

**ORDINANCE NO. 705**

**OF THE  
CITY OF ROSE HILL, KANSAS**

**AUTHORIZING THE ISSUANCE OF  
\$12,104,313.73  
TAXABLE INDUSTRIAL REVENUE BONDS  
SERIES 2022  
(DYNAMIC N/C PROJECT)**

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**ORDINANCE NO. 705**

**AN ORDINANCE AUTHORIZING THE CITY OF ROSE HILL, KANSAS TO ISSUE ITS TAXABLE INDUSTRIAL REVENUE BONDS, SERIES 2022 (DYNAMIC N/C PROJECT) FOR THE PURPOSE OF ACQUIRING A LEASEHOLD INTEREST IN AN EXISTING MANUFACTURING FACILITY; AND AUTHORIZING OTHER RELATED DOCUMENTS AND ACTIONS.**

**THE GOVERNING BODY OF THE CITY OF ROSE HILL, KANSAS HAS FOUND AND DETERMINED:**

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

B. The Issuer's governing body has determined that it is desirable in order to promote, stimulate and develop the general economic welfare and prosperity of the Issuer and the State of Kansas that the Issuer issue its Taxable Industrial Revenue Bonds, Series 2022 (Dynamic N/C Project) in the aggregate principal amount of \$12,104,313.73 (the "Series 2022 Bonds"), for the purpose of paying the costs of acquiring a leasehold interest in an existing manufacturing facility (the "Project") as more fully described in the Indenture and in the Lease authorized in this Ordinance, for lease to FIP Master Funding VIII, LLC, a Delaware limited liability company (the "Tenant").

C. The Issuer's governing body finds that it is necessary and desirable in connection with the issuance of the Series 2022 Bonds to execute and deliver the following documents (collectively, the "Bond Documents"):

- (i) a Trust Indenture (the "Indenture"), with UMB Bank, Kansas City, Missouri, as Trustee (the "Trustee"), prescribing the terms and conditions of issuing and securing the Series 2022 Bonds;
- (ii) a Site Lease (the "Site Lease") with the Tenant under which the Tenant will lease an interest in the Real Property to the Issuer;
- (iii) a Project Lease (the "Project Lease") with the Tenant, under which the Issuer will acquire, the Project and lease it to the Tenant in consideration of Basic Rent and other payments;
- (iv) a Bond Purchase Agreement (the "Bond Purchase Agreement") providing for the sale of the Series 2022 Bonds by the Issuer to FIP Master Funding VIII, LLC, (the "Purchaser"); and
- (v) an Agreement for Payment in Lieu of Taxes (the "Agreement for Payment in Lieu of Taxes") with the Tenant, under which the Tenant will make payments in lieu of taxes for each year after issuance of the Series 2022 Bonds that the Project is exempt from ad valorem taxation.

D. The Issuer's governing body has found that under the provisions of K.S.A. 79-201a *Twenty-Fourth*, the Project purchased or constructed with the proceeds of the Series 2022 Bonds is eligible for exemption from ad valorem property taxes for up to 6 years, commencing in the calendar year following the calendar year in which the Bonds are issued, if proper application is made, provided no exemption may be granted from 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 Issuer's governing body has further found that the Project should be

exempt from ad valorem property taxes for a period of 6 years, subject to a payment in lieu of taxes for each year of the exemption, as more particularly described in the Agreement for Payment in Lieu of Taxes. Prior to making this determination, the governing body of the Issuer has conducted the public hearing and reviewed the analysis of costs and benefits of the exemption required by K.S.A. 12-1749d.

**NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF ROSE HILL, KANSAS:**

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

Section 2.       **Authority to Cause the Project to Be Purchased.** The Issuer is authorized to lease the Real Property and cause the Project to be acquired in the manner described in the Indenture, the Site Lease and the Project Lease.

Section 3.       **Authorization of and Security for the Bonds.** The Issuer is authorized and directed to issue the Series 2022 Bonds, to be designated "City of Rose Hill, Kansas Taxable Industrial Revenue Bonds, Series 2022 (Dynamic N/C Project)" in the aggregate principal amount of \$12,104,313.73, for the purpose of providing funds to pay the costs of acquiring the Project. The Series 2022 Bonds will be in the principal amount, will be dated and bear interest, will mature and be payable at the times, will be in the forms, will be subject to redemption and payment prior to maturity, and will be issued according to the provisions, covenants and agreements in the Indenture. The Series 2022 Bonds will be special limited obligations of the Issuer payable solely from the Trust Estate under the Indenture, including revenues derived from the Project Lease. The Series 2022 Bonds will not be general obligations of the Issuer, nor constitute a pledge of the faith and credit of the Issuer, and will not be payable in any manner by taxation.

Section 4.       **Authorization of Indenture.** The Issuer is authorized to enter into the Indenture with the Trustee in the form approved in this Ordinance. The Issuer will pledge the Trust Estate described in the Indenture to the Trustee for the benefit of the owners of the Series 2022 Bonds on the terms and conditions in the Indenture.

Section 5.       **Lease of the Project.** The Issuer will lease an interest in the Real Property and acquire the Project and lease it to the Tenant according to the provisions of the Site Lease and Project Lease in the form approved in this Ordinance. The proposed sublease of the Project to Dynamic N/C, LLC, a Kansas limited liability company, or its assigns (the "Subtenant") is approved by the Issuer.

Section 6.       **Authorization of Bond Purchase Agreement.** The Issuer is authorized to sell the Series 2022 Bonds to the Purchaser, according to the terms and provisions of the Bond Purchase Agreement, in the form approved in this Ordinance.

Section 7.       **Execution of Bonds and Bond Documents.** The Mayor of the Issuer is authorized and directed to execute the Series 2022 Bonds and deliver them to the Trustee for authentication on behalf of the Issuer in the manner provided by the Act and in the Indenture. The Mayor, or member of the Issuer's governing body authorized by law to exercise the powers and duties of the Mayor in the Mayor's absence, is further authorized and directed to execute and deliver the Bond Documents on behalf of the Issuer in substantially the forms presented for review prior to passage of this Ordinance, with the corrections or amendments as the Mayor or other person lawfully acting in the absence of the Mayor may approve, which approval shall be evidenced by his or her signature. The authorized signatory may sign and deliver all other documents, certificates or instruments as may be necessary or desirable to carry out the purposes and intent of this Ordinance and the Bond Documents. The City Clerk or the Deputy City Clerk of the Issuer is hereby authorized and directed to attest the execution of the Series 2022 Bonds, the Bond Documents and the other

documents, certificates and instruments as may be necessary or desirable to carry out the intent of this Ordinance under the Issuer's corporate seal.

Section 8.       **Property Tax Exemption; Payment in Lieu of Taxes.** The Project will be exempt from ad valorem property taxes for 6 years, commencing in the calendar year after the calendar year in which the Series 2022 Bonds are issued, provided no exemption may be granted from 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 will prepare the application for exemption and submit it to the Issuer for its review. After its review, the Issuer will submit the application for exemption to the State Board of Tax Appeals. The Issuer is authorized to enter into the Agreement for Payment in Lieu of Taxes in substantially the form presented for review prior to passage of this Ordinance.

Section 9.       **Pledge of the Project and Net Lease Rentals.** The Issuer hereby pledges the Project and the net rentals generated under the Project Lease to the payment of the Series 2022 Bonds in accordance with K.S.A. 12-1744. The lien created by the pledge will be discharged when all of the Series 2022 Bonds are paid or deemed to have been paid under the Indenture.

Section 10.      **Authority To Correct Errors and Omissions.** The Mayor or member of the Issuer's governing body authorized to exercise the powers and duties of the Mayor in the Mayor's absence, the City Clerk and any Deputy City Clerk are hereby authorized and directed to make any alterations, changes or additions in the instruments herein approved, authorized and confirmed which may be necessary to correct errors or omissions therein or to conform the same to the other provisions of the instruments or to the provisions of this Ordinance.

Section 11.      **Further Authority.** The officials, officers, agents and employees of the Issuer are authorized and directed to take whatever action and execute whatever other documents or certificates as may be necessary or desirable to carry out the provisions of this Ordinance and to carry out and perform the duties of the Issuer with respect to the Series 2022 Bonds and the Bond Documents.

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

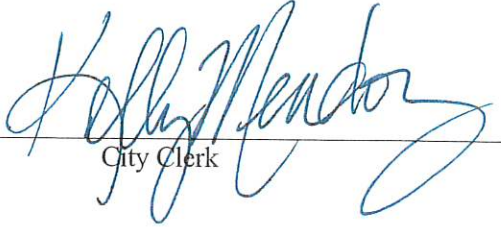
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## CERTIFICATE

I hereby certify that the attached copy is a true and correct copy of Ordinance No. 705 of the City of Rose Hill, Kansas duly passed by the governing body, signed by the Mayor and published in the official City newspaper on the respective date stated in this Ordinance, and that the signed original of the Ordinance is on file in my office.

[SEAL]



  
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City Clerk