assessed valuation amount.

Legal Review:

Per state law, the City must send the County Clerk its Notice of Intent to Exceed the Revenue Neutral Rate on or before July 20th, 2022.

Trade-offs:

Failure to adopt a Notice of Intent to Exceed the Revenue Neutral Rate may require the City to rebate any property taxes collected in excess of the prior year's taxes.

Staff Recommendation:

Staff recommends approving a Notice of Intent to Exceed the Revenue Neutral Rate to send to the County Clerk to comply with state law.

Commission Action:

Commissioner _____ moves to set the public hearing for the Revenue Neutral Rate and the proposed 2023 Budget on September 6th, 2022 at 5:30 pm at City Hall, and further authorize the City Clerk to

provide Notice of the City's Intent to Exceed the Revenue Neutral Rate by 4.907 mills to the Butler County Clerk.

Commissioner _____ seconded the motion

[Return to Agenda](#)

[Next Item](#)

EL DORADO

KANSAS

THE CALCULUS OF THE REVENUE NEUTRAL RATE

City of El Dorado Mill Levy (includes all mill-levied funds for the City)			
(in millions)	<u>2021 Valuation</u>	<u>2022 Valuation</u>	
Appraised Valuation	\$97,079,137	\$106,019,910	
		Scenarios	
		<u>Revenue Neutral</u>	<u>Valuation Growth</u>
Mill Levy	58.194	53.287	58.194
Property Taxes	\$5,649,423	\$5,649,483	\$6,169,723
Purchasing Power (Inflation Rate of 8%)		\$5,197,524	
Difference		\$451,959	\$520,240
Property Tax Increase per \$1,000 of Assessed Valuation			\$4.91

Potential Impact to Residential Property				
<u>2021</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>Property Tax</u>
<u>Appraised Value</u>	<u>Assessed Value</u>	<u>Appraised Value</u>	<u>Assessed Value</u>	<u>Difference</u>
\$85,000	\$9,775	\$91,800	\$10,557	\$46
\$150,000	\$17,250	\$162,000	\$18,630	\$80
\$225,000	\$25,875	\$243,000	\$27,945	\$120
\$300,000	\$34,500	\$324,000	\$37,260	\$161

Potential Impact to Commercial Property				
<u>2021</u>	<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>Property Tax</u>
<u>Appraised Value</u>	<u>Assessed Value</u>	<u>Appraised Value</u>	<u>Assessed Value</u>	<u>Difference</u>
\$350,000	\$87,500	\$378,000	\$94,500	\$407
\$500,000	\$125,000	\$540,000	\$135,000	\$582
\$1,000,000	\$250,000	\$1,080,000	\$270,000	\$1,164
\$25,000,000	\$6,250,000	\$27,000,000	\$6,750,000	\$29,097

Staff recommends adoption of a Resolution of Intent to Exceed the Revenue Neutral Rate. The City Commission can lower the mill levy following adoption of such resolution, although it cannot exceed the published Intent to Exceed the Revenue Neutral Rate.

Property owners will receive a notice in July or August from Butler County informing them of the potential increase to their property taxes based on each local governing entity's intent to exceed (or not exceed) their respective Revenue Neutral Rate. The notice will also inform property owners of the date and time of each entity's Revenue Neutral Rate hearing.

In July, the City Commission will need to decide whether to remain "revenue neutral," or accept all or part of the potential property tax increase arising from increased valuations. Remaining "revenue neutral" decreases purchasing power in an inflationary environment.