

**City of Mission  
Regular Meeting Agenda  
Wednesday, May 17, 2017  
7:00 p.m.  
Mission City Hall**

*If you require any accommodations (i.e. qualified interpreter, large print, reader, hearing assistance) in order to attend this meeting, please notify the Administrative Office at 913-676-8350 no later than 24 hours prior to the beginning of the meeting.*

**CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

- City of Mission Police Honor Guard

**ROLL CALL**

**PUBLIC HEARING**

**1. SPECIAL PRESENTATIONS**

- Police Department Special Presentations
- Law Enforcement Appreciation Month Proclamation
- 2017 National Public Works Week Proclamation
- Introduction of Nick Shepherd, Recreation Program Coordinator
- 2017 Kids to Parks Day Proclamation
- 2017 Building Safety Month Proclamation
- 2017 Bike Month Proclamation

**2. ISSUANCE OF NOTES AND BONDS**

**3. CONSENT AGENDA**

*NOTE: Information on consent agenda items has been provided to the Governing Body. These items are determined to be routine enough to be acted on in a single motion; however, this does not preclude discussion. **If a councilmember or member of the public requests, an item may be removed from the consent agenda for further consideration and separate motion.***

**CONSENT AGENDA - GENERAL**

- 3a. [Minutes of the April 19, 2017 City Council Meeting](#) and Minutes of the [May 11, 2017 Special City Council Meeting](#)

**CONSENT AGENDA - Finance & Administration Committee**

[Finance & Administration Committee Meeting Packet 5-3-17](#)  
[Finance & Administration Committee Meeting Minutes 5-3-17](#)

- 3b. Approval of KERIT Trust Agreement Documents ([page 4](#))  
3c. Waiver of Chapter 205 - Fireworks for Mission Summer Family Picnic

## **CONSENT AGENDA - Community Development Committee**

[Community Development Committee Meeting Packet 5-3-17](#)  
Community Development Committee Meeting Minutes 5-3-17

- 3d. Interlocal Agreement with Unified Government Regarding 6650 W. 47th Terrace, KCKS
- 3e. Stormwater Repair Solutions - 49th Street

## **COMMUNITY COMMITTEE REPORTS**

*Approved Minutes from Board and Commission meetings are available on the City of Mission website under the "[Agendas & Minutes](#)" tab.*

### **4. PUBLIC COMMENTS**

### **5. ACTION ITEMS**

#### **Planning Commission**

- 5a. Zoning Code Text Amendments ([page 71](#))

#### **Miscellaneous**

### **6. COMMITTEE REPORTS**

#### **Finance & Administration, Ron Appletoft**

[Finance & Administration Committee Meeting Packet 5-3-17](#)  
[Finance & Administration Committee Meeting Minutes 5-3-17](#)

- 6a. 2016 Audit ([page 90](#))

#### **Community Development, Arcie Rothrock**

[Community Development Committee Meeting Packet 5-3-17](#)  
Community Development Committee Meeting Minutes 5-3-17

- 6b. Foxridge Drive Phase I - Award of Construction Contract ([page 211](#))
- 6c. Foxridge Drive Phase I - Inspection Services Contract ([page 293](#))
- 6d. Foxridge Drive Phase I - CARS Interlocal Agreement ([page 302](#))

### **7. UNFINISHED BUSINESS**

### **8. NEW BUSINESS**

- 8a. Election of Council Committee Chairs and Vice-Chairs

### **9. COMMENTS FROM THE CITY COUNCIL**

### **10. MAYOR'S REPORT**

#### **Appointments**

#### **Community Investment Program (CIP) Committee**

- Stuart Braden, Ward I - Planning Commission Representative
- Scott Babcock, Ward II - Planning Commission Representative
- Nathan Dormer, Ward III - Parks, Recreation & Tree Commission Representative
- David Schwenk, Ward III - Parks Recreation & Tree Commission Representative

- John Arnett, Ward IV - Sustainability Commission Representative
- Hilary Thomas, Ward I - Ward Representative
- Lea Loudon, Ward II - Ward Representative
- Jennifer Cowdry, Ward III - Ward Representative
- Bill Nichols, Ward IV - Ward Representative
- Jerry Lonergan, Ward IV - At-Large Representative

### **Parks, Recreation & Tree Commission**

- Elizabeth Garcia, Ward II

## **11. CITY ADMINISTRATOR'S REPORT**

### **EXECUTIVE SESSION**

### **ADJOURNMENT**

<b>City of Mission</b>	Item Number:	3b.
<b>ACTION ITEM SUMMARY</b>	Date:	April 26, 2017
<b>Administration</b>	From:	Brian Scott

Action items require a vote to recommend the item to full City Council for further action.

**RE:** KERIT Trust Agreement documents

**RECOMMENDATION:** Approve the Resolution authorizing the City Administrator to sign the KERIT Trust Agreement on behalf of the City of Mission.

**DETAILS:** The Kansas Eastern Regional Insurance Trust (KERIT) is a formal, organized insurance trust made up of municipalities in Eastern Kansas. It was established in 1996 for the purpose of allowing municipalities (counties, cities, and other local governments) to “pool” their funds together for the purpose of providing worker’s compensation coverage to their respective employees. The City of Mission joined KERIT in 2009. Currently, there are 18 member entities including Mission, Fairway, Merriam, Shawnee, Leawood, Leavenworth (city and county), Lansing, Gardner, Winfield, Ottawa, Chanute, Coffeyville, Derby, Junction City, Atchison County, McPherson, and Johnson County Parks and Recreation. Annual worker’s compensation premiums are approved by the City Council in December of each year.

In conjunction with administration and payout of worker compensation claims, KERIT also provides safety training and other initiatives to support and ensure employee wellness and safety. KERIT’s strong emphasis on loss control, along with member entities active engagement in risk management activities has resulted in low loss ratios for the past several years. As a result, member entities frequently realize a portion of annual premiums once a claim year has been closed out. This has amounted to over \$13 million being returned to member entities over the nearly 30 year history of KERIT.

KERIT does not have offices or staff. Instead, administrative support services are provided by the Mid-America Regional Council, and claims administration and safety training are provided by Thomas-McGee. Each member entity appoints a representative to the Board of Trustees, which serves as the governing body for KERIT.

The Board of Trustees recently undertook a review and update of the KERIT by-laws, operating procedures, and the Trust Agreement itself. The updated governance documents were recently approved by the Board of Trustees. The attached resolution authorizes the City Administrator to sign the Trust Agreement on behalf of the City of Mission.

A red-line version of the KERIT Trust Agreement showing additions/deletions has been added to this action item. It was not with the original action item when presented to the Finance and Administration Committee on May 3rd.

**CFAA CONSIDERATIONS/IMPACTS:** N/A

Related Statute/City Ordinance:	K.S.A 12-2627
Line Item Code/Description:	N/A
Available Budget:	N/A

# KANSAS EASTERN REGION INSURANCE TRUST

## GOVERNANCE DOCUMENTS

Style Definition: TOC 3: Tab stops: 6.49", Right, Leader: ...

Style Definition: TOC 1

Style Definition: TOC 2

*Documents Included (see Table of Contents beginning on next page for page numbers)*

### Bylaws

Trust Agreement

Operating Procedures

Operating Procedures – Addendums

Assessment Formula Policy

Code of Ethics Policy

Dividend Formula Policy

Fund Balance Policy

Investment Policy

Performance Policy

Records Management Policy

Documents Amended, Consolidated and Reformatted – **December 2016 (insert date of Board Approval)**

Formatted: Highlight

# KANSAS EASTERN REGION INSURANCE TRUST

## GOVERNANCE DOCUMENTS

### Table of Contents

<u>BYLAWS .....</u>	<u>1</u>
<u>Article I – Introduction .....</u>	<u>1</u>
<u>Article II – Definitions .....</u>	<u>1</u>
<u>Article III – Eligibility.....</u>	<u>2</u>
<u>Article IV – Board of Trustees and Members .....</u>	<u>2</u>
<u>Article V – Meetings .....</u>	<u>5</u>
<u>Article VI – Finances and Dividends.....</u>	<u>7</u>
<u>Article VII – Bonds (State Requirements) .....</u>	<u>9</u>
<u>Article VIII – Reports (State Requirements).....</u>	<u>9</u>
<u>Article IX – General Provisions – Collections and Contributions.....</u>	<u>9</u>
<u>Article X – Indemnification.....</u>	<u>9</u>
<u>Article XI – Amendments .....</u>	<u>11</u>
<u>TRUST AGREEMENT .....</u>	<u>12</u>
<u>Section I – Definitions .....</u>	<u>12</u>
<u>Section II – Purpose of Trust and Application of Fund .....</u>	<u>13</u>
<u>Section III – The Trustees .....</u>	<u>14</u>
<u>Section IV – Member Contributions to the Trust.....</u>	<u>16</u>
<u>Section V – Participation and Minimum Term Membership .....</u>	<u>17</u>
<u>Section VI – Power of Trustees .....</u>	<u>18</u>
<u>Section VII – Audits and Reports .....</u>	<u>19</u>
<u>Section VIII – Amendment .....</u>	<u>19</u>
<u>Section IX – Termination of Trust .....</u>	<u>19</u>
<u>Section X – Obligation of Members.....</u>	<u>19</u>
<u>Section XI – Miscellaneous .....</u>	<u>21</u>
<u>OPERATING PROCEDURES .....</u>	<u>23</u>
<u>Purpose.....</u>	<u>23</u>
<u>Fiscal Year.....</u>	<u>23</u>

Trustees .....	23
Officers .....	25
Membership Criteria .....	25
Method of Payment .....	25
Dividend/Assessment Procedures .....	27
Investments .....	27
Code of Ethics .....	27
Independent Service Agent .....	27
Trust Agreement .....	28
Check Signature Controls .....	28
Amendments .....	28
<b>ASSESSMENT FORMULA POLICY .....</b>	<b>30</b>
Background .....	30
Assessment Formula – Approved July 10, 2012 (for all claim years since inception) .....	30
Board Approval for Assessment .....	30
<b>CODE OF ETHICS POLICY .....</b>	<b>31</b>
Declaration of Policy .....	31
Definitions .....	31
Interest .....	31
Official act or official action .....	31
Business entity .....	31
Trustee, public officer, official or employee .....	32
Ethical Code .....	32
Exhibit A – Kansas Eastern Regional Insurance Trust – Code of Ethics Policy Conflict of Interest Form .....	33
<b>DIVIDEND FORMULA POLICY .....</b>	<b>34</b>
Background and History .....	34
Dividend Formula — Approved August 8, 2006, for Plan Years 2004 and After .....	34
Dividend Formula — Approved August 8, 2006, for Plan Years 2003 and Prior .....	36
Board Approval for Distribution .....	36
<b>FUND BALANCE POLICY .....</b>	<b>39</b>
Background and Purpose .....	39

<u>Kansas State Restriction on Fund Balance.....</u>	<u>39</u>
<u>Government Accounting Standards Board (GASB).....</u>	<u>40</u>
<u>Guidance for Minimum and Maximum Fund Balance.....</u>	<u>40</u>
<u>Impact of Potential Premium Assessments.....</u>	<u>41</u>
<u>Maturity of Claim Years before Dividend Distributions are Made.....</u>	<u>41</u>
<u>Monitoring Compliance with Fund Balance Policy.....</u>	<u>43</u>
<u>Amount of Potential Dividend Distributions.....</u>	<u>43</u>
<u>Operating Procedures Addendums for Dividend and Premium Assessment Formulas.....</u>	<u>43</u>
<u>INVESTMENT POLICY.....</u>	<u>44</u>
<u>The Goals of KERIT in Investment Portfolio Management.....</u>	<u>44</u>
<u>Duties.....</u>	<u>44</u>
<u>Board of Trustees.....</u>	<u>44</u>
<u>Finance Committee.....</u>	<u>45</u>
<u>Allowable Investments.....</u>	<u>46</u>
<u>Guidelines for Security Mix Limitations.....</u>	<u>46</u>
<u>Guidelines for Maturity Limitations and Criteria for Portfolio Quality.....</u>	<u>46</u>
<u>Liquidity Objectives.....</u>	<u>48</u>
<u>Investment Restrictions and Prohibited Transactions.....</u>	<u>48</u>
<u>Portfolio Adjustments.....</u>	<u>48</u>
<u>Safekeeping.....</u>	<u>48</u>
<u>Standard of Care.....</u>	<u>48</u>
<u>Prudence.....</u>	<u>48</u>
<u>Ethics and Conflicts of Interest.....</u>	<u>49</u>
<u>Conflict of Interest Signature Form.....</u>	<u>49</u>
<u>Confidentiality.....</u>	<u>49</u>
<u>Exhibit A – Kansas Department of Insurance and Statutory Investment Guidelines.....</u>	<u>50</u>
<u>Exhibit B – Kansas Eastern Regional Insurance Trust – Investment Policy Conflict of Interest Form.....</u>	<u>51</u>
<u>PERFORMANCE POLICY.....</u>	<u>52</u>
<u>Trustee Performance.....</u>	<u>52</u>
<u>Definitions.....</u>	<u>52</u>
<u>Work Safety Performance.....</u>	<u>52</u>
<u>Special Attention Program.....</u>	<u>54</u>



Objective .....	54
Methodology .....	54
Member Termination (Non-renewal) .....	55
<b>RECORDS MANAGEMENT POLICY</b> .....	<b>56</b>
Policy .....	56
Definitions of Trust Records .....	56
Records Management Plan .....	56
Trust Records Declared Public Property .....	56
Representative .....	57
Records Retention Schedules .....	58
Destruction of Unscheduled Records .....	58
Inactive Records Storage .....	58
<b>BYLAWS</b> .....	<b>1</b>
Article I — Introduction .....	1
Article II — Eligibility .....	1
Article III — Board of Trustees .....	1
Article IV — Meetings .....	3
Article V — Finances and Dividends .....	4
Article VI — Bonds (State Requirements) .....	5
Article VII — Reports (State Requirements) .....	5
Article VIII — General Provisions — Collections and Contributions .....	5
Article IX — Indemnification .....	5
Article X — Amendments .....	6
<b>TRUST AGREEMENT</b> .....	<b>7</b>
Section I — Definitions .....	7
Section II — Purpose of Trust and Application of Fund .....	8
Section III — The Trustees .....	9
Section IV — Member Contributions of the Trust .....	10
Section V — Participation and Minimum Term Membership .....	10
Section VI — Power of Trustees .....	11
Section VII — Audits and Reports .....	12
Section VIII — Amendment .....	12

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Formatted: Default Paragraph Font, Check spelling and grammar

Section IX – Termination of Trust .....	13	Formatted: Default Paragraph Font, Check spelling and grammar
Section X – Obligation of Members .....	13	Formatted: Default Paragraph Font, Check spelling and grammar
Section XI – Miscellaneous .....	14	Formatted: Default Paragraph Font, Check spelling and grammar
<b>OPERATING PROCEDURES .....</b>	<b>16</b>	<b>Formatted: Default Paragraph Font, Check spelling and grammar</b>
Purpose .....	16	Formatted: Default Paragraph Font, Check spelling and grammar
Fiscal Year .....	16	Formatted: Default Paragraph Font, Check spelling and grammar
Trustees .....	16	Formatted: Default Paragraph Font, Check spelling and grammar
Officers .....	17	Formatted: Default Paragraph Font, Check spelling and grammar
Membership Criteria .....	17	Formatted: Default Paragraph Font, Check spelling and grammar
Method of Payment .....	17	Formatted: Default Paragraph Font, Check spelling and grammar
Dividend/Assessment Procedures .....	18	Formatted: Default Paragraph Font, Check spelling and grammar
Investments .....	18	Formatted: Default Paragraph Font, Check spelling and grammar
Code of Ethics .....	18	Formatted: Default Paragraph Font, Check spelling and grammar
Cancellation of Membership .....	18	Formatted: Default Paragraph Font, Check spelling and grammar
Service Agent .....	18	Formatted: Default Paragraph Font, Check spelling and grammar
Trust Agreement .....	19	Formatted: Default Paragraph Font, Check spelling and grammar
Check Signature Controls .....	19	Formatted: Default Paragraph Font, Check spelling and grammar
Amendments .....	19	Formatted: Default Paragraph Font, Check spelling and grammar
<b>ASSESSMENT FORMULA POLICY .....</b>	<b>20</b>	<b>Formatted: Default Paragraph Font, Check spelling and grammar</b>
Background .....	20	Formatted: Default Paragraph Font, Check spelling and grammar
Assessment Formula – Approved July 10, 2012 (for all claim years since inception) .....	20	Formatted: Default Paragraph Font, Check spelling and grammar
Board Approval for Assessment .....	20	Formatted: Default Paragraph Font, Check spelling and grammar
<b>CODE OF ETHICS POLICY .....</b>	<b>21</b>	<b>Formatted ... [1]</b>
Declaration of Policy .....	21	Formatted ... [2]
Definitions .....	21	Formatted ... [3]
Interest .....	21	Formatted ... [4]
Official act or official action .....	21	Formatted ... [5]
Business entity .....	21	Formatted ... [6]
Trustee, public officer, official or employee .....	21	Formatted ... [7]
Ethical Code .....	22	Formatted ... [8]
Ethical Code .....	22	Formatted ... [9]
Ethical Code .....	22	Formatted ... [10]
Ethical Code .....	22	Formatted ... [11]
Ethical Code .....	22	Formatted ... [12]
Ethical Code .....	22	Formatted ... [13]
Exhibit A – Kansas Eastern Regional Insurance Trust – Code of Ethics Policy Conflict of Interest Form .....	23	

<u>DIVIDEND FORMULA POLICY</u> .....	24	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Background and History</u> .....	24	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Dividend Formula – Approved August 8, 2006, for Plan Years 2004 and After</u> .....	24	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Dividend Formula – Approved August 8, 2006, for Plan Years 2003 and Prior</u> .....	25	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Board Approval for Distribution</u> .....	25	Formatted: Default Paragraph Font, Check spelling and grammar
<u>FUND BALANCE POLICY</u> .....	28	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Background and Purpose</u> .....	28	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Kansas State Restriction on the Claims Fund</u> .....	28	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Government Accounting Standards Board (GASB)</u> .....	29	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Guidance for Minimum and Maximum Fund Balance</u> .....	29	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Impact of Potential Premium Assessments</u> .....	30	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Maturity of Claim Years before Dividend Distributions are Made</u> .....	30	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Monitoring Compliance with Fund Balance Policy</u> .....	31	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Amount of Potential Dividend Distributions</u> .....	31	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Operating Procedures Addendums for Dividend and Premium Assessment Formulas</u> .....	31	Formatted: Default Paragraph Font, Check spelling and grammar
<u>INVESTMENT POLICY</u> .....	32	Formatted: Default Paragraph Font, Check spelling and grammar
<u>The Goals of KERIT in Investment Portfolio Management</u> .....	32	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Duties</u> .....	32	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Board of Trustees</u> .....	32	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Finance Committee</u> .....	33	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Allowable Investments</u> .....	34	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Guidelines for Security Mix Limitations</u> .....	34	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Guidelines for Maturity Limitations and Criteria for Portfolio Quality</u> .....	34	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Liquidity Objectives</u> .....	35	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Investment Restrictions and Prohibited Transactions</u> .....	35	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Portfolio Adjustments</u> .....	35	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Safekeeping</u> .....	35	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Standard of Care</u> .....	35	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Prudence</u> .....	35	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Ethics and Conflicts of Interest</u> .....	35	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Conflict of Interest Signature Form</u> .....	36	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Confidentiality</u> .....	36	Formatted: Default Paragraph Font, Check spelling and grammar
<u>Exhibit A – Kansas Department of Insurance and Statutory Investment Guidelines</u> .....	37	Formatted: Default Paragraph Font, Check spelling and grammar

<u>Exhibit B – Kansas Eastern Regional Insurance Trust – Investment Policy Conflict of Interest Form</u> .....	38
<u>PERFORMANCE POLICY</u> .....	39
<u>Trustee Performance</u> .....	39
<u>Work Safety Performance</u> .....	39
<u>Special Attention Program</u> .....	40
<u>Objective</u> .....	40
<u>Methodology</u> .....	40
<u>Member Termination (Non renewal)</u> .....	41
<u>RECORDS MANAGEMENT POLICY</u> .....	42
<u>Policy</u> .....	42
<u>Definitions of Trust Records</u> .....	42
<u>Records Management Plan</u> .....	42
<u>Trust Records Declared Public Property</u> .....	42
<u>Representative</u> .....	42
<u>Records Management Plan</u> .....	43
<u>Records Retention Schedules</u> .....	44
<u>Destruction of Unscheduled Records</u> .....	44
<u>Inactive Records Storage</u> .....	44

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

**Formatted:** Default Paragraph Font, Check spelling and grammar

# KANSAS EASTERN REGION INSURANCE TRUST

## BYLAWS

Date of Revision: Effective April 22, 1997

Date of Revision: Effective (insert date of Board KS Dept. of Insurance Approval)

### Article I – Introduction

Section 1. The name of this organization shall be the Kansas Eastern Region Insurance Trust (KERIT), hereinafter referred to as the “Trust.”

Section 2. Its principal office shall be located at 600 Broadway, Suite 200, Kansas City, Missouri 64105-1659.

Section 3. These Bylaws are adopted pursuant to and in compliance with the laws of the State of Kansas and with the rules and regulations of the Kansas Insurance Department, hereinafter referred to as the “Department.”

Section 4. The Board of Trustees of the Kansas Eastern Region Insurance Trust may contract for any or all of the services required for the operation of the Trust.

### Article II – Definitions

Trust – The term “Trust” as used herein shall mean the Kansas Eastern Region Insurance Trust. These Bylaws are intended to implement the terms of the Trust and in the event of any contradictory language existing between the terms of the Trust and these Bylaws, the terms of the Trust shall control.

Member/Participant – The term “Member/Participant” as used herein shall mean and include such local governments that shall a) qualify for participation under the Kansas group self-insurance statute and regulations; b) be a city, county, township, school district, or other political subdivision of the state, or any agency, authority, institution or other instrumentality thereof, located in the State of Kansas; c) qualify for participation under the requirements for eligibility adopted from time to time by the Trustees pursuant to Section 2.5 of the Trust Agreement; d) submit a request for participation in the Trust in a form approved by the Trustees; e) make an initial contribution to the Fund determined on the basis of the coverage to be provided; f) agree to be bound by the terms of these Bylaws, the Trust Agreement, and Operating Procedures and all the policies, rules and regulations promulgated by the Trustees, as such documents now exist or as they are amended or modified in the future; and g) at the required times make additional installment contributions to the Fund. If the Member satisfies these requirements, it may be accepted for participation under the provisions of the Trust and Fund coverage and policies obtained pursuant thereto, all subject to and in accordance with Section 5 of the Trust Agreement.

Board of Trustees – The term “Board of Trustees” as used herein shall mean the collective group of Trustees appointed to set policies and oversee services required for the operation of the Trust.

Formatted: Normal

Formatted: Font: Italic

Formatted: Font: Italic

Trustee and Trustees – The term(s) “Trustee” and “Trustees” as used herein shall mean a representative designated by each Member to serve as a voting member on the Board of Trustees.

Formatted: Font: Italic

Administrator and/or Independent Service Agent – The terms “Administrator” and/or “Independent Service Agent” as used herein shall mean individuals or organizations who have been hired and shall be responsible for tasks and responsibilities as designated by the Board of Trustees. The tasks and responsibilities may include claims administration, loss control, etc. If an Administrator or Independent Service Agent has not been hired, then the Chairperson shall be considered the Administrator and/or Independent Service Agent.

Formatted: Font: Italic

Alternate Trustee – The term “Alternate Trustee” as used herein shall mean a representative designated by each Member to serve as a voting member on the Board of Trustees when the primary Trustee is not available to attend a meeting and represent the Member at the meeting.

Formatted: Font: Italic

Administrative Fund Account – The term “Administrative Fund Account” as used herein shall mean the revenues and expenses designated, segregated and accounted for the purpose of tracking and reporting the administrative financial activities of the Trust.

Formatted: Font: Italic

Formatted: Not Highlight

Claims Fund Account – The term “Claims Fund Account” as used herein shall mean the revenues and expenses designated, segregated and accounted for the purpose of tracking and reporting the claims loss activities of the Trust.

Formatted: Font: Italic

Finance Committee – The term “Finance Committee” as used herein shall mean the group of individuals appointed by the Board of Trustees. The Finance Committee is responsible for carrying out investment policies and procedures within the requirements of criteria established by the investment policy and the Board of Trustees.

Formatted: Font: Italic

Operating Procedures – The term “Operating Procedures” as used herein shall mean the documents that provide additional guidance to these Bylaws, including the Operating Procedures and all the policies, rules and regulations promulgated by the Trustees, as such documents now exist or as they are amended or modified in the future. In the event of any contradictory language existing between the terms of these Bylaws and the Operating Procedures, rules and regulations and policies, the terms of these Bylaws shall control.

Formatted: Font: Italic

**Article III – Eligibility**

Formatted: Font: Not Bold

**Article II – Eligibility**

Section 1. Member/Participants of the Trust must be cities, counties, townships, ~~water school districts, libraries, parks and recreation districts, housing authorities~~ or other political or taxing subdivisions of the state, or any agency, authority, institution or other instrumentality thereof, located in the State of Kansas and meet such other qualifications as may be set by the Board of Trustees, the Department and other appropriate governmental authorities from time to time.

Section 2. The Board of Trustees may grant the Independent Service Agent the authority to accept new applicants on a provisional basis when the applicant is within the definition of a Participant and such applicant desires Worker’s Compensation coverage, ~~pending~~subject to approval by the Board of Trustees and meeting such terms and conditions as the Board of Trustees may, from time to time, determine.

**Article IV – Board of Trustees and Members**

Section 1. The business and property of the Trust shall be supervised by the Board of Trustees. Effective January 1, 1996, each Member shall have the opportunity each year, at the ~~a~~Annual

Meeting, to appoint an official or employee in writing to serve as a Trustee. Every appointed Trustee and Alternate Trustee must be a resident of the state of Kansas. Should the position be vacated due to a violation of any Trust rules or requirements, the position shall remain vacant until the next Annual Meeting. Should a Trustee position become vacant due to termination of employment or other reason not violating any Trust rules or requirements, the Member shall have the opportunity to appoint a replacement to the position of Trustee prior to the next annual meeting. Except as herein or by law otherwise required, the Trustees shall act by majority vote of the ~~trustees~~ Trustees present at meetings at which a quorum is present. Each Trustee shall have one vote and no Trustee may vote by proxy. Each Member holding a Trustee position shall appoint an ~~alternate Trustee~~ Alternate Trustee to attend meetings, count toward a quorum, and vote on behalf of the Trustee, should the Trustee for any reason be unable to attend Board of Trustees meetings. Only Trustees or ~~alternate Trustee~~ Alternate Trustees who represent Members covered by a particular coverage may vote in matters relating to that coverage. The Trustees:

- A. Shall supervise the administration of the Trust.
- B. May employ and oversee an Administrator or ~~independent~~ Independent Service Agent who shall be responsible for claims administration, loss control, general administration and attorney-in-fact. The Trustees shall notify the Commissioner of the Department within 30 days of any change in the position of an Administrator or Independent Service Agent.
- C. May employ legal counsel, accountants, investment counselors and such other professional services as they, from time to time, deem necessary.
- D. Shall secure reinsurance in accordance with applicable State Statutes.
- E. Shall set requirements for the admission of ~~Members/P~~ participants to the Trust, which shall include such precautions as they, from time to time, deem appropriate to promote the safe and proper operation of the Trust, with financially stable Members who are amenable to safe and proper operation of the Trust and with financially stable Members who are amenable to good safety practices.
- F. Shall endeavor to see that the Trust is safely and prudently administered to ensure its financial stability.
- G. Shall perform any other functions as deemed appropriate in keeping with the proper operation of the Trust and in keeping with the laws of the State of Kansas.

Section 2. The Trustees, by a majority vote, shall elect a Chairperson, First Vice Chairperson, and Second Vice Chairperson. In the absence of a professional administrator, the Chairperson shall assume those duties. The Administrator shall be the liaison between the Board of Trustees and the ~~Independent~~ Service Agent. In addition, the ~~Board of~~ Trustees may appoint any other officer as they deem advisable. All officers so elected or appointed shall serve at the pleasure of the Board of Trustees.

Section 3. The Board of Trustees may delegate to the ~~Independent~~ Service Agent and/or the Administrator the authority to act on all claim matters between full board meetings.

Section 4. ~~A Trustee or Alternate Trustee shall not be paid compensation for their services. No Trustee or Alternate Trustee shall serve the Trust in any professional capacity not associated with their representation on the Board of Trustees. A Trustee or Alternate Trustee may be reimbursed for out-of-pocket expenses in attending meetings or for travel on Trust business, as~~

shall be determined by the Board of Trustees on a case by case basis and only after submitting adequate substantiation of the expenses and their relation to the business of the Trust.

Section 54. Any Member/Participant may be expelled from the Trust by the Board of Trustees,

(a) in the event the Member/Participant shall fail to pay any premium or assessment due the Trust by the date it becomes due; or

(b) in the event the Member/Participant shall not file any report or census required to be filed by Trust Member/Participants by the date the same shall be due; or

(c) in the event any report or census required to be filed by Trust Member/Participants shall contain any materially false statement or omit to state any material information required; or

(d) failure to continue to meet membership criteria, as specified in the Operating Procedures; or

(e) failure to meet underwriting criteria; or

(f) failure to participate in the safety/loss prevention program or claims management program in order to carry out the purposes for which the Trust was established; or

(g) upon a determination by the Board of Trustees as authorized under the Trust Agreement, including but not limited to Section 5.3 of the Trust Agreement; or

(h) for other reasons defined in the Operating Procedures, ~~or the Trust Agreements~~ or these Bylaws.

~~Section 5. A Trustee shall not be paid compensation for his services as a Trustee. No Trustee shall serve the Trust in any professional capacity not associated with his representation on the Board. A Trustee may be reimbursed for out-of-pocket expenses in attending meetings or for travel on Trust business.~~

~~Section 6. A Member may be expelled from the Trust sixty (60) days after written notice is mailed to the Member terminating their membership. The Member may appeal the decision of the Trustees to the full membership within the sixty (60) day notification period by submitting a request to appeal in writing to the Administrator. The decision of the membership shall be final.~~

~~On termination or cancellation of a Member/Participant, the Trust shall notify the Kansas Division of Workers Compensation within 10 days and shall maintain coverage of each cancelled or terminating member for 30 days after notice to such Division or until such Division gives notice that the cancelled or terminating Member has procured workers' compensation and employers' liability insurance, whichever occurs first (KSA 12-2626).~~

~~A Member may be expelled from the Trust a minimum of sixty (60) days after written notice is mailed to the Member, with a copy sent to the Kansas Department of Insurance. No liability shall accrue to the Trust or its Members for any accident to an employee of the expelled Member occurring after the sixty (60) days after written notice is mailed to the Member terminating their membership or until such Division gives notice that the cancelled or terminating member has procured workers' compensation and employers' liability insurance, whichever occurs first, the sixty (60) day notice period. The Member may appeal the decision of~~

Formatted: Indent: Left: 0.5"



~~the Trustees to the full membership within the sixty (60) day notification period by submitting a request to appeal in writing to the Administrator. The decision of the membership shall be final. A Member may be expelled from the Trust for 1) failure to pay any Member contribution on time; 2) failure to continue to meet membership criteria, as specified in Section V of the Operating Procedures; 3) failure to meet underwriting criteria; 4) failure to participate in the safety/loss prevention program or claims management program in order to carry out the purposes for which the Trust was established.~~

Section 7. Membership may be canceled by the Member at the end of any fiscal year following the initial three-year commitment. The Member ~~is expected to must~~ provide the Trust written notification at least ninety (90) days prior to January 1. ~~Failure to provide adequate notice shall result in the Member not sharing in any fund excess for the immediate past year.~~

Section 8. Each new Member to the Trust shall make a commitment to remain in the Trust a minimum of three years and to have the Trustee and ~~alternate Trustee~~Alternate Trustee attend New Member Orientation.

A Member of the Trust that does not renew at the end of any fiscal year after the initial three-year commitment will continue to participate in any dividends or assessments issued for the term of its membership.

#### **Article +V – Meetings**

Section 1. The Trust shall operate on a fiscal year beginning on January 1 and ending each year on December 31. The Trust shall furnish each Member notice of the time, place and date of the Annual Meeting, which shall be held in December.

Section 2. At each Annual Meeting of the membership of the Trust, the Independent Service Agent shall submit a statement of the claims experiences of the Trust during the preceding year, together with a financial report of the Trust for the same period. The Independent Service Agent shall be available for questions regarding the Trust.

Section 3. The Board shall elect officers at the Annual Meeting.

Section 4. Special meetings of the Board may be called by 1) the Chairperson, and in theirhis absence by the First Vice-Chairperson, or 2) by a quorum that shall consist of a majority of the Trustees then in office~~any six (6) Members of the Board, by unanimous consent of all of the Trustees~~. Notice of all special meetings of the Board shall be sent to each Trustee at least ten (10) business days prior to the time fixed for the meeting. All notices of special meetings for the Board shall state the purpose thereof. In the event all of the Members of the Board shall severally or collectively consent in writing to any action taken or to be taken by the Trust, such action is valid action as though it had been authorized at a meeting of the Board.

Section 5. A quorum for the transaction of business at any regular or special meeting of the Board shall consist of a majority of the Trustees then in office. The meeting may be held in whole or in part by conference telephone call. Previously granted claims settlement authority may be revised through a telephone poll of the Trustees, provided a majority of the Trustees then in office approve of the revision. In the event such a revision is requested, the commentary of the employer/Member shall be solicited prior to the telephone poll.

Section 6. The act of the majority of the Trustees present in person at a meeting at which a quorum is present, shall be the act of the Board of Trustees, except where otherwise provided by law or by these Bylaws.

Section 7. Telephonic meetings by conference call or other method of electronic voice transmission which permits the participants to hear and join in the discussion are specifically authorized.

Section 8. Absence of any Trustee or designated Alternate for two (2) consecutive meetings in a year without justification, excuse or good cause may be equivalent to a resignation on the part of such Trustee and the Board may declare vacant the position which shall be filled in the manner indicated above [in Article IV, section 1.](#)

## Article ~~V~~VI – Finances and Dividends

Section 1. A standard premium contribution shall be developed for insurance plans, using rates approved by the Kansas Department of Insurance, based on published payroll classifications. The standard contribution may be adjusted by any discount permitted under the Department regulations and ~~the any~~ excess carrier.

Overhead charges include, but are not limited to, claims service, loss prevention, data processing and reporting, specific aggregate excess coverage and other Trust expenses.

The Claims Fund Account is available to pay claims and provide reserve funds for future claims. Legal and allocated loss adjustment expenses are paid from this account. Excess coverage is provided immediately over and above the Claims Fund.

Section 2. The Trust shall operate at least two (2) bank accounts, including ~~an Administrative a Trustees~~ Fund Account and a Claims Fund Account for Worker's Compensation. Other coverages offered by the Trust shall be accounted for in separate accounts.

Section 3. All monies of the Trust shall be deposited among the ~~Trustees~~Administrative Fund Account, Claims Fund Account or such other account, as the Finance Committee from time to time shall determine to be appropriate, subject to the requirements of applicable law, e.g., KSA 12-2621(b).

Section 4. The Administrator or Administrator's designee shall collect all premium contributions for Worker's Compensation and shall immediately remit them to the depository bank for deposit. No less than 70 percent of premiums collected may be deposited in the Claims Fund Account, unless the Commissioner of the Department approves a different amount. The Administrator or Independent Service Agent, with Board of Trustee ~~Trust~~ approval, shall determine and bill for all appropriate insurance premium costs, all self-insurance bond costs, all state fees and service fees. The Finance Committee shall invest any monies not needed to pay current claims and claims costs.

Section 5. That portion of each ~~Member/P~~participant's contribution which shall not be required to pay claims, pay administration expenses and fees, or to fund required or appropriate reserves may be returned to the membership of the Trust from time to time, but only when specifically authorized by the Board of Trustees and by applicable law. No surplus accumulations may be returned if such payment will impair the capital stability and/or security of the Trust. In the event the Board of Trustees is unable to identify or deliver a refund for any reason, such monies will remain in the Trust.

Section 6. All costs of administration for Workers' Compensation not ~~otherwise~~ provided for herein shall be paid out of the Administrative Fund Account ~~Trustees Fund~~. Each coverage offered by the Trust shall pay only its fair share of administrative costs.

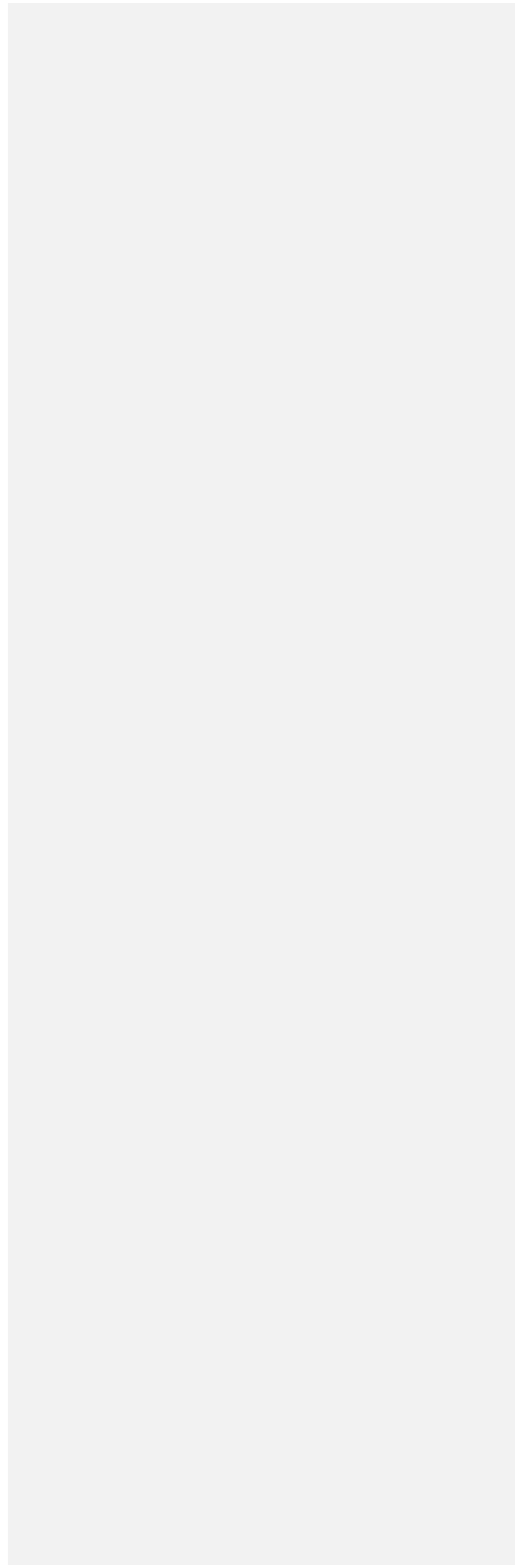
Section 7. An annual financial audit shall be made of the Trust by independent accountants designated by the Board. The expense of this audit will be paid out of the Administrative Fund ~~Trustees Account~~ fund. Copies of each year's audit shall be made available to the Department and each Member in accordance with applicable state statutes.

Section 8. Each fund year and fiscal year shall be maintained separately for accounting purposes for the benefit of the ~~Trust~~ Members/Participants active during that year.

Section 9. All investments shall be made in accordance with the Trust's approved investment policy and applicable State statutes.

Formatted: Not Highlight

|



**Article VI – Bonds (State Requirements)**

A fidelity bond shall be maintained by the Trust, covering any employees of the Trust, the Independent Service Agent, and officers, ~~and~~ Trustees and Alternate Trustees of the Trust while performing duties within the scope of their ~~duties~~ roles as officers and Trustees. Any investment advisor or other administrator of the financial affairs of the Trust shall furnish a fidelity bond to the Trust in an amount determined by the Trustees to protect the Trust against the misappropriation or misuse of any monies or securities.

**Article VII – Reports (State Requirements)**

As required by the Department, the Trust shall provide the Department with financial reports of the Trust's activities on forms required and provided by the Department.

**Article VIII – General Provisions – Collections and Contributions**

Section 1. The Board of Trustees shall require that each Member/Participant of the Trust be a city, county, township, school district, water district, library, parks and recreation district, housing authority or other political or taxing subdivision of the state, or any agency, authority, institution or other instrumentality thereof, in the State of Kansas.

Section 2. Members must keep accurate records and cooperate with the Board of Trustees, the Independent Service Agent and the representatives of the applicable State agencies, including but not limited to the Department, that have jurisdiction over Worker's Disability Compensation or safety matters. It is required that each Member will take all reasonable action to carry out the recommendations of any loss control inspection.

Section 3. The Board of Trustees shall, in conjunction with the Independent Service Agent, issue reasonable Operating Procedures for each coverage offered and, ~~providing~~ regulations for the operation of the Trust. Any changes to the Operating Procedures shall be approved by the Board of Trustees. All such Operating Procedures shall be produced in writing and a copy given to each ~~Trust~~ Member and shall be deemed binding immediately upon approval by the Board of Trustees ~~receipt~~.

**Article IX – Indemnification**

The Trust shall indemnify any and all of its Trustees ~~or~~, Alternate Trustees, officers, former Trustees or officers, employees, agents, or any persons who may have served at its request or by its election as a trustee or officer of another organization or association, or his/her heirs, successors, executors and administrators against expenses actually and necessarily incurred by them in connection with the defense or settlement of any action, suit or proceeding in which they, or any of them, are made parties or a party, by reason of being or having been ~~Trustees~~ Trustees ~~or a~~ Trustee, Alternate Trustee, officer, employee or agent of the Trust or of such other organization or association, except in relation to matters as to which any such ~~Trustee or officer~~ Trustee or officer ~~or person~~ indemnified persons shall be adjudged in such action, suit or proceeding to be liable for willful misconduct or gross negligence in the performance of duty and such matters as shall be settled by agreement predicated on the existence of such liability. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person engaged in willful misconduct, gross negligence or in conduct in any way opposed to the best interests of the Trust. The provisions of this section are severable, and therefore, if any of its particular State, County, or jurisdiction laws provisions are deemed unconstitutional or otherwise

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Not Highlight

unenforceable, the remaining shall be construed and enforced accordingly. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Trustee, Alternate Trustee, officer, employee or agent may be entitled by employment with a Member or from any bonding or other third party source and the Trust's indemnification obligation hereunder shall be reduced by any expenses reimbursed to the Trustee, Alternate Trustee, officer, employee or agent from any other source, such as from a Member or from any bonding or other third party source.

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Heading 3

**Article ~~XI~~ – Amendments**

Amendments to these Bylaws may be made by a vote of two-thirds (2/3) of the membership at any annual, regular or special meeting of the Trust, ~~and subject to approval of the Kansas Department of Insurance.~~ The amendment must be sent out ten (10) business days prior to the meeting and the agenda must indicate a vote shall be taken at the meeting. All Members must have been notified of such amendment.

The Trustees shall notify the Commissioner of the Department of any Bylaw changes within 30 days after a change is made in the Bylaws.

# TRUST AGREEMENT

Date of Revision: Effective April 22, 1997

Date of Revision: Effective (insert date of BoardKS Dept. of Insurance Approval)

This Trust Agreement is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, by and between the Members of the Trust which ~~are~~include the following:

Gardner	Atchison County	Chanute
Lansing	Coffeetown	Derby
Leavenworth County	Fairway	Junction City
Leawood	Lansing	Leavenworth
Shawnee	McPherson	Merriam
Mission	Ottawa	Winfield
Johnson County Park & Recreation District		

not individually but as ~~Members/Trustees~~ of the Trust, hereinafter referred to as ~~Member/Trustee~~, who desire to establish a Trust for the benefit of five or more qualified ~~cities or counties/municipalities (as defined at KSA 75-6102(b))~~ in the State of Kansas that wish to pool their resources to qualify as group self-insurers as permitted by Kansas Statutes.

## Section I – Definitions

1.1 *Department* – The term “Department” as used herein shall mean the Department of Insurance, State of Kansas, or its successor charged with regulatory review of group self-insurance workers’ compensation program funds.

1.2 *Fund* – The term “Fund” as used herein shall mean and include all money and other property held hereunder, which shall consist of all monies received by the Trust as Member contributions or otherwise, and all policies purchased or held by or assigned to the Trust, together with all dividends, refunds or other sums of money payable or refundable to the Trust, investments made by the Trustees and income thereon, and all other monies or other property received and held by the Trust for the uses, purposes and trusts set forth in this agreement.

1.3 *Member/Participant* – The term(s) “Member or Participant” as used herein shall mean and include such local governments that shall a) qualify for participation under the Kansas group self-insurance statute and regulations; b) be a city, county, township, ~~waterschool district, library, park and recreation district, housing authority~~ or other political ~~or taxing~~ subdivision of the state, or any agency, authority, institution or other instrumentality thereof, located in the State of Kansas; c) qualify for participation under the requirements for eligibility adopted from time to time by the Trustees pursuant to Section 2.5; d) submit a request for participation in the Trust in a form approved by the Trustees; e) make an initial contribution to the Fund determined on the basis of the coverage to be provided; f) agree to be bound by the terms of this agreement, the Trust Bylaws and Operating Procedures and all the rules and regulations promulgated by the Trustees; ~~and g) at the required times make additional installment contributions to the Fund; and h) receive approval by the Department.~~ If the Member satisfies these requirements, it may be accepted for participation under the provisions of the Trust and Fund coverage and policies obtained pursuant thereto, all subject to and in accordance with Section 5 hereof.



If an applicant is not accepted for participation, any payment made in escrow shall be returned. Anything in the Agreement to the contrary notwithstanding, no applicant may participate as a Member herein where such participation would be in violation of applicable law.

1.4 *Member Contribution* – The term “Member Contribution” as used herein shall mean and include payments made by a Member of the Trust and also the amount paid from any Member to the Trust by reason of any assessment levied by the Trustees pursuant to authority given them in this Agreement.

1.5 *Policies* – The term(s) “Policy” or “Policies” as used herein shall mean and include any policies of insurance purchased by or assigned to the Trust pursuant to this Agreement, and shall be deemed to include any and all amendments or riders attached to each such policy or policies. The Kansas Department of Insurance shall be notified annually and within 30 days of any change in the specific or aggregate excess insurance or reinsurance carried by the Trust.

1.6 *Regulations* – The term “Regulations” as used herein shall mean all regulations affecting the Trust, as they are currently in force or hereafter amended, which are promulgated by the State of Kansas.

1.7 *Trust* – The terms “Trust” and “Agreement” as used herein shall mean and include this instrument, the Trust and Fund created under this instrument, and any amendments hereto and modifications hereof.

1.8 *Trustees* – The term “Trustees” as used herein shall mean the Trustee or Trustees designated in this Agreement, together with their successors, designated in the manner provided by Section 3.2 of this Agreement.

1.9 *Conflict of Interest* – The term Conflict of Interest as herein used shall mean compliance with the KERIT Code of Ethics Addendum adopted September 12, 1995.

1.10 *Administrator and/or Independent Service Agent* – The terms “Administrator” and/or “Independent Service Agent” as used herein shall mean individuals or organizations who have been hired and shall be responsible for tasks and responsibilities as designated by the Board of Trustees. The tasks and responsibilities may include claims administration, loss control, etc. If an Administrator or Independent Service Agent has not been hired, then the Chairperson shall be considered the Administrator and/or Independent Service Agent.

Formatted: Font: Italic

## **Section II – Purpose of Trust and Application of Fund**

2.1 This Trust and Fund are created for the purpose of providing and maintaining through the Fund Workers’ Compensation and Employer’s Liability benefits on a group basis substantially at cost.

2.2 The Trustees may apply for and accept as part of the Fund, insurance policies issued to the Trust or assigned to it for the purposes specified above.

2.3 The Trustees shall not be responsible in any way for the contributions or obligations of any other Member.

2.4 All parties hereto and all Members and their employees and any person claiming by or through any Members’ employee or otherwise understand and agree that workers’ compensation or employer liability benefits under this Trust are limited to those which can be provided under the Kansas statute by the Fund or under insurance ~~policies~~Policies financed from the proceeds of the fund.

2.5 The Trustees shall establish, fix and determine eligibility requirements for Members and requirements for the continuance of their participation, and such other terms as the Trustees may deem appropriate and as are not inconsistent with the provisions of this Agreement.

2.6 The Trustees use and apply the Fund:

- A. To make payments of benefits as provided under the Kansas Workers' Compensation Act and to make payments for legal fees and costs in contested cases, and to make any other payments required by applicable law.
- B. To establish and accumulate as part of the Fund a reserve or reserves in amounts which the Trustees may deem advisable or may be required by law to carry out the purposes of the Trust.
- C. To pay or provide for the payment of premiums on any insurance ~~policy~~~~Policy~~ or ~~policies~~~~Policies~~ from the proceeds of the Fund when such premiums shall become due.
- D. To pay or provide for the payment of all reasonable and necessary expenses of collecting Member ~~c~~Contributions and administering the affairs of the Trust and Fund, including, but without limitation, all expenses which may be incurred in connection with the establishment and extension of the Trust and Fund, the employment of such administrative, legal, expert and clerical assistance, the purchase of bonds, the leasing of such premises and the purchase or lease of such materials, printed matter, supplies and equipment as the Trustees, in their discretion, find necessary or appropriate in the performance of their duties.
- E. To make refunds from the Fund by cash payments, dividends or otherwise, as the Trustees may determine, to Members who are ~~Members such~~ on an eligibility date ~~of~~ ~~dates~~ as may be established by the Trustees, who may make refunds of varying amount to each such category of Members, and may make refunds to one or more category of Members without making refunds to other categories of Members.

2.7 Each Trustee and each person who is authorized by the Trustees to sign checks or may be engaged in handling monies or securities held by the Trust shall be bonded at the expense of the Trust by a duly authorized fidelity company in such amount or amounts ~~s~~ as may from time to time be required by the Trustees or by any applicable law.

### Section III – The Trustees

3.1 ~~The affairs of the Trust are directed by a Board of Trustees, hereinafter called Trustees.~~ At ~~the annual an organizational~~ meeting held in December of each year, the Trustees shall elect a Chairperson, First Vice Chairperson, and Second Vice Chairperson from their number by a majority vote, who shall serve for a period of one year beginning in January following the election in December of the preceding year, or until a successor shall have been duly elected and qualified. The Chairperson shall be the chief executive officer of the Board of Trustees, ~~and may be elected to succeed himself/herself as chairperson. The First Vice Chairperson shall serve as the chair of the Policy Committee.~~ The Trustees shall have the power to appoint by majority vote other officers pursuant to the Bylaws who shall have such authority and perform such functions as may be prescribed from time to time by said Trustees. Every effort will be made to ensure a path of succession to the ~~C~~chairperson position to allow for a transfer of knowledge.

3.2 If during the term, the Chairperson, First Vice Chairperson or Second Vice Chairperson should vacate their officer position for any reason, the Board of Trustees may elect a replacement to fulfill the unexpired term at a subsequent regularly scheduled Board meeting.

3.32 At the ~~a~~Annual ~~m~~Meeting each Member shall have the opportunity to appoint ~~an~~ officials or ~~ee~~employees in writing to serve as ~~a~~-Trustee and Alternate Trustee for the next fiscal year. Should the Member not appoint ~~an~~-officials or employees to serve as Trustee and Alternate Trustee or should ~~the~~either position be vacated due to a violation of any Trust rules or requirements, the position shall remain vacant until the next ~~a~~Annual ~~m~~Meeting. Should a Trustee or Alternate Trustee position become vacant due to termination of employment or other reason not violating any Trustee rules or requirements, the Member shall have the opportunity to appoint a replacement to the position of Trustee or Alternate Trustee prior to the next annual meeting. Each Member shall not have ~~not m~~more than one vote at a meeting when both the Trustee and Alternate Trustee are present and the Trustee shall cast such vote, whenever the Trustee is available. ~~The initial Board shall be elected by the Members of the Trust at the Annual Meeting.~~In the event of, or a vacancy due to resignation, death, incapacity, unwillingness to serve of both a Trustee and Alternate Trustee, or if the Member has left the Trust, which would reduce the Trustees, the remaining Trustees shall have the power to act in the manner specified in this ~~agreement~~Trust Agreement.

Every appointed Trustee and Alternate Trustee must be a resident of the state of Kansas.

The Trustees shall notify the Commissioner of the Department of any Trustee or Alternate Trustee changes within 30 days after a change is made.

3.4~~3~~

~~A. Any Trustee may resign by indicating such in writing that is mailed or delivered to the Administrator of the Trust.~~

~~B.A. Any Trustee or Alternate Trustee leaving office for whatever reason shall forthwith turn over to his or her Alternate Trustee or Trustee, of if no such Alternate Trustee or Trustee exists, to the remaining Trustees, at the principal office of the Trust, any and all records, books, documents, monies and other property in his/her possession owned by the Trust or by the Trustees incident to the fulfillment of that pertain to this Agreement and the administration of the Trust.~~

~~B.B. The powers of the Trustees to act, as above provided, shall not be impaired or limited in any way pending designation of a successor Trustee to fill any vacancy, as is more fully provided by Section 3.3~~2~~ hereof; provided, however, that there shall at all times be at least three (3) Trustees included in the necessary a quorum.~~

~~C. The Trustees shall use ordinary care and reasonable diligence in the administration of the Trust. Nothing contained in this Agreement, either expressly or by implication, shall be deemed to impose other duties or responsibilities on the Trustees other than those expressly set forth in this Agreement. Neither the Trustees nor the Members shall be liable on account of the failure of any insurer to make payment under any contract or any annuity held in the Trust.~~

3.5

~~A. A quorum for the transaction of business at any regular or special meeting of the Board shall consist of a majority of the Trustees then in office. The meeting may be held in whole or in part by conference telephone call. Previously granted claims settlement authority may be revised through a telephone poll of the Trustees, provided a majority of the Trustees then in office approve of the revision. In the event such a revision is requested, the commentary of the employer/Member shall be solicited prior to the telephone poll.~~

~~B. The act of the majority of the Trustees present in person at a meeting at which a quorum is present, shall be the act of the Board of Trustees, except where otherwise provided by law or by these Bylaws.~~

**Section IV – Member Contributions ~~to of~~ the Trust**

4.1 Each Member shall pay to the Trust on such days as shall be decided upon by the Trustees an appropriate initial Member contribution determined by the Trustees in accordance with the coverage to be provided, the requirement of the regulations, and the initial amount of reserves to be held in the Trust. In addition to the initial Member Contribution, each Member shall pay to the Trust on such days as shall be decided upon by the Trustees, such periodic Member Contributions of installments as the Trustees shall deem necessary, to the extent allowed by law.

4.2 The Trust's Loss Control Consultants shall be permitted at all reasonable times to inspect workplaces, plants, works, machinery, and appliances used by employees by this Agreement, and shall be permitted at all reasonable times while a Member, and within three (3) years after the termination of status as a Member to examine Member's books, vouchers, contracts, documents, and records of any and every kind which show or tend to show or verify the Member's Contributions which are payable under the terms hereof.

Formatted: No bullets or numbering

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

## Section V – Participation and Minimum Term Membership

5.1 *Eligibility* – An applicant who satisfies the requirements of Section 1.34 of this Agreement and submits request for membership in the Trust may be admitted; provided the applicant satisfies the eligibility requirements or rules for membership established by the Trustees pursuant to Section 2.5. Membership in this Trust shall commence on the date determined by the Trustees ~~provided the Department has approved such application~~. Any Member who participates in this Trust shall be deemed to have subscribed to and adopted this Agreement, as it exists on the date such Member commenced participation and as the Agreement may thereafter be amended, and adopted by the Trustees acting as such from time to time hereunder.

5.2 *Minimum and Continuance of Membership in the Trust* – Any applicant who becomes a Member in accordance with the provisions of ~~this~~ Section ~~V~~5 shall do so with the intent to continue participation for three (3) years. Subsequent to this initial three-year term, the Member may withdraw at the end of any given fiscal year, ~~after~~~~under~~ notice to the Trustees, unless or until terminated as provided in Sections 5.3 or 5.4. Failure to meet the above requirements shall result in the Member not sharing in any fund excess for the immediate past year.

### 5.3 *Termination of Membership in the Trust*

- A. A Member shall cease to qualify for participation in the Trust when it fails to make the requisite Member Contribution on the date when due or within 30 days of payment due date.
- B. A Member shall cease to qualify for participation in the Trust when it no longer satisfies requirements set forth in Section 1.34 or established under Section 2.5 of this Agreement, other than the requirement specified in Section 5.3 (A).
- C. ~~The Trustees may, in order to preserve the stability and strength of the Trust, make a determination that a Member failed to meet other requirements for continued membership. Such a determination may, however, only be made if it is consistent with the terms of this Trust Agreement. Such a determination may be made under a variety of circumstances, including if a Member has not fully participated in programs or efforts designed to reduce losses or adjust claims. Failure to meet other requirements for continued membership may be determined by the Trustees to preserve the stability and strength of the Trust and which are consistent with the provisions of the Trust Agreement, including participation in programs or efforts designed to reduce losses or adjust claims in order to carry out the purposes for which the Trust was established.~~

5.4 *Termination of membership and Coverage of Employees of the Member* – When, in accordance with the provisions of this Section ~~V~~, a Member ceases to qualify for membership in the Trust, coverage of the employees of such Member may terminate (i) as of the (60<sup>th</sup>) sixtieth day after a Contribution due date if the required Contribution is not paid when due and remains unpaid on such sixtieth day, if the cessation occurs under Section 5.3 (A), or if (ii) as of the last day of the month following the month which notification that a decision to terminate membership occurs, if the cessation occurs under Section 5.3 (B) and if the Trustees ~~determines~~ that the cause of cessation has not been cured prior to this date. The ~~Department~~Kansas Division of Workers Compensation must be given notification of the

termination or cancellation pursuant to ~~the Regulations when in force~~ Kansas law, particularly KSA 12-2626(c). The membership of the Member in the Trust shall terminate at such times as the coverage for the benefit of its employees terminates under Kansas law. After a Member's membership terminates, the Member shall have no further rights or interests in the Trust of Fund for future coverage periods.

## Section VI – Power of Trustees

6.1 The Trustees shall determine all questions of coverage and eligibility methods of providing or arranging for benefits, and all other related matters. They shall have full power to construe the provisions of this Agreement and the terms used herein. Any such determination and any such construction adopted by the Trustees in good faith shall be binding upon all parties hereto and the beneficiaries hereof provided it is consistent with the statutes of Kansas and the rules and regulations of the Department.

6.2 The Trustees shall have full power to enforce ~~the this Trust indemnity a~~ Agreement, including but not limited to requiring a joint and several covenant of a Member to indemnify the Trust and to assume and discharge any lawful award through the levy and collection of any ~~assessment special or assessment or other assessment, in order to satisfy otherwise to buy~~ such award or to establish a cash reserve out of which lawful and proper claims or awards are to be paid.

6.3 The Trustees shall cause to be established and maintained Bylaws, Operating Procedures, committee policies, and any other documents required under the Kansas Statute or Regulations of the Department.

6.4 The Trustees shall have the right to enforce the performance of all obligations herein and to institute proceedings of any nature whatsoever to enforce the same.

6.5 Title of all the monies paid into the Trust and all of the property of the Trust shall be vested in and remain exclusively in the Trustees, for the benefit of the Trust and the Members and their employees, and Members shall not have any right, title or interest in or to any of the Trust or any part thereof. It is the intent of the parties hereto that the Trust shall constitute an irrevocable trust, until terminated as provided herein, for the sole and exclusive benefit of Members and their employees entitled to benefits of the Trust, and no benefits of monies or property of this Trust shall at any time be subject in any manner to anticipation, alienation, claims for alimony or marital or child support, sale transfer, assignment, pledge, encumbrance or charge, and any attempts to do so shall be void.

6.6 The Trustees shall have the power to make rules and regulations for the ~~governanc~~ management, management and administration of this Trust and to carry out the provisions of this Agreement.

6.7 Any action by the Trustees pursuant to this Agreement may be taken either at a meeting in person or by telephone conference call or by a combination of the foregoing ~~by a majority vote to the provision of Section 3.3 (C) hereof~~. In the event all of the ~~Members of the Board~~ Trustees shall severally or collectively consent in writing to any action taken or to be taken by the Trust, such action is valid ~~as action~~ though it had been authorized at a meeting of the Board.

6.8 Subject to applicable Kansas law, e.g. KSA 12-2621(b) and 12-2622, the ~~the~~ Trustees shall have unlimited powers to invest and reinvest any monies coming into their hands which, in their sole and absolute discretion, they consider not required for current Trust expenditures.

The Trustees shall not, however, invest or reinvest any monies coming into their hands in any way which would violate any of the provisions of any federal or state law applicable to this Trust. Further, any such investments are what would be reasonable and proper at the time that the Trustees made the investment. It will be conclusively presumed that reliance upon any investment trustee, investment committee, or firm or investment advisors shall be reasonable and that government securities and deposits with insured banks and trust companies shall also be reasonable.

6.9 Any instrument or document in writing may be signed, executed, verified and delivered by such officers, agents or Members of the Board of Trustees as the Trustees may from time to time determine.

6.10 The Trustees may hire one or more administrators to perform such duties and functions as specified in writing to be executed by the Administrator. If a compensated Administrator is not retained, the Chairperson shall assume those responsibilities.

#### **Section VII – Audits and Reports**

7.1 The Trustees shall keep true and accurate books of accounts and records of all their transactions as Trustees, which shall be audited no less often than annually. A statement of the results of said annual audit shall be made available to Members and others as required by law. The Trustees, within their discretion, ~~may~~ shall, at reasonable intervals, furnish reports representing the status of the Fund, the application of the contributions received, and such other pertinent information regarding the operation of the Fund and the benefits obtained under the Policies as may seem desirable or advisable, but shall not be required to furnish such reports more often than annually. The Trustees shall cause to be made and filed all required documents and reports to governmental entities as required by applicable law and regulation.

#### **Section VIII – Amendment**

8.1 Amendments to this Trust Agreement may be made by a vote of two-thirds (2/3) of the ~~then sitting Members, voting by their appointed Trustee membership~~ at any annual, regular or special meeting of the Trust ~~and subject to approval of the Department~~. The amendment must be sent out prior to the meeting and the ~~a~~Agenda must indicate a vote shall be taken at the meeting. ~~All Members must have been notified of such amendment. The draft amendment shall be sent out to each Member at least business 10 days prior to the meeting and the agenda shall indicate that a vote will be taken on the draft amendment.~~

#### **Section IX – Termination of Trust**

9.1 The Trust may be terminated at any time ~~with Department approval~~ by an instrument or instruments in writing executed by ~~two-thirds (2/3) of the then sitting members of~~ the Board of Trustees and delivered to all Members and the Department.

9.2 In the event of termination of the Trust, the Trustees may take any action with regard to any Policy or Policies which may be appropriate or required by the insurance carriers of such Policy or Policies and shall apply to the Fund to pay any and all obligations of the Trust and distribute any remaining surplus among Members in such manner as will, in their opinion, best effectuate the purposes of the Trust; provided, that all such actions shall be in accordance with the terms of the applicable law.

#### **Section X – Obligation of Members**

As required by the Department, the Fund and its Members, jointly ~~and~~ severally, agree to assume and discharge, by payment, any lawful awards entered by the Department against the Fund or any Member of the group, which awards shall have been sustained by the courts where an appeal by either party is taken.

Each Member agrees to be bound by all of the terms of the Trust Agreement as amended from time to time and to abide by the Bylaws, policies, rules and regulations promulgated by the Trustees for the administration of the Trust ~~which, as amended from time to time, regardless of whether the Member's Trustee or Alternate Trustee approved or disapproved of any of the terms, Bylaws, policies, rules or regulations. The binding effect on each Member of the terms, Bylaws, policies, rules and regulations~~ shall include, but not be limited to, the following:

- A. Each Member agrees to initiate and maintain a safety program to give its employees safe and sanitary working conditions and agrees to follow the general recommendations of the Trust, its Administrator, Trustees and agents to promote the general welfare of its employees.
- B. When an injury ~~addressed affected~~ by this Trust Agreement occurs, the Member shall electronically submit an accident report within 4 (four) business days to the Independent Service Agent~~claim service agent~~ designated by the Trustees.
- C. If claim is made or suit or other proceeding is brought against the Member, the Member shall immediately forward to the Independent Service Agent~~Trust~~ every demand, notice, summons or other process received.
- D. The Member shall cooperate with the Trust and, upon the Independent Service Agent's request, shall ~~cause appropriate representatives of the Member to~~ attend hearings and trials and ~~shall~~ assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and otherwise cooperate in the conduct of suits, hearings or proceedings. The Member shall not, except at its own cost, which shall not be reimbursed by the Trust, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and other services at the time of injury as are required by the Kansas Workers' Compensation Law or other applicable law.
- E. Each Member shall make prompt payment of all premium contributions and assessments required under this Agreement.
- F. Each Member does hereby appoint the Independent Service Agent as agent to act in the Member's behalf to file reports and to make or arrange for payment of claims, medical expenses and all other things required or necessary insofar as they affect the Member's liability under the rules, regulations and orders by the Kansas Department of Insurance pertaining to this Trust.
- G. Each Member agrees that, in the event of the payment of any loss by the Trust under this Agreement, the Trust shall be subrogated to the extent of such payment to all the rights of the Member against any person or other entity legally responsible for damages for said loss, and in such event, the Member hereby agrees to render all reasonable assistance, other than pecuniary assistance, to ~~affect~~effect recovery to the Trust upon terms acceptable to the Trust.
- H. The Trustees, the Independent Service Agent, and any of their agents, servants, employees or attorneys, shall be permitted at all reasonable times to inspect the



Member's work places, plants, works, machinery and appliances covered by this Agreement, and shall be permitted at all reasonable times and within three years following termination of membership to examine Member's books, vouchers, contracts, documents and records of any and every kind which show or tend to show or verify premium contributions which are payable or were paid to the Trust.

#### Section XI – Miscellaneous

11.1 The Members shall furnish to the Trustees such records and any and all other information that the Trustees or the excess insurance carriers of the Policies may require in connection with the issuance of a Policy or Policies.

~~11.2 No person, firm or corporation dealing with the Trustees shall be obligated to see the application of any Fund or property of the Trust or to see that the terms of the Trust have been complied with or be obligated to inquire into the necessity or expediency of any act of the Trustees, and every instrument executed by the Trustees shall be conclusive in favor of any person, firm or corporation relying thereon that:~~

~~A. At the time of the delivery of said instrument the Trust was in full force and effect.~~

~~B. Said instrument was effected in accordance with the terms and conditions of this agreement.~~

~~C. The Trustees, as case may be, were duly authorized and empowered to execute such instrument.~~

11.23 All questions pertaining to the validity, construction and administration of this Trust and this Agreement shall be determined in accordance with the laws of the State of Kansas.

11.34 Words used in the masculine gender shall be construed as though they were also used in the feminine or neuter form. And words used in the singular form shall also be construed, as though this was also used in the plural form and vice versa, all as the context requires.

11.45 This Agreement may be signed in one or more counterparts, all of which taken together shall constitute one instrument. The signatures of parties appearing on one or more counterparts shall bind them as fully as though all such parties had signed the same counterpart.

Formatted: Highlight

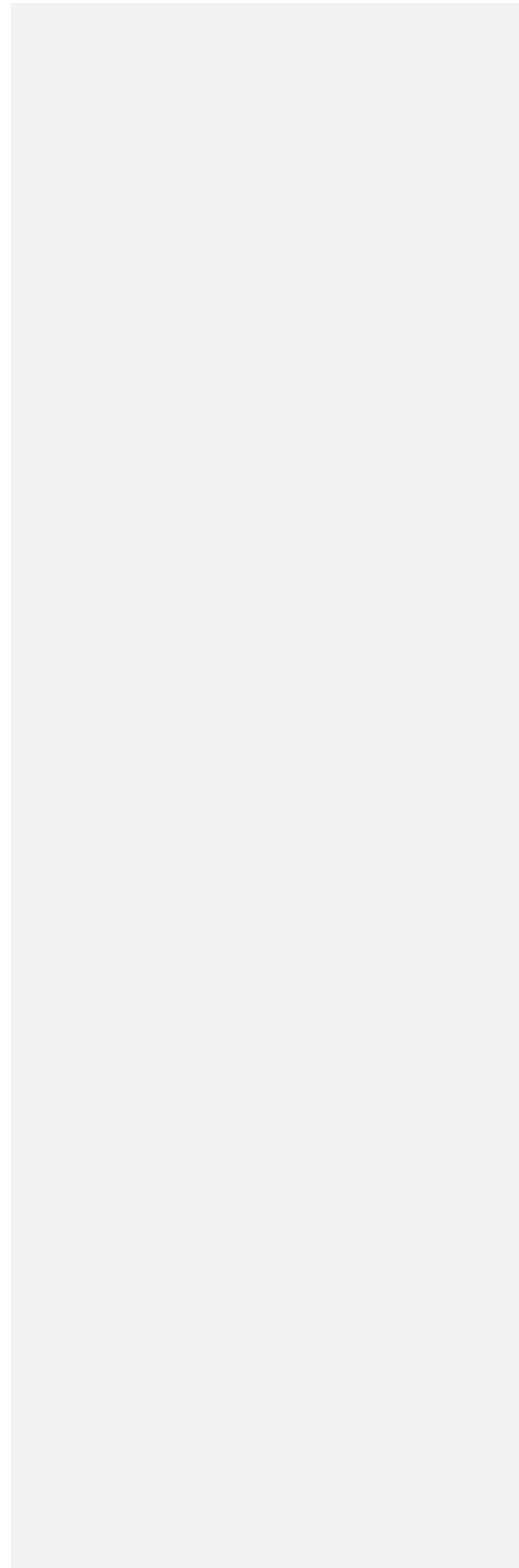
IN WITNESS WHEREOF, the Members of the Trust have caused this Agreement, which may be executed in one or more counterparts, to be executed by the duly authorized Chairperson of the Board of Trustees and the Member has caused the Agreement to be executed by its duly authorized representatives. Each signing party on behalf of a Member represents and warrants that the signing party on behalf of such Member has authority to bind the Member and that each Member approved this Agreement in an authorized manner.

Date: \_\_\_\_\_  
Chairperson of the Board of Trustees

Date: \_\_\_\_\_  
Representative of Jurisdiction

\_\_\_\_\_  
Name of Jurisdiction

\_\_\_\_\_  
Title



## OPERATING PROCEDURES

Date of Revision: Effective November 18, 2014

Date of Revision: Effective (insert date of Board KS Dept. of Insurance Approval)

Formatted: Highlight

### Purpose

The Kansas Eastern Region Insurance Trust ("Trust") is a group self-insured program to provide Workers' Compensation benefits to employees of Trust Members. The program is designed to provide Members a greatly improved loss control program that will reduce claims and accidents; reduce costs through sound and equitable claim management practices; and provide the required excess insurance at a discount based on volume and lower risk exposure. The approved Bylaws include the basic rules which govern the Trust. These operating procedures provide additional guidance to, and clarify, the approved Bylaws and Trust Agreement. To the extent that these operating procedures contradict the Bylaws or the Trust Agreement, the latter documents shall control.

### Fiscal Year

The Trust operates on a fiscal year from 12:01 a.m., January 1 to midnight, December 31. Application for membership, when approved in writing by the Trustees and reinsurance carrier, shall constitute a continuing contract for each succeeding fiscal period, unless the Member shall have resigned or withdrawn from the Trust by written notice as outlined in the Cancellation of Membership section, or had membership canceled by the Trust as outlined in the Cancellation of Membership section.

### Trustees

~~At the annual meeting of the Trust each Member shall have the opportunity to appoint officials or employees in writing to serve as Trustee and Alternate Trustee for the next fiscal year. Should the Member not appoint officials or employees to serve as Trustee and Alternate Trustee or should either position be vacated due to a violation of any Trust rules or requirements, the position shall remain vacant until the next annual meeting. Should a Trustee or Alternate Trustee position become vacant due to termination of employment or other reason not violating any Trustee rules or requirements, the Member shall have the opportunity to appoint a replacement to the position of Trustee or Alternate Trustee prior to the next annual meeting. Each Member shall not have more than one vote at a meeting when both the Trustee and Alternate Trustee are present and the vote of the Trustee shall control. In the event of a vacancy due to resignation, death, incapacity, unwillingness to serve or if the Member has left the Trust, which would reduce the Trustees, the remaining Trustees shall have the power to act in the manner specified in these operating procedures. The affairs of the Trust are directed by a Board of Trustees, hereinafter called Trustees. Each year at the Annual Meeting, each Member shall have the opportunity to appoint an official or employee in writing to serve as a Trustee. Should the Member not appoint an official or employee to serve as Trustee or should the position be vacated due to a violation of any Trust rules or requirements, the position shall remain vacant until the next Annual Meeting. Should a Trustee position become vacant due to termination of employment or other reason not violating any Trust rules or requirements, the Member shall have the opportunity to appoint a replacement to the position of Trustee prior to the next annual meeting. Each Member holding a Trustee position shall appoint an alternate Trustee to attend meetings, count toward a quorum, and vote on behalf of the Trustee, should the Trustee for any reason be unable to attend Board of Trustees meetings.~~

A meeting of the Trustees shall be held as often as necessary to conduct the business of the Trust.

The affairs of the Trust are directed by a Board of Trustees, hereinafter called Trustees. At the annual meeting held in December of each year, the Trustees shall elect a Chairperson, First Vice Chairperson, and Second Vice Chairperson from their number by a majority vote, who shall serve for a period of one year beginning in January following the election in December of the preceding year, or until a successor shall have been duly elected and qualified. The Chairperson shall be the chief executive officer of the Board of Trustees. The Trustees shall have the power to appoint by majority vote other officers pursuant to the Bylaws who shall have such authority and perform such functions as may be prescribed from time to time by said Trustees. Every effort will be made to ensure a path of succession to the Chairperson position to allow for a transfer of knowledge. Annually, a Chairperson, First Vice Chairperson and Second Vice Chairperson will be elected by the Trustees.

The Chairperson shall appoint a nominating committee. The nominating committee shall nominate a slate of officers to be voted on by the Trustees at the ~~next scheduled meeting following the Annual Meeting~~. Additional nominations may be made by the Trustees.

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Heading 3

## Officers

The Chairperson shall preside at all meetings of the Trustees and of the Members of the Trust; shall have general supervision over the affairs of the Trust and over the other officers; and shall perform all such other acts and duties as are incident to his/her executive office, which is comparable to that of president of a corporation. In a case of the absence or disability of the Chairperson, his/her duties shall be performed by the First Vice Chairperson.

The Chairperson shall be considered Administrator for the Trust if a compensated professional has not been retained.

The Trust may employ a third party to record the minutes of all meetings and prepare agendas, records, etc., and other duties normally required of a Secretary.

The Board of Trustees ~~Chairperson shall~~ appoints a Finance Committee. The Finance Committee shall invest the funds in accordance with the Trust's approved investment policy and applicable State statutes. The Finance Committee shall have the sole discretion as to the securities in which the Trust shall be invested or reinvested. However, all investments must be ~~insured or backed by full collateral in accordance with permitted by the~~ Kansas statutes, specifically KSA 12-2622. The Trustees may, from time to time, provide general investment guidelines at their discretion.

Formatted: Highlight

## Membership Criteria

Membership in the Trust is available to cities, counties, ~~parks and recreation districts,~~ townships, ~~school~~water districts, ~~libraries, housing authorities,~~ or other political or taxing subdivisions of the State, or any agency, authority, institution or other instrumentality thereof within the State of Kansas.

Although membership is open to all jurisdictions meeting the minimum criteria stated below, the Trust will evaluate ~~separately individually~~ each application to determine if the amount of Member Contribution ~~projected savings~~ for the applicant entity justifies the additional risk to the Trust. An applicant may be rejected if the risk factor outweighs the monetary gain. Among the criteria for membership are the following:

- A. The average loss ratio for the preceding five years did not exceed 65 percent.
- B. There are no unusual areas of exposure.
- C. All applicants must receive favorable underwriting from the Independent Service Agent and the Trust to be recommended for membership.

Formatted: Space After: 0 pt

An applicant that meets these membership criteria may be approved by the Trustees for membership. Before membership is granted, the applicant shall be provided with written notice that complies with KSA 12-2626(b). Any applicant for membership that does not meet these membership criteria will be subject to individual review by the Trustees and the excess insurance carrier of the Trust. Losses of non-recurring nature or losses based on conditions that have been changed or removed shall be some of the considerations in this review.

## Method of Payment

Member Contributions shall be made in two installments, due on January 1 and July 1. All Member eContributions shall be due and payable within sixty (60) days of the specified due

date. Failure to make any Member Contribution within sixty (60) days of the specified due date shall be grounds for termination. The Independent Service Agent shall provide advance notice of payment due date to all Members.

Members joining the Trust at any time other than the beginning of a fiscal year shall pay on a basis of pro rata Member Contributions.

### Dividend/Assessment Procedures

Surpluses for individual a-claim years may be returned to the Members at the discretion of the Board of Trustees and in accordance with the Kansas statutes. The Trust must comply with the restrictions of the Kansas statutes regarding distributions of surplus funds from the current or previous claim years. Calculation of each Member's share of a surplus shall be determined in accordance with an approved dividend formula.

In the event of a deficit for a claim year, each Member participating in that claim year shall be assessed an amount based upon its pro rata share of total standard premiums for the claim year.

Refer to Dividend/Assessment Addendum.

### Investments

Refer to Investment Policy Addendum.

### Code of Ethics

Refer to Code of Ethics Addendum.

### ~~Cancellation of Membership~~

~~A Member may be expelled from the Trust only after at least sixty (60) days written notice has been given with a copy sent to the Department. No liability shall accrue to the Trust or its Members for any accident to an employee of the expelled Member occurring after the sixty (60) day notice period. The Member may appeal the decision of the Trustees to the full membership within the (60) day notification period. The decision of the membership shall be final. A Member may be expelled from the Trust for 1) failure to pay contribution on time; 2) failure to continue to meet membership criteria, as specified in Section V.; 3) failure to meet underwriting criteria; 4) failure to participate in the safety/loss prevention program or claims management program in order to carry out the purposes for which the Trust was established.~~

~~Membership may be cancelled by the Member at the end of any fiscal year following the initial three year commitment. The Member must provide the Trust written notification at least ninety (90) days prior to January 1. Failure to provide adequate notice shall result in the Member not sharing in any fund excess for the immediate past year.~~

~~Each new Member to the Trust shall make a commitment to remain in the Trust a minimum of three years.~~

### Independent Service Agent

The Trust shall select an Independent Service Agent which has been previously competitively reviewed for the administration of safety/loss prevention and claims. The Independent Service Agent shall provide the following for the Trust and its Members.

- A. Loss Prevention Services – Assist in the reduction of various loss producing situations.
  - 1) Provide tailored, practical programs focused on the unique safety risks of Members.
  - 2) Provide programs with written manuals and educational aids, surveys and visit reports to aid reduction or elimination of accident costs.
  - 3) Offer cost-effective guidance in meeting all federal and state safety standards if applicable.
- B. Claims Management services – Reduce the claim handling costs once claim(s) occur.

Formatted: Space After: 0 pt

- 1) Judge the validity of claim(s) submitted and establish fair reserves.
- 2) Continue management of claims until resolved, including all subrogation.
- 3) Provide legal defense coordination when requested to do so by Trustees.
- 4) Establish a prompt "fair but firm" policy in claims payments.
- 5) Have timely contact with Member if claim problems or issues arise.
- 6) Report to Trust at all regular meetings on claims reserved over \$10,000.

Formatted: Space After: 0 pt, Tab stops: Not at 0.75"



C. Statistical Reporting

- 1) Provide detailed computer reports to enable claim cost analysis by case and in the aggregate.
- 2) Provide safety accident analysis reports on a timely basis.

Formatted: No bullets or numbering

Formatted: Space After: 0 pt

D. General Administration

- 1) Obtain quotes for excess insurance and make recommendation to Trustees. The Independent Service Agent will notify the Commissioner of the Department of Insurance within 30 days of any change in the specific or aggregate excess insurance or reinsurance carried by the Trust.
- 2) Assist in underwriting and screening of new Members.
- 3) Provide administrative support to the Administrator, Trustees and Members.
- 4) Market the Trust to prospective Members.
- 5) Conduct other administrative tasks that are deemed appropriate by the Trustees.

Formatted: Space After: 0 pt

**Trust Agreement**

The Trust and its Members agree to comply with requirements of the Trust Agreement, as signed by the Chairperson of the Trust and a representative of the Member and as amended from time hereafter.

A copy of the then effective Trust Agreement shall be provided to each Member upon application for membership in the Trust.

**Check Signature Controls**

The following signatures are required when drawing checks:

**Claims Fund Account**

- |                    |       |   |
|--------------------|-------|---|
| Under \$5,000      | _____ | Requires a single <u>Independent</u> Service Agent signature            |
| \$5,000 - \$10,000 | _____ | Requires two <u>Independent</u> Service Agent signatures                |
| \$10,000 and above | _____ | Requires one <u>Independent</u> Service Agent and one Trustee signature |

Formatted: Indent: Left: 0.5", Hanging: 2", Space After: 0 pt

Formatted: Indent: First line: 0", Space After: 0 pt

**Administrative Fund Account**

- |                    |       |                                 |
|--------------------|-------|---------------------------------|
| Under \$10,000     | _____ | Requires one Trustee signature  |
| \$10,000 and above | _____ | Requires two Trustee signatures |

Formatted: Indent: Left: 0.5", Hanging: 2", Space After: 0 pt

**Amendments**



Amendments to the Operating Procedures and the policies, rules and regulations of the Trust shall be approved by the Trustees and shall be distributed to the entire membership. Notice to the Commissioner of the Department of Insurance shall be provided within 30 days of any amendments to the Operating Procedures, or the policies, or rules or regulations of the Trust. The Trustees are authorized to adopt various statements of policy as deemed appropriate by the Trustees and to amend, revise or replace them as the Trustees deem appropriate at any time in the future. These Operating Procedures, all of the policies, rules and regulations of the Trust, as may be amended, revised or replaced at any time in the future, shall be binding on the Trust, its officers and employees and the Members of the Trust, as now exist and as exist in the future.

## ASSESSMENT FORMULA POLICY

Date of Revision: Effective July 10, 2012

Date of Revision: Effective (insert date of Board KS Dept. of Insurance Approval)

Formatted: Highlight

### Background:

KERIT Members pool their risks when they become Members. As such, the Members share any surplus from the pooling activities but must pay in additional funds to cover any deficits.

The Trust Agreement, bylaws, operating procedures, rules, regulation, policies and state statutes provide some guidance for the distribution of assessments among Members. However, the following assessment formula describes the actual calculation of amount due by from a Member when the Board of Trustees authorizes an assessment to be collected.

### Assessment Formula – Approved July 10, 2012 (for all claim years since inception)

In the event of a deficit for a claim year, an assessment will be accrued in the financial statements. As the claim year develops, the Board of Trustees may, at its discretion, bill the Members to collect an assessment, either in full or partial. Each Member's share of the assessment is based upon its pro rata share of the standard premium for the claim year.

See attached example of the assessment formula.

### Board Approval for Assessment

All assessments, either in full or partial, must be approved by the Board of Trustees prior to bill preparation and collection. The Board, when approving the assessment, will also determine the due date for payments.

This Addendum is intended to replace and supersede any and all prior Assessment Addendums. No other Addendums will apply.

#### Example of an Assessment

Entity	Standard Premium	Members' % of	
		Standard Premium	Amount of Assessment
Atchison Co.	34,363	1.65%	6,468
Fairway	9,820	0.47%	1,848
Gardner	21,455	1.03%	4,038
Johnson Co.	752,379	36.15%	141,607
Lansing	9,078	0.44%	1,709
Leavenworth Co.	151,725	7.29%	28,557
Leawood	162,003	7.78%	30,491
Lenexa	332,052	15.95%	62,496
Merriam	77,911	3.74%	14,664
Olathe	378,539	18.19%	71,246
Shawnee	151,947	7.30%	28,598
<b>Total</b>	<b>2,081,272</b>	<b>100.00%</b>	<b>391,722</b>

## CODE OF ETHICS POLICY

Date of Revision: Effective September 12, 1995

Date of Revision: Effective (insert date of BoardKS Dept. of Insurance Approval)

Formatted: Highlight

### Declaration of Policy

The purpose of this Code is to establish guidelines for ethical standards of conduct for Kansas Eastern Region Insurance Trust (KERIT) Trustees, public officers, officials and employees by setting forth those acts that are incompatible with the best interests of KERIT and by directing disclosure, by such officials or employees, of private financial or other interests in matters affecting KERIT.

### Definitions

#### *Interest*

Interest means direct or indirect pecuniary or material benefit accruing to a Trustee, public officer, official or employee as a result of a contract or transaction which is or may be the subject of an official act or action by or with the Trust except for such contracts or transactions which by their terms and by the substance of their provisions confer the opportunity and right to realize the accrual of similar benefits to all other Trustees, Members, public officers, officials, employees or persons.

For purpose of this Code, a Trustee, public officer, official or employee shall be deemed to have an interest in the affairs of:

- A. Any person related to him by blood or marriage, such as spouse, parent, child, grandchild, grandparent or sibling of any such persons, and a divorce or separation between spouses shall not be deemed to terminate any such relationship.
- B. Any person or business entity with whom a contractual relationship exists with the Trustee, public officer, official or employee.
- C. Any business entity in which the Trustee, public officer, official or employee is an officer, director, employee, owner, partner, beneficiary or member ~~or Member~~ having a financial interest.
- D. Any business entity in which the stock of, or legal or beneficial ownership of, in excess of five percent (5 percent) of the total stock or total legal and beneficial ownership, is controlled or owned directly or indirectly by the Trustee, public officer, official or employee.

#### *Official act or official action*

Official act of official action means any legislative, administrative, appointive or discretionary act of any Trustee, public officer or employee of KERIT.

#### *Business entity*

Business entity means any business, proprietorship, firm, partnership, limited liability company, person in representative or fiduciary capacity, association, venture, trust or corporation.

*Trustee, public officer, official or employee*

Trustee, public officer, official or employee means any person holding a position by election, appointment or employment in the service of KERIT.

### **Ethical Code**

Every Trustee, public officer, official and employee of KERIT is expected to maintain the following standards:

- A. Refrain from making any promise, private in nature, the performance of which would require an act beyond the proper scope of the duties of his or her office or to act in a manner which would or could compromise the integrity of his or her office, or to accept for himself or herself or family, favors or benefits under circumstances which might give the appearance to reasonable persons as influencing the performance of his or her duties.
- B. Never engage in any business with KERIT, either directly or indirectly, which is inconsistent with the conscientious performance of his or her duties.
- C. Never use any confidential information gained in the performance of KERIT duties as a means for making a private profit or gaining benefits; and never reveal to unauthorized recipients any information made known through official KERIT duties which is by law confidential or by custom a protected right of privacy, where revealing the information could affect the civil or moral rights of any person.
- D. Disclose any actual or potential conflict of interest and abstain from any official actions of KERIT where or when interest is or should be known.
- D-E. Execute a form on at least an annual basis indicating: that such person has received a copy of this Code; has read and understands the Code; agrees to comply with the Code and discloses to KERIT on said form any personal interests known to exist or likely to exist and giving rise to or likely to give rise to an actual, possible, or perceived conflict of interest with respect to any known transaction or arrangement involving KERIT.

**Exhibit A – Kansas Eastern Regional Insurance Trust – Code of Ethics Policy  
Conflict of Interest Form**

The purpose of the completion of the form by the undersigned is to affirm his/her commitment to act in accordance with the Kansas Eastern Regional Insurance Trust's (KERIT) Code of Ethics Policy.

By signing this agreement, the undersigned ~~agrees to abide by the ethical standards of care as set out in the Code of Ethics Policy in its entirety~~ affirms that the undersigned:

- (a) Has received a copy of the Code;
- (b) Has read and understands the Code;
- (c) Agrees to comply with the Code in its entirety; and
- (d) The undersigned hereby further discloses to the KERIT Board of Trustees the following personal interests of the undersigned to exist and giving rise to or likely to give rise to an actual, possible, or perceived conflict of interest with respect to any known transaction or arrangement involving KERIT:

---

---

---

Resident of the State of Kansas

The undersigned affirms that he/she is a resident of the state of Kansas as required by KSA 12-2627.

Signed \_\_\_\_\_

Printed Name: \_\_\_\_\_

Trustee or Alternate Trustee

Member Name: \_\_\_\_\_

Date: \_\_\_\_\_

Witness: \_\_\_\_\_

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Indent: Left: 0.25"

Formatted: Underline

Formatted: Space After: 0 pt

Formatted: Font: 8 pt

## DIVIDEND FORMULA POLICY

Date of Revision: Effective August 8, 2006

Date of Revision: Effective (insert date of Board KS Dept. of Insurance Approval)

Formatted: Highlight

### Background and History

When KERIT was formed, its original dividend policy rewarded Members based upon their contribution to a positive loss fund surplus for a given program year and the total premium paid by that Member for that particular program year. That policy remained in effect through the 2003 program year.

In late 2003, a committee was formed to review the policy and found that there was conflict between the **dividend formula** and the **assessment formula** (when contributions fail to meet program year obligations).

Specifically, while the dividend formula had a loss-sensitive component, the assessment formula was solely premium based. Regardless of loss experience, Members were assessed in accordance to their percentage of the total contribution/premium of the group.

It was recommended by the committee that these two formulas (dividend and assessment) be consistent. Because of the recommendation, the ~~Board~~ Board of Trustees approved a dividend formula that was premium based. Members would be rewarded relative to their percentage of premium to the entire group. *The loss sensitive component was removed.* This change was made effective March 22, 2004, and applied to program years 2004 and forward.

On August 1, 2006, the newly formed Finance Committee met again to discuss the dividend issue. One result of that meeting was that Finance Committee Members decided to recommend that dividends be awarded based upon loss experience and that both the dividend and assessment policy be consistent with each other. Additionally, it was agreed that ~~the~~ goal of distributing dividends should be to reward those Members who contribute to the financial success of KERIT.

On August 8, 2006, it was recommended to and approved by the full Board of Trustees that dividends should be distributed to Members based upon a 100 percent loss-sensitive formula. Those with the best loss experience in a given program year would be rewarded for their contribution to the group's financial success.

~~KERIT's Trust Agreement, The~~ Bylaws, and operating procedures and state statutes provide some guidance for the distribution of surpluses back to the Members. However, the following dividend formula describes the actual calculation of amount due to Members when the Board of Trustees authorizes a dividend distribution.

### Dividend Formula — Approved August 8, 2006, for Plan Years 2004 and After

The **Positive Loss Fund Balance** is the net amount of 70 percent of the total earned premiums less the total losses from claims. The **Positive Administrative Fund Account Balance** is the net amount of 30 percent of the total earned premiums and allocated investment income less administrative expenses. The **Positive Fund Balance** is the net amount of all revenues (including investment income allocated to the loss fund) less all expenses. These balances are accounted for and calculated on a claim year basis. The members participating in a claim year may change from one claim year to the next claim year.

Formatted: Font: Not Bold

Formatted: Font: Bold

Formatted: Font: Bold

One hundred percent (100 percent) of the **Positive Loss Fund Balance** ~~surplus~~ for a claim program year will be distributed to the Members based upon the Member's pro rata share of the Trust's **Positive Loss Fund Balance** ~~for that claim year~~.

See example of new formula attached below.

Formatted: Font: Not Bold

Formatted: Heading 3

**Dividend Formula — Approved August 8, 2006, for Plan Years 2003 and Prior**

No changes were made to the formula that applies to plan years 2003 and prior, last approved March 22, 2004. Eighty percent of the surplus for a claim year will be distributed to the Members according to their contribution to a positive loss fund balance. The remaining 20 percent is distributed to the Members based upon the ratio of premium earned to total group premiums earned.

The positive loss fund balance is calculated as follows: Member's total earned premium times 70 percent equals the loss fund premium. The total losses from claims for that Member are subtracted from the loss fund premiums. If a Member has a positive loss fund balance, the Member participates in the distribution of 80 percent of the surplus. If the Member has a negative loss fund balance, it does not participate in the 80 percent distribution.

**Board Approval for Distribution**

All dividends must be approved by the Board of Trustees prior to distribution. In addition, the surplus for a given claim year must not be set aside to satisfy requirements of the reserved fund balance policy. The Board, when approving the dividend distribution, will also determine the amount of surplus to be distributed (full or partial) and the time period for delivering dividend checks.

This Addendum is intended to replace and supersede any and all prior Dividend Addendums. No other Addendums will apply.



For Informational Purposes Only

Example of a Dividend Distribution - For Claim Year 2003 and Prior

Claim Year Total Surplus	<u>223,702</u>
80% of Surplus	<u>178,962</u>
20% of Surplus	<u>44,740</u>

Entity	Earned Premium	Loss Fund Premium 70%	Total Losses	Positive Loss Fund Balance	Members' % of Positive Loss Fund Balance	80% of Total Surplus Dividend	Members' % of Earned Premium	20% of Total Surplus Dividend	Total Dividends
Gardner	10,653	7,457	1,544	5,913	2.12%	3,789	1.28%	574	4,363
Lansing	8,529	5,970	908	5,062	1.81%	3,244	1.03%	460	3,703
Leavenworth Co.	89,687	62,781	10,842	51,939	18.60%	33,282	10.80%	4,832	38,114
Leawood	89,565	62,696	6,479	56,217	20.13%	36,023	10.79%	4,826	40,849
Lenexa	153,136	107,195	40,025	67,170	24.05%	43,042	18.44%	8,251	51,293
Olathe	244,114	170,880	108,456	62,424	22.35%	40,001	29.40%	13,153	53,153
Shawnee	70,158	49,111	18,555	30,556	10.94%	19,580	8.45%	3,780	23,360
Johnson Co.	164,552	115,186	224,946	0	0.00%	0	19.82%	8,866	8,866
<b>Total</b>	<b>830,394</b>	<b>581,276</b>	<b>411,755</b>	<b>279,280</b>	<b>100.00%</b>	<b>178,962</b>	<b>100.00%</b>	<b>44,740</b>	<b>223,702</b>

For Informational Purposes Only

Example of a Dividend Distribution - For Claim Year 2004 and Beyond

100% Loss Sensitive Dividend Formula

Claim Year Total Surplus 223,702

Entity	Earned Premium	Loss Fund Premium 70%	Total Losses	Positive Loss Fund Balance	Members' % of Positive Loss Fund Balance	Total Dividends
Gardner	10,653	7,457	1,544	5,913	2.12%	4,736
Lansing	8,529	5,970	908	5,062	1.81%	4,055
Leavenworth Co.	89,687	62,781	10,842	51,939	18.60%	41,603
Leawood	89,565	62,696	6,479	56,217	20.13%	45,029
Lenexa	153,136	107,195	40,025	67,170	24.05%	53,803
Olathe	244,114	170,880	108,456	62,424	22.35%	50,001
Shawnee	70,158	49,111	18,555	30,556	10.94%	24,475
Johnson Co.	164,552	115,186	224,946	0	0.00%	0
<b>Total</b>	<b>830,394</b>	<b>581,276</b>	<b>411,755</b>	<b>279,280</b>	<b>100.00%</b>	<b>223,702</b>

# FUND BALANCE POLICY

Date of Revision: Effective November 18, 2014

Date of Revision: Effective (insert date of BoardKS Dept. of Insurance Approval)

Formatted: Highlight

## Background and Purpose

One key purpose of KERIT is to share risk among its Members. In return for annual premiums, KERIT processes and pays workers compensation claims for its Members. To reduce the risks involved, KERIT purchases specific excess insurance coverage to cover large losses over certain amounts. In addition, KERIT accumulates fund balance surplus from claim years with an excess of revenues over expenditures. This accumulated fund balance is available to offset claim years when the expenditures exceed revenues.

The size of the fund balance on the balance sheet is a key indicator of the sustainability of KERIT over the long term, along with a consistent level of premiums year after year and periodic dividend distributions.

This fund balance policy provides guidance for the KERIT Board of Trustees ("KERIT Board") to:

- Comply with state restrictions on fund balance.
- Comply with Government Accounting Standards Board (GASB) guidance regarding restricted, committed, assigned and/or unassigned fund balance.
- Determine the appropriate amount for a "minimum" fund balance KERIT should maintain for ongoing operations and to help mitigate unusually large and/or multiple large losses in a claim year.
- Determine the appropriate amount for a "maximum" fund balance KERIT should have before dividend distributions are issued.
- Minimize the impact of potential premium assessments for claims years when expenditures exceed revenues.

## Kansas State Restriction on ~~the Claims Fund~~ Balance

### A. Time Period for Distributions

Formatted: List Paragraph, Indent: Left: 0", Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

State statutes ~~restrict at least 70 percent of premiums dollars for claims. The state also stipulates that the KERIT Board cannot issue distributions before 12 months after a claim year (which would represent months 13 through 24 of a claim year). After this period has ended, the KERIT Board may distribute surplus funds.~~

The time period for restrictions on fund balance is reflected in the following examples:

	Fiscal Year 2012 – Jan. to Dec.	Fiscal Year 2013 – Jan. to Dec.	Fiscal Year 2014 – Jan. to Dec.
Claim year 2011	Restricted	Not Restricted	Not Restricted
Claim year 2012	Restricted	Restricted	Not Restricted
Claim year 2013	Not begun	Restricted	Restricted
Claim year 2014	Not begun	Not begun	Restricted

The amount of the restricted fund balance will change each month as the claims are processed and paid and additional investment income is recorded.

**B. In Lieu of Specific and Aggregate Insurance**

State statutes allow the Commissioner of Insurance to require KERIT to retain an adequate amount of surplus funds in lieu of specific and aggregate insurance (refer to KSA 12-2618 and 12-2621). KERIT dropped aggregate insurance effective January 1, 2010 after receiving a waiver from the Commission of Insurance. No restrictions or minimums were placed on the surplus funds (fund balance) by the Commissioner at that time.

Formatted: List Paragraph, Indent: Left: 0", Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

**Government Accounting Standards Board (GASB)**

GASB has issued statements regarding the classification of fund balance and uses the following terms:

- Restricted – Assets with externally imposed constraints such as those mandated by creditors, grantors, or laws or regulations of other governments. Such constraint is binding unless modified or rescinded by the applicable external body, laws or regulations.
- Committed – Assets with a purpose formally imposed by a KERIT Board resolution, which is binding unless modified or rescinded by the KERIT Board.
- Unassigned – All amounts not included in the other fund balance classifications.

**Guidance for Minimum and Maximum Fund Balance**

Adjusted Fund Balance – The fund balance value used for the analysis will be adjusted for any uncollected/accrued premium assessments since this revenue has not been actually received. In addition, the fund balance for the current claim year and the immediate past claim year will be excluded since those claim years are still restricted by the state of Kansas.

For example:

Ending Fund Balance – June 30, 2014	\$6,279,689
Less Uncollected/Accrued Premium Assessments	(284,234)
Less Fund Balance for Current Claim Year	(33,041)
Less Fund Balance for Immediate Prior Claim Year	(136,239)
Adjusted Fund Balance	<u>\$5,826,175</u>

Minimum Fund Balance – A potential risk for KERIT would be a claim year with multiple large claims where KERIT is responsible to pay everything on a claim before the specific excess insurance begins to pay. For example: If a claim is reserved at \$750,000, the insurance company will pay the claim's expenses which exceed the retention amount, currently \$500,000. KERIT will first pay the bills related to the claim and then the insurance company will reimburse KERIT for the excess amount paid over the specific retention amount.

The desired minimum fund balance will be equal to four (4) times the current claim year specific retention amount (e.g. \$500,000) plus an additional amount multiplier to cover potential adverse loss development for prior claim years. The additional amount will be equal to the amount calculated for the current claim year. See example of the calculation of minimum fund balance below:

Current Year	4 large claims x \$500,000 retention <u>(for example only, retention may change in future years)</u> = \$2,000,000
Plus	±
Prior Years	<del>\$2,000,000 x 1.0 multiplier = \$2,000,000</del> <u>(same amount as calculated for current claim year)</u>
Combined	\$2,000,000 + \$2,000,000 = \$4,000,000 for desired minimum fund balance

**Maximum Fund Balance** – The KERIT Board also has a responsibility to not accumulate an excessively high fund balance and has a strong practice of regularly issuing dividend distributions to the Members. The guideline for the maximum fund balance that should be retained in KERIT is determined by the following liquidity ratio formula (using as of June 30, 2014 data as an example):

***Liquidity Ratio***

Total Cash & Investments	\$ 10,543,045
Less Total Claim/IBNR Reserves and Other Current Liabilities	5,666,452
Balance – Maximum Fund Balance Target	\$ 4,876,593
 Adjusted Ending Fund Balance	 \$ 5,826,175
 Fund Balance in Excess of Target	 \$ 949,582

**Impact of Potential Premium Assessments**

On occasion, KERIT experiences a claim year where expenditures exceed revenues. GASB guidance requires KERIT to record supplemental premium assessments to cover the deficiency. The claim year deficiency changes each year as the open claims are adjusted and closed. Some claims may improve while other claims will have adverse development.

At some point in time, the KERIT Board will need to bill the Members to collect the supplemental premium assessments. To minimize the impact of collecting supplemental premium assessments from the Members, the KERIT Board may offset a dividend distribution by the amount of the supplemental premium assessment. While this approach reduces the dividend distributions, it eliminates the need for a Member to write a check to KERIT for additional premiums.

Whenever the KERIT Board reviews fund balance and potential dividend distributions, the KERIT Board will also evaluate the potential to collect any accrued supplemental premiums assessments.

**Maturity of Claim Years before Dividend Distributions are Made**

Each year KERIT processes approximately 450 to 500 claims. Some claims are quickly settled and closed while more complicated claims are open for several years. Some claims are settled on a running award and technically are never fully closed.

Because claims are open for several years and the ultimate estimated cost of claims may increase (adverse loss development) or decrease (positive loss development), the [KERIT](#) Board will not make any dividend distributions from a claim year until at least 80 percent of all claims have been paid. The 80 percent goal is usually reached by 36 months. (This information is reported in the September 30 and December 31 actuary reports.)

### **Monitoring Compliance with Fund Balance Policy**

The KERIT Board will evaluate compliance with this fund balance policy at least two times each year:

- Consideration of potential dividend distributions (summer after annual audit is complete).
- Claim year renewal (November/December).

The KERIT Board will compare the current and/or projected ending fund balance with the minimum and maximum amount guidelines included in this policy.

If the fund balance is projected to fall below the minimum fund balance, the KERIT Board will take steps to replenish the fund balance through higher premiums, no dividend distributions for the year and/or collecting supplemental premium assessments.

The KERIT Board will also annually review any current formal resolution(s) to “commit” fund balance and determine if any changes are desired.

### **Amount of Potential Dividend Distributions**

The KERIT Board desires to be able to distribute dividends on an ongoing basis. As such, the Board will determine the portion (0 to 100 percent) of the excess over the maximum fund balance target to be distributed. The percentages may vary from year to year due to considerations, such as:

- Current market for workers’ compensation coverage (provide relief from premium increases).
- Recent claim years’ losses and trends (retain fund balance to offset potential premium assessments).
- Size of past dividend distributions.
- Size of the excess amount over the target maximum fund balance.

### **Operating Procedures Addendums for Dividend and Premium Assessment Formulas**

The KERIT Board has approved operating procedures addendums to establish the formulas to use to calculate the amount of dividend distributions and/or premium assessments by Member. Refer to these addendums for guidance on the formula calculations. [Any amendments, changes or addendums to the Dividend Policy shall be provided to the Commissioner of the Kansas Department of Insurance within 30 days after they occur.](#)

After considering the restrictions on fund balances for certain claim years as discussed above, the KERIT Board does have discretion to select the claim years to use for dividend distributions and when to assess premiums for claim years with deficiencies.

## INVESTMENT POLICY

Date of Revision: Effective November 8, 2005

Date of Revision: Effective ~~(insert date of Board KS Dept. of Insurance Approval)~~

Formatted: Highlight

### The Goals of KERIT in Investment Portfolio Management

The goal in managing KERIT's investment portfolio shall be to meet regulatory requirements by selecting investments consistent with the following goals:

- A. To be in full compliance with all investment guidelines of the Kansas Department of Insurance and any other regulatory body to which KERIT shall be subject. ~~(See Exhibit A.)~~
- B. To diversify portfolio holdings to ensure appropriate liquidity and minimize risk.
- C. To keep all available funds invested and earning investment income at all times.
- D. To ensure that the maturity distribution of KERIT's investments is reasonably matched to its liabilities.
- E. To maximize yield from the investment portfolio without compromising the overall quality and liquidity of the investments.
- F. To achieve the performance goals herein enunciated by adopting an "active position" of portfolio management, which shall include:
  - 1) Comprehensive, effective portfolio planning for both short and long term.
  - 2) Careful consideration of all factors which affect and control the cash flow of KERIT.
  - 3) Timely reallocation of portfolio maturities to reflect changes in economic indices and other determining factors of interest rates.
  - 4) Close, timely evaluation and monitoring of portfolio performance.
  - 5) Timely, comprehensive and responsive reporting by the Finance Committee to the Board of Trustees regarding portfolio status and operating results.

### Duties

#### *Board of Trustees*

The KERIT Board of Trustees ("Board") is the body primarily responsible for achieving the appropriate investment results within the parameters of this policy. To carry out this responsibility, the Board shall:

- A. Annually appoint and oversee a Finance Committee ("Committee") comprised of at least three individuals, with at least two being Trustees or ~~alternate Trustee~~ Alternate Trustees. Other Members of the Finance Committee may include employees of ~~at the Member cities or counties~~. Committee Members should be knowledgeable and experienced in investment matters or dedicated to becoming knowledgeable about KERIT's investment policy and strategy.
- B. Establish and revise, as necessary, investment policies and procedures to guide the Committee in carrying out KERIT's investment activities.



- C. Review the current and projected financial needs of KERIT to determine the extent to which investable assets shall be allocated among the following categories:
  - 1. Current needs – Current liquidity needs are those that are expected to occur within the following 12 months (year one).
  - 2. Short-term needs – Short-term needs are those that are expected to occur within the following 12 to 36 month period (years 2 and 3).
  - 3. Mid-term needs – Mid-term needs are those that are expected to occur with the following 36 to 60 month period (years 4 and 5).
  - 4. Long-term needs – Long-term needs are those that occur after 5 years or those that are indefinite.
- D. Set criteria for investment planning and performance which shall include:
  - 1. Determination of allowable investments.
  - 2. Determination of expected returns to be realized within a one-year time horizon.
  - 3. Determination of a need for an Investment Advisor. If an Investment Advisor is used, annually ~~recommend~~approve an Investment Advisor to work on behalf of KERIT.

*Finance Committee*

Subject to the approval of the Board, The Committee is responsible for carrying out investment policies and procedures within the requirements and criteria established by this policy and the Board. To carry out these responsibilities, the Committee shall:

- A. Establish the criteria for investment planning and performance. These criteria shall include, but not be limited to the following:
  - 1. The types of allowable investments.
  - 2. The target range for portfolio duration.
  - 3. The expected returns to be realized within a one-year time horizon.
  - 4. The investment guidelines established in this policy.
  - 5. Any modifications to the above.
- B. Review the portfolio on an ongoing basis, including periodic Committee meetings to occur no less than semi-annually.
- C. Coordinate necessary changes in the portfolio to achieve desired investment results.
- D. Report to the Board on an annual basis regarding:
  - 1. Overall investment performance.
  - 2. Investment Advisor performance, if an advisor is used.
  - 3. Suggestions for revisions to investment policies.
  - 4. Any other matters necessary to achieve the desired investment results.
- E. If needed, ~~recommend~~select qualified ~~investment~~ investment ~~advisors~~ advisors for presentation to and approval by the Board.

- F. Comply with the requirements of all Kansas statutes and regulations as they pertain to KERIT's investments.
- G. Advise the Board promptly of any event likely to adversely impact, to a significant degree, the management, professionalism or integrity of the Committee, including but not limited to the following events:
  - 1. A loss of one or more Committee Members.
  - 2. A significant change in investment philosophy.

**Allowable Investments**

Kansas regulations allow KERIT to choose among the following statutes for investment of its monies (KSA 12-2622). KERIT has decided to follow Article 2a of Chapter 40.

- 1. KSA Chapter 40, Article 2a (investments by other than life insurance companies)
- 2. KSA Chapter 12-1677b (investments by local governmental entities)
- 3. KSA Chapter 75-4209 (state money investment provisions)

Formatted: List Paragraph, Indent: Left: 0.44", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Without prior approval from the Board, the Committee shall limit investments to the following:

- A. U.S. Treasury Securities (Bills, Notes or Bonds) or securities guaranteed by the U.S. Government.
- B. Securities issued by agencies of the U.S. Government (including mortgage-backed securities) but not necessarily guaranteed by the U.S. Government.
- C. Federally insured Certificates of Deposit in banks located in the State of Kansas in the amount of \$100,000 or less, however, total Certificate of Deposit purchases shall not exceed more than 50 percent of the investment portfolio at any one time.
- D. Agency-issued pass-through mortgage-backed securities with stated maturities of up to thirty (30) years.

~~⊖~~ The Board may approve exceptions to the above limited list of investments.

Formatted: Normal, No bullets or numbering

**Guidelines for Security Mix Limitations**

KERIT's portfolio may have an unlimited amount of direct U.S. Treasury securities that are guaranteed by the U.S. Government.

The portfolio shall not exceed a concentration of more than 75 percent in any one agency of the U.S. Government.

**Guidelines for Maturity Limitations and Criteria for Portfolio Quality**

Maturities should be detailed by categories, as less than one (1) year, one (1) to less than five (5) years, five (5) to less than ten (10) years and ten (10) years or longer. Money market instruments by definition are limited to one year. Government and agency debenture purchases shall be limited to a maximum maturity of fifteen (15) years.

The total portfolio maturity objective is outlined as follows, using average life/most likely maturity projections for all securities:

Total securities within 5 years-minimum	30% range
Securities from 5 to 10 years-maximum	70% range
Securities beyond 10 years-maximum	10% range

For the purpose of this policy, maturity, unless otherwise noted, shall mean most likely maturity for securities with embedded call options.

Formatted: Heading 3

### **Liquidity Objectives**

Appropriate liquidity guidelines will be determined by the Committee in an effort to coordinate the investment portfolio with KERIT's goals. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. The percentage of the portfolio identified for liquidity will be based upon KERIT's projected growth as well as tolerance for earnings risk.

### **Investment Restrictions and Prohibited Transactions**

To provide for the safety and liquidity of KERIT's funds, the investment portfolio will be subject to the following restrictions:

- A. Investments in "derivatives" (e.g., options, futures, swaps, caps, floors and collars) are prohibited.
- B. Borrowing for investment purposes ("leverage") is prohibited.
- C. Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited.

### **Portfolio Adjustments**

The purchase and sale of securities, in an effort to accomplish KERIT's goals should be considered normal operating practice. A significant change in KERIT's expected growth and income patterns may necessitate changing the portfolio's structure.

Profits or losses may be taken within the portfolio if a net advantage accrues to KERIT from the trade. The net advantage can be either in the form of a dollar value (improved income or capital), beneficial upgrading of the credit or desired alteration of maturity structure within the portfolio.

### **Safekeeping**

The Committee shall hold all securities in safekeeping in a bank designated by the Board. The Committee shall provide an accounting of all investment funds to the Board at the regularly scheduled meetings.

### **Standard of Care**

#### *Prudence*

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

*Ethics and Conflicts of Interest*

Officers, Committee Members and employees of KERIT involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials associated with KERIT shall disclose to the Chair of the Board any material financial interests in financial institutions that conduct business with KERIT, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the KERIT portfolio. Officers, Committee Members and Employees and officers of KERIT shall subordinate their personal investment transactions to those of KERIT particularly with regard to the time of purchases and sales.

*Conflict of Interest Signature Form*

All Committee Members and KERIT officers and employees involved in the investment process must review and must sign a conflict of interest signature form each December. KERIT's Investment Policy Conflict of Interest form each December. See exhibit BB.

**Confidentiality**

The Board and Committee shall at all times maintain confidentiality regarding all aspects of KERIT's investment policies, procedures and portfolio.

**Exhibit A – Kansas Department of Insurance and Statutory Investment Guidelines**

Kansas Insurance Department (“KID”) Bulletin 1999-4 advised that the investment authority of group-funded pools shall include those investments that cities and counties, with direct investment authority, can make under K.S.A. 12-1677(b) and those allowed for state funds under K.S.A. 75-4209, or, for those pools in existence for at least five years, in securities or other investments permitted by insurance companies under Article 2a of Chapter 40.

Pursuant to the KID Bulletin, investments are only allowed to be in custody or safekeeping in a state or national bank or trust company regulated by the Federal Reserve System and the banking authorities in its state of domicile.

The statutes referenced in the KID Bulletin are attached to this exhibit, those being:

- ~~1.~~ K.S.A. 12-1677(b)
- ~~2.~~ K.S.A. 75-4209
- ~~3.~~ K.S.A. 40-2a20
- ~~4.~~ K.S.A. 40-2a21
- ~~5.~~ K.S.A. 40-2a22
- ~~6.~~ K.S.A. 40-2a24
- ~~7.~~ K.S.A. 40-2a25
- ~~8.~~ K.S.A. 40-2a26
- ~~9.~~ K.S.A. 40-2a27
- ~~10.~~ K.S.A. 40-2a28

KERIT has decided to follow Article 2a of Chapter 40 for its investments.

Formatted: Font: 11 pt

Formatted: Font: 11 pt, Bold

Formatted: Normal

Formatted: Normal, No bullets or numbering

Formatted: Heading 3, Add space between paragraphs of the same style

**Exhibit B – Kansas Eastern Regional Insurance Trust – Investment Policy Conflict of Interest Form**

The purpose of the completion of the form by the undersigned is to affirm his/her commitment to act in accordance with the Kansas Eastern Regional Insurance Trust's (KERIT) Investment Policy.

By signing this agreement, the undersigned agrees to abide by the standard of care as set out in the Investment Policy Addendum and shown below:

**Standard of Care**

*Prudence*

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

*Ethics and Conflicts of Interest*

Officers, officials and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Chair of the Board any material financial interests in financial institutions that conduct business with KERIT, and they shall further disclose any ~~large~~material personal financial/investment positions that could be related to the performance of the KERIT portfolio. Employees, officials and officers shall subordinate their personal investment transactions to those of KERIT, particularly with regard to the time of purchases and sales.

Signed \_\_\_\_\_

Printed Name: \_\_\_\_\_

Member Name \_\_\_\_\_

Date: \_\_\_\_\_

Witness: \_\_\_\_\_

# PERFORMANCE POLICY

Date of Revision: Effective November 13, 2012  
Date of Revision: Effective (insert date of Board KS Dept. of Insurance Approval)

Formatted: Highlight

The purpose of KERIT's Performance Policy is to assist Members in achieving the goals set by the KERIT Board and to be successful Members of the Trust. This policy is an avenue to provide feedback on a Member's performance, to create a plan of action for areas of improvement, and to provide additional support for the Member.

## Trustee Performance

As representatives of the Member organizations, Trustee attendance and participation at Board meetings is critically important. Each Trustee has a responsibility to come to meetings fully prepared, having read and reviewed all the materials that are provided, and ready to actively engage in discussions and decision-making.

## Definitions

Formatted: Heading 3

Executive Committee – The term "Executive Committee" as used herein shall mean the Chairperson, First Vice Chairperson, Second Vice Chairperson and the immediate past Chairperson.

Formatted: Font: Italic

PLUS Program – The term "PLUS Program" as used herein shall mean the safety/loss control program developed to provide guidance and assistance in the design, implementation and measurement of loss control efforts made by each Member.

Formatted: Font: Italic

PLUS Program Scorecard – The term "PLUS Program Scorecard" as used herein shall mean the measurement and evaluation tool used to assess performance and compliance by each Member regarding various components of a strong safety culture, such as, timely reporting of claims, post-offer physical assessments, facility inspections, safety committees and safety training.

Formatted: Font: Italic

Dashboard Report – The term "Dashboard Report" as used herein shall mean the semi-annual report which measures four components over a multi-year period. The components include loss rate, frequency rate, experience modifier and PLUS Program points.

Formatted: Font: Italic

## Work Safety Performance

- A review committee comprised of KERIT Members will identify any Member that has been documented to have low work safety performance. The Executive Committee ~~review executive committee~~ will look at several areas in determining performance, to include: Scorecard rating, loss rate, severity of claims, utilization of a return-to-work program, safety programs and activities, safety culture, etc. Representatives from the Independent Service Agent ~~third party Administrator~~ will provide background information regarding the Member's scores and claims history.
- When a low-compliant Member is identified, a letter will be sent to the KERIT Trustee representing that Member requesting he/she meet with the KERIT Chair and representatives from the ~~third party Administrator~~ Independent Service Agent, if any. This group will work with the Member to define goals and identify ways for the Member to be successful in its performance as a KERIT Member.



- ~~After the letter is sent, a~~ two (2) year time frame will be allowed for the Member to address issues and for KERIT to monitor its performance.
- If ~~after two years,~~ the Member's performance continues to be unsatisfactory, ~~the Member will be placed in the Special Attention Program, a second letter will be sent to the Member's top administrator and/or elected official to request a meeting with him/her and the Trustee, KERIT Chair, and representatives from the third party Administrator. See the Special Attention Program section.~~
- ~~This group will continue to work with the KERIT Member to achieve improved performance. An additional one (1) year time frame will be allowed for the Member to address the continuing issues and for KERIT to monitor its performance.~~

If the Member is unable to meet its obligations to the Trust in the areas identified in this Policy, a vote will be taken to determine if the entity should continue as a Member of the Trust. The KERIT Board fully supports this ~~P~~policy and expects KERIT Members to be accountable for their performance. This ~~P~~policy is not intended to be punitive, but to assist Members in identifying issues and researching potential solutions, as well as preserving the integrity of the Trust.

Formatted: Heading 3

## Special Attention Program

### *Objective*

It is a condition of Trust membership that all Members implement effective loss prevention and management programs to control exposures and losses to the Trust.

The objectives of the KERIT Special Attention Program are:

1. To help identify and provide remediation assistance to Members with poor safety performance, high loss runs, low participation, and a dashboard report with multiple 5-year averages coded as "problem" or "caution".
2. To establish parameters for non-renewal of Members failing to control exposures to loss, causing risk shifting and sharing for other KERIT Members.

Failure to meet the program criteria can result in KERIT membership non-renewal.

### *Methodology*

#### Program Criteria

The Trust's Loss Control Consultants will identify Member candidates for Special Attention Program consideration to the Executive Committee. Once a Member has been identified to participate in the program, key staff on the Member's its-leadership team will be notified by the Trust's Loss Control Consultant and an Action Plan will be developed with the Loss Control Consultant and the Member to help address program deficiencies and target areas of concern. The Action Plan will include specific activities, implementation time frames and completion time frames.

Members can be placed in the Special Attention Program at any time and will be eligible for removal from the program at the discretion of the Executive Committee of KERIT at the start of any policy year or at any meeting after placement in the program, ~~at the discretion of the Executive Committee.~~

Members in the Special Attention Program will be considered on probationary status in the KERIT Trust. The probationary period will be up to one (1) year from the date a Member is notified of placement in the program, with the option of extension for an additional year subject to KERIT Board approval. The Trustee from the Member being considered for placement in the Special Attention Program may attend the Executive Committee ~~m~~Meeting to appeal or further discuss the situation, but will not be involved in the decision-making process.

#### Action Plan Development and Implementation

Members in the Special Attention Program will be required to develop and implement a corrective Action Plan. The Trust's Loss Control Consultant will work with the Member to develop a specific plan to address problem loss and exposure areas. The Action Plan will list targeted programs/procedures, loss prevention elements and activities. Completion time frames will be included in the Action Plan. A required Action Plan item for any Member in the Special Attention Program will be mandatory attendance at all Risk Control Workshops for the duration of involvement in the program.

Action Plan items may be completed using any combination of the following support services or resources:

1. Member internal resources (to be reviewed by the Trust's Loss Control Consultant).
2. Assigned and available Trust's Loss Control Consultant service hours.
3. Purchase of additional service time/assistance by the Member from the Trust's Loss Control Consultant or another service provider.

The Trustee from each Member in the Special Attention Program will be required to sign off on the Action Plan items as they are completed. The Trust's Loss Control Consultant will review progress on the Action Plan for Members in the program and provide a status report to the Executive Committee at each KERIT Board of Trustee mMeeting. The Trustee from the Member in the Special Attention Program will be required to confirm progress or explain why agreed upon improvements have not been achieved to the KERIT Board at each meeting. The Action Plan will be modified or reconfirmed accordingly.

#### *Member Termination (Non-renewal)*

The decision to non-renew a Member will be based on a majority simple majority vote of a quorum of the KERIT Board of Trustees. ~~Notice will be given to the Member 60 days prior to the effective date of the termination. If the motion to non-renew a Member is approved, then the Trust will follow Section 6 of Article IV of the Bylaws.~~

#### Member Termination Criteria

The Executive Committee may recommend termination of a Member in the Special Attention Program to the Board of Trustees based on the following criteria:

1. Failure to develop or comply with the agreed upon Action Plan and time frames.
2. Failure to successfully implement program/procedure improvements and positively impact losses (specifically, to achieve a Lost Time Frequency and Severity Rate below the KERIT standard).
3. Failure to achieve a Safety Program Evaluation Rating score meeting or exceeding the KERIT standard.
4. Failure to participate in the PLUS ~~Program~~ Scorecard Program.

The above criteria for membership termination does not alter the Board of Trustee's ability to terminate membership as defined in the Bylaws.

The Member in the Special Attention Program will have an opportunity for a representative to speak on its own behalf to the Executive Committee to explain why it has failed to meet program requirements. The Member representative will then be excused from the meeting after presenting its case and a vote will be taken by the Committee regarding continuing the Member in the Special Attention Program or recommending to the full Board termination of the Member.

## RECORDS MANAGEMENT POLICY

Date of Revision: Effective December 10, 1996

Date of Revision: Effective (insert date of Board KS Dept. of Insurance Approval)

Formatted: Highlight

### Policy

It is hereby declared to be the policy of the Trust to provide for efficient, economical and effective controls over the creation, distribution, organization, maintenance, use and disposition of all Trust records through a comprehensive system of integrated procedures for the management of records from their creation to their ultimate disposition. This policy will use as guidance 1) , consistent with accepted records management practices and 2) the requirements of the Kansas Local Government Records Manual, ~~1985 edition, and the amendments thereto~~ as prepared by the Kansas State Historical Society, Department of Archives.

### Definitions of Trust Records

All documents, papers, letters, books, maps, photographs, sound or video recordings, microfilm, magnetic tape, electronic media, or other information recording media, regardless of physical form or characteristic and regardless of whether public access to it is open or restricted under the laws of the State of Kansas, created or received by the Trust, its representative or any of its Board Members pursuant to law or in the transaction of public business are hereby declared to be the records of the Trust and shall be created, maintained and disposed of in accordance with the provisions of this Policy authorized by it and in no other manner. Documents created by the Trust's service agency are specifically EXCLUDED from the Trust records.

### Records Management Plan

The Trust representative shall maintain the Records Management Plan of the Trust that will include definitions and procedures related to records inventory, retention schedule, filing scheme, Records Destruction Forms and records storage procedures.

The plan contains policies and procedures designed to reduce the costs and improve the efficiency of record keeping, to adequately protect the essential records of the Trust, and to properly preserve those records of the Trust that are of historical value. The plan is designed to enable the Representative to carry out duties prescribed by this policy effectively. The records management plan is binding on all officers and Members of the Trust; and records shall be created, maintained, stored, or disposed of in accordance with the plan.

### Trust Records Declared Public Property

All Trust records as defined in Definitions of Trust Records (above) Section 2 of the Title are hereby declared to be the property of the Trust. No Trust official or employee has, by virtue of his position, any personal or property right to such records even though he may have developed or compiled them. The unauthorized destruction, removal from files, or use of such records is prohibited. The Board shall:

- A. Approve policies and procedures governing the Trust's records management program.
- B. Ensure that all Trust Members forward ALL original documents (including original documents they create) to the Trust Representative. Copies may be maintained by Trust Members.

- C. Review the performance of the records management program on an annual basis and propose changes and improvements to the plan if needed.
- D. Review and approve record retention schedules and give final approval to the destruction of records in accordance with approved records retention schedules and Kansas State Law.

**Representative**

The Board of Trustees shall designate an individual who will be employed by the Trust to serve as the Representative of the Trust. The Representative is the official record copy holder for all documents related to the operation of the Trust. The Representative shall implement the policies of the records management program for the Trust as defined herein. In addition to other duties assigned in this policy, the Representative shall:

- A. Serve as the Record Copy Holder for all records of the Trust.
- B. Administer the records management program and provide assistance to Trust Members in its implementation.
- C. Follow procedures to ensure the permanent preservation of the historically valuable records of the Trust (e.g., store records with permanent retention periods in the Trust's fireproof filing cabinet).
- D. Maintain a uniform filing system and provide records management assistance to all Trust Members.
- E. Report to the Board of Trustees on the implementation of the records management plan.
- F. Bring to the attention of the Trust Administrator noncompliance by Trust Members with the policies and procedures of the records management program.
- G. When necessary, seek the assistance of a Records Management Consultant to:
  - 1. Monitor the established records retention schedule and any administrative rules issued by the Kansas State Historical Society to determine if the records management program and the Trust's records retention schedules are in compliance with Kansas State regulations.
  - 2. Regularly update the disaster plan to ensure maximum availability of the records in order to re-establish operation quickly and with minimum disruption and expense.
  - 3. Assist with any other aspect of the Trust's Records Management Program.

**Records Management Plan**

~~The plan contains policies and procedures designed to reduce the costs and improve the efficiency of record keeping, to adequately protect the essential records of the Trust, and to properly preserve those records of the Trust that are of historical value. The plan is designed to enable the Representative to carry out duties prescribed by this policy effectively. The records management plan is binding on all officers and Members of the Trust, and records shall be created, maintained, stored, or disposed of in accordance with the plan.~~

Formatted: Heading 3

### **Records Retention Schedules**

Formatted: Font: Bold

- A. The Records Retention Schedules contain information regarding the disposition of Trust records.
- B. The Records Retention Schedules shall be monitored by the Representative and amended as needed by the Board of Trustees annually to ensure that it is in compliance with records retention schedules issued by the Kansas State Historical Society and that it continues to reflect the record-keeping procedures and needs of the Trust.
- C. A record whose retention period has expired on a Records Retention Schedule shall be destroyed unless an open records request is pending on the record, or the subject matter of the record is pertinent to a pending lawsuit.
- D. Prior to the destruction of a record under an approved Records Retention Schedule, authorization for the destruction must be obtained by the Representative from the Board of Trustees.

### **Destruction of Unscheduled Records**

A record that has not yet been listed on an approved Records Retention Schedule may be destroyed if its destruction has been approved by the Board of Trustees.

### **Inactive Records Storage**

A records center, developed pursuant to the Records Management Plan, shall be under the direct control and supervision of the Representative. Policies and procedures regulating the operation and use of the inactive records center shall be contained in the Records Management Plan.

## **DRAFT - MINUTES OF THE PLANNING COMMISSION MEETING**

**April 25, 2017**

The regular meeting of the Mission Planning Commission was called to order by Chairman Mike Lee at 7:00 PM Monday, April 25, 2017. Members also present: Jim Brown, Scott Babcock, Robin Dukelow, Brad Davidson, Charlie Troppito and Frank Bruce. Absent were Stuart Braden and Dana Buford. Also in attendance: Danielle Sitzman, City Planner; and Nora Tripp, Secretary to the Planning Commission.

### **Approval of Minutes from the March 27, 2017, Meeting**

**Mr. Babcock moved and Ms. Dukelow seconded** a motion to approve the minutes of the March 27, 2017, meeting, as corrected. [Mr. Braden made the motion on Case #17-01, not Mr. Lee.]

The vote was taken (7-0). The **motion carried**.

### **Case #17-03 Zoning Code Text Changes – Public Hearing**

**Ms. Sitzman:** This is before you tonight on advice of our land use attorney, Pete Heaven. He helps us prepare for upcoming applications. We expect several development applications in the next year that are going to ask for deviations from conventional zoning district standards, which they are allowed to do as part of the planned district designation. The land these developments would occupy are already zoned and already have a plan designation.

In reviewing current ordinances, his comment was that the criteria by which we would evaluate those deviations in our current code are the exact same standards that are applied to variances, which is not the correct sub-standards to be using. For whatever reason, when we set up our planned district language back in 2001, we just copied and pasted and used the same five criteria that a variance gets evaluated against. Mr. Heaven's advises that that is the wrong standard to be using because that is a very specific standard just for variances. So, he's helped us craft an alternate set of criteria, which were included under Section G. There are four standards now instead of five, to capture the intent of the district to be a district in which a little bit of negotiation happens, wherein deviations from those current measurement standards can be development of higher quality. Planned districts are intended to be districts that are somewhat different than a conventional zoning or development situation. They might be infill, they might be mixed use. So, deviations from conventional standards are a good thing in those situations in order to encourage innovative and appropriate development in those circumstances. Mr. Heaven helped us draft sub-standards that still allows the Planning Commission to evaluate an application against the kinds of things we want to think about when we look at an application, such as how it affects adjacent properties, is it in the general spirit and intent of the zoning title, etc. The difference is that a variance is, by state statute, a very prescribed kind of process of variance findings, dealing with the physical aspects of the land. So, the BZA folks know those five criteria that have to be evaluated every time. Those are not the standards you should use to evaluate a zoning request for deviation. So, the changes are pretty minimal, other than that section there.

The other thing that was changed was to update the list to include all planning zoning districts, so it was clear that the planning districts that were developed as part of the 2006-2007 master rezoning – which would be the Main Street District and the Downtown Neighborhood District and the Mixed-Use District – those were all intended to be planned districts, as well. So, it clarifies things and ensures that we have a legally-defensible standard by which to make determinations if we were to grant deviations in the future.

There are a couple applications coming where they are dealing with some height limitations, and they'll be asking for deviation for height. This section would come into play there. There was another development that kind of kicked tires a while back and asked about height and use deviation, as well. So, it's a pretty common thing to evaluate. We just haven't had to do it yet for any of our major developments.

**DRAFT - MINUTES OF THE PLANNING COMMISSION MEETING**

**April 25, 2017**

Some other developments headed your way are more infill in nature, trying to achieve our goals of mixed use and infill, a circumstance where you'd have limited [inaudible]. That's why you would see deviation requests in the future.

[Chairman Lee opened the public hearing. There being no one wishing to speak, he closed the public hearing.]

Mr. Troppito: I have a question. I'd like staff to, when looking at infill areas and deviations, and sometimes height and parking requirements, one of the things UMKC has done to improve its parking situation is to dedicate so many spaces for Zipcars. I would be surprised if you would get the same net benefit as UMKC or KU, for example, but I wondered if you could take a look at that and see what other cities area doing, the benefit ratios, etc.

Ms. Sitzman: Are you interested in the City enticing Zipcar to operate in Mission?

Mr. Troppito: No. For instance, Target. They have X number of spaces, but they're limited in what they could do. Could they be given credit for doing something like that, which would result in a net reduction of parking spaces that they would actually need? Zipcar isn't the only company. There are other ones around. That might be a benefit. If other cities are doing it, maybe we need to do it, too, just to see.

Ms. Dukelow: Would that be a reduction to the code-required parking maximum?

Mr. Troppito: Well, I don't see that as a – By formula, you have to have 52 parking spaces, but you only came in to us with 50, but five of those were dedicated for Zipcars. Would that make up for the two?

Ms. Sitzman: Currently, there is a way for an applicant who does not have enough parking to make an argument for shared parking in some circumstances, to make up that difference. We rarely see an applicant not have enough parking on their own site. They could perhaps propose that car sharing was a way to make up for that difference. I don't know if we need a code change.

Mr. Troppito: No, I don't think they'd need a code change. I wasn't asking about that. I'd like staff to look at this and see if you can come up with some guidelines the Planning Commission can use so we're not just making arbitrary decisions.

Mr. Davidson: And see what other cities are doing, as well. But then, you're going to want to say, "Well, we can make our building a larger footprint and not have our spaces, and use the Zipcar."

Mr. Troppito: Part of this is to recognize that, yes, there's a change that's taking place in society. Less detail in demand and more internet sales, for instance. It's reduced stores [inaudible] traffic. So, I think we should start looking at that kind of thing.

Mr. Davidson: I'm not familiar with Zipcars. This is the first I've heard of it.

Mr. Troppito: Go to Zipcar.com.

Mr. Brown: I don't have any issues with any of the proposed changes. I would like to initiate a discussion about requiring the exterior of the buildings to be broken up a little more than what we approved last month. When you look at the right angle of that wall at the corner of Roeland Drive and Johnson Drive, you're going to see 39-foot-tall corrugated stainless steel, 562 feet long. With all the balconies inset. So, there weren't any balconies projecting out of it to break up that façade, or anything. I'd like to see more variation in in-steps and out-steps of the building façade, balconies that project from the face of the building, and things like that. I don't think we're going to like it once it's done. This would be the west wall, the one that runs down Roeland Drive. When you look at it from the corner of Roeland Drive and



**DRAFT - MINUTES OF THE PLANNING COMMISSION MEETING**

**April 25, 2017**

Johnson Drive, you're looking right past the one gap that's in the middle and see that wall. And when you scale it out, it's really, you know, starting at the second floor level to the top of the parapet, it's 39 foot tall.

Mr. Babcock: Aren't windows required? I think there's a percentage of the space that is required to be windowed.

Mr. Brown: Yes, but what I'm saying is that it's a straight wall. There's no variation in and out, no balconies that project off of it. You drive by those projects going in in downtown Overland Park and you see a lot of variation in the exterior of the building. At the ground floors, the upper floors, balconies projecting off of them. They're using different materials. You've got insets and outsets in the building, not just a straight long wall. That's what I'm talking about. I don't want to necessarily overregulate the materials as much as the format that they're applied in.

Mr. Babcock: You're not talking about just the ground floor.

Mr. Brown: Yes. Inset parts of the building –

Mr. Babcock: They inset in. I don't know –

Mr. Babcock: You go right past that when you're looking –

*[Multiple overlapping comments.]*

Mr. Brown: And you won't see that when you're standing, looking down the length of the wall. It's 526 feet long. That's almost two feet long.

Mr. Davidson: Danielle, is there anything in the design guidelines as far as a plane of a building, you know, needing multiple materials or projections, or anything like that?

Ms. Sitzman: It's a very subjective measure and the design guidelines is going to say creates a pattern or an interesting shadow. It's not going to say you must have X percentage of your wall face be offset by X number of feet from the rest of your wall face. It's going to be more subjective.

Mr. Brown: And they tried to do that with the color changes.

Mr. Davidson: When you look at it 2D and you look straight at it in a 2D drawing, you see it broke up. But when you see it at that particular angle, you're just going to see a big wall that's all corrugated steel.

Mr. Brown: How would we go about crafting that?

Ms. Sitzman: You want to have something more objective and measurable, if you're going to have discussion about the legitimacy of one architectural design over another, I mean, I think others might find that appealing from a modern architectural standard. But, if that's not the standard you want to allow, you need to probably find some criteria that are objective, where you can say it must have 75 percent glazing, it must have the 8-foot setback offset, etc. Those are things you could have discussed when you reviewed it. You just would have come to a consensus opinion on whether you wanted that architecture.

Mr. Brown: We came to a consensus opinion about that. I'm not arguing that. I just don't like it.

Ms. Sitzman: That is a composition of modern versus more traditional style, and this is a stylistic conversation.

Chairman Lee: Is it something we really want to set criteria down, or is it something we take case-by-case, discuss it?

**DRAFT - MINUTES OF THE PLANNING COMMISSION MEETING**

**April 25, 2017**

Mr. Brown: Well, there seems to be some discussion about whether people felt comfortable with their position on whether or not they could influence the design on this panel. So, it's appropriate to have a discussion about what we think our influence and role is in that regard.

Mr. Babcock: I'm with you. I personally don't like the design. But, the problem that I see is what our role is, and our role is to make sure that the development fits the design guidelines. One of the things that was in that design guideline was they wanted a more modern facility built there. I mean, that's kind of a personal thing. I'm not a big modern guy.

Ms. Sitzman: There's a project headed your way using the same standards and coming out with a completely different design. So, your current standards allow for a good deal of flexibility. This is the EPC project that they just presented to City Council. They already have elevations mocked up for the project. So, you'll be faced with a whole different architectural style. It's also going to potentially be compliant with your design guidelines.

Mr. Babcock: I think what he's saying is, just by looking at that, is it's interesting. It's got different levels, different extensions, etc.

Ms. Sitzman: I can try to extrapolate the things that you think make it interesting, but keep in mind, it can still meet those qualifications, and modern architectural, you know, they just don't love it. So, it's kind of a balancing act. If you think there's some specific standard about projections and insets that would help, that might be a specific thing to consider.

Mr. Babcock: I think the most qualified to give us an idea is the [*inaudible*]. [*Laughter.*]

Ms. Dukelow: I understand. I hear what Jim is saying. And I see a lot of projects going up in Overland Park. I go through downtown Overland Park and I see that urban loft development at 83<sup>rd</sup> and Metcalf. I've been over to KU and I've seen the buildings going up there. I hear what you're saying, that they are undulating. The walls are moving. There's relief in that plane. How do we dictate that? What do we say? I mean, this is much more classical and traditional.

Mr. Brown: Every previous design that we saw on that project had it until this last one that was presented in front of us for final approval. Up to that point, all of the other ones had that variation on the façade.

Ms. Sitzman: And they had a new architect on their team.

Mr. Babcock: The other thing is, I think this fits in Mission better, but I don't know how that came about, wanting it to be [*inaudible*]. I think what he is presenting is what somebody has communicated, if that's just what somebody has communicated in writing. But the problem is, I'm not a modern guy. I don't think this as modern. I think this is more traditional, like you were saying. I think Mediterranean when I see that.

Mr. Davidson: Danielle, could it be as simple as this? Sometimes we see a project and we tell the developer we would really like to see more of this, or more elevation changes on that big wall. And a lot of times, they would say, "Okay, we'll see what we can do," or something like that. There are no guidelines that are written up. But in our opinion – and in Jim's opinion, in this case – you say, "I would really like to see that wall broken up." Because you're right, the galvanized finish, I mean, you could get a gigantic, you know, reflection of a lot of wall right there. So, could we just ask the developer --?

Ms. Sitzman: I don't think it would be inappropriate to have those conversations. We've split out and you'll no longer have a preliminary site plan or final site plan at the same time. So, you need to make use

**DRAFT - MINUTES OF THE PLANNING COMMISSION MEETING**

**April 25, 2017**

of the opportunity of the preliminary site plan to get those preferences out there. Because by the time they've come to you with a final site plan, they're so far down the road.

Chairman Lee: That's not going to go as presented anyway, right?

Ms. Sitzman: The Gateway project? I have not heard anything.

Chairman Lee: I talked to him briefly on Wednesday, and he did say that one of the tenants had fallen through. But there were no changes to the building.

Mr. Brown: I really don't want this to be a conversation about the Gateway. That's moved off of the docket as far as I'm concerned. I just want to know if there is something that we can do better next time.

Mr. Davidson: Like what Danielle said, critique, you know, the very beginning. But again, they kind of changed that. Like you said, they got a new architect, and it was like – boom – it was in all at one time. Let them know our concerns as early as possible, or whatever.

Ms. Dukelow: Should we look at the Johnson Drive design guidelines and consider whether or not there's something we should --?

Ms. Sitzman: Right. If you want to have something that's out there up front, that would be the best place to put it so an applicant has a better sense of what you mean by creating an interesting pattern of light and dark, or kind of more flexible, general terms around there. For example, specific amounts of something.

Mr. Brown: How do you put just the right amount in there so that you don't throttle somebody's creativity? That's the problem.

Mr. Babcock: Something that appears other than flat.

Mr. Brown: It's subjective. You like it, you don't like it. Some people like it, some don't.

Chairman Lee: But couldn't you have had a different material on that project? It would have given it a totally different look. So, if you put some criteria down that says you have to have a certain percentage of this or that, you may eliminate something that you really would like.

Mr. Brown: If you could have just a flat panel of some kind on that wall, change the color, the same variation, would you guys like that?

Mr. Babcock: No.

Chairman Lee: To me, that's the problem with trying to set a criteria, that you can't look at all the ideas. I completely agree that we have the ability to discuss it, each project, and make our preferences known.

Mr. Brown: Because if it's in a planned district, we can exert some influence on the design, but we need to do it before they spend thousands of dollars.

Mr. Babcock: So, is it too late?

Mr. Brown: Yeah. That was a final plan. That's done. And I wouldn't want to influence that. That had a public hearing, it's been done. I just want to know if we want to perform in the same fashion moving forward, or if we want to try to have more influence. And the answer could be no, we're perfectly satisfied with the way things are going.

Mr. Troppito: Well, in this case, wasn't it really a question of the timing inhibiting that from being done effectively? In a normal course of events, when a preliminary plan comes through, is it ever [*inaudible*]?

**DRAFT - MINUTES OF THE PLANNING COMMISSION MEETING**

**April 25, 2017**

Mr. Brown: I think we also need to not be afraid to turn something down if we don't like it in preliminary planning. That's the time to exert your influence, I think. We don't have a great history of telling people no at preliminary plan approval, either.

Ms. Dukelow: With regards to the materials, the project that was just on the screen, they're using all the same materials. Now, I don't know what that is, but they're using all the same materials on the exterior, as well. So, I'm not sure that a variety of materials is what we're looking for. Do we have something in there about visual interest? Contrast? Projections?

Ms. Sitzman: Yes. That creates interesting patterns, etc. I don't have it in front of me, but it's going to be very general.

Ms. Dukelow: And that's very subjective. I mean, if we don't think it's interesting, I guess we can send them back.

Mr. Brown: That does have projections coming off at the roof level, and whatever that thing in the middle is. There are things that are broken up. There are levels that are inset from other levels.

Mr. Babcock: One of the things he communicated to us is that they wanted to carry over the architecture from the community center and Mission Square. This is EPC. This is going to be right across the parking lot.

Chairman Lee: Between The Bar and the Salvation Army.

Mr. Babcock: Didn't they say something like that, Danielle? Do you remember?

Ms. Sitzman: Yes.

Ms. Dukelow: I mean, personally, I would probably have been more shocked to have corrugated and perforated stainless steel in the middle of Johnson Drive than I am at Gateway. And it's simply because of the context. Context is different. It doesn't shock me as much in the Gateway as it would if it were landing between two brick buildings in our downtown. It has a much different scale and context.

Ms. Sitzman: And the Johnson Drive guidelines cover all those areas. That's why they're more general.

Mr. Brown: How are they going to fight a fire in that thing? I mean, there's no fire department access in that right side at all.

Ms. Dukelow: That's their job to figure it out.

Mr. Troppito: One of the statements on page 25, it says, "The granting of the deviation will not adversely affect the rights of adjacent property owners." What does that mean? What does "adjacent" mean? I'm asking because this is kind of like before. Why not use "adjoining" property owners? The difference is whether the property lines are touching or not. And if you say "adjoining," you need to specify some kind of radius.

Ms. Sitzman: Yes. And it's a matter of scope. Do you want to limit yourself to things that are only adjoining, or would you rather have the ability to consider things that are adjacent?

Mr. Troppito: It's not what I want to do. What I'm interested in – and I was hoping Pete would be here tonight – is understanding the legal framework behind this. Is there something in Kansas law that would require that? And if there isn't, we need to define it in some way, I would think. Otherwise, we're going to be arbitrary about what "adjacent" means. Is it within 50 feet? Or what?

**DRAFT - MINUTES OF THE PLANNING COMMISSION MEETING**

**April 25, 2017**

Ms. Sitzman: If Pete had wanted a different words, he would have given us different words, since these are his revisions. So, he must be comfortable with adjacency being the criteria that you evaluated, having some flexibility depending on what the deviation requested is. You know, one kind of deviation, they have a very limited impact, and another kind of deviation, they have a broader impact. So, I think “adjacency” gives you the maximum flexibility to evaluate a project on its merits, regardless of whether it’s something that’s going to have a more immediate affect to something here, or also impacts to something farther away.

Mr. Troppito: Well, it says granting of the deviation will not “adversely affect the rights of...” So, it seems to me we need to know who’s rights need to be considered. Property lines touching? In that case, it would be “adjoining.” Or, are we supposed to be considering those 50 or 100 feet away, etc. Whose rights are we considering?

Ms. Sitzman: Again, I think it’s going to depend on the deviation requested. So, when you have a deviation before you, we would try to provide you the analysis we thought was relevant to the deviation. And what the specific rights are, I mean, dependent on the deviation. So, if it were somebody asking for a height deviation, that would be a different impact than somebody who is asking for a deviation in uses. I think the idea is that you would not be allowing deviation that negatively impacted someone else’s rights to their use and enjoyment of their property. And I can ask Pete, but I think he’s going to tell you –

Mr. Troppito: No, I don’t want to hold it up. But I think it’s a question that maybe needs to be further designed. Should we actually have to do this?

Mr. Babcock: My understanding is that these changes were made from Pete’s standpoint to make him more comfortable in the defense of these going forth.

Ms. Sitzman: That’s true.

Mr. Babcock: So, he’s basically submitted these changes, saying he wants to change these documents because it’s more defensible from his standpoint.

Ms. Sitzman: Right.

Mr. Troppito: I understand that, but the changes made, if you look at what’s there, have nothing to do with the word “adjacent.”

Ms. Sitzman: If you wanted to change “adjacent,” I think he would be –

*[Overlapping comments.]*

Ms. Sitzman: He was comfortable with that wording.

Mr. Babcock: I look at it from the standpoint of him being our legal advisor, that he feels comfortable with the wording. I mean, I’m not a lawyer.

Mr. Troppito: I want clarification.

Mr. Bruce: I think you need flexibility, and Danielle has already pointed out that height is a factor, noise is a factor, and each one of those have different parameters that will be associated with it. So, if you say “adjoining,” *[inaudible]*, but if you say “adjacent,” I think we’re intelligent enough that when we look at something, we can look at it with some intellect and say, okay, this is going to block views, cause shadows, etc. I think we should have experts take a look at these different things. If you try to write too restrictive, you’re going to ball yourself up.

**DRAFT - MINUTES OF THE PLANNING COMMISSION MEETING**

**April 25, 2017**

Mr. Troppito: I'd still want an explanation.

Ms. Sitzman: I made a note.

Mr. Davidson: I've been trying to think of a situation where the City of Overland Park has dealt with someone coming to them and they didn't like the design of their structure. There was a White Castle on Metcalf. They did not approve that White Castle for many, many sessions. It was too wide, or whatever. My point is, of course, in this case, it's a franchise, but how did Overland Park's planning commission handle that?

Chairman Lee: They never approved it.

Mr. Davidson: Well, they finally built it, but did they change the color?

Mr. Babcock: Yes. They went with a more subtle color of white. Like with Pizza Hut. They wouldn't approve the red roof.

Mr. Davidson: All right. However, it was not the white that they asked for. Anyway, I just wanted to bring that up.

Chairman Lee: What do you want from us this evening?

Ms. Sitzman: I would like you to make a recommendation on this, if you're comfortable with it as it is. It needs to proceed on to City Council before it is enacted, so they need a recommendation from this board.

Ms. Dukelow: I will make a motion that we make a recommendation to City Council to approve Case No. 17-03 Planned Zoning District changes, as written.

Mr. Troppito: Second.

The vote on the motion was taken, (7-0). **The motion carried.**

Ms. Dukelow: Mr. Chairman I would be interested to know what some of the other cities are doing, if that's something we could get. Maybe just an update at our next meeting about how Overland Park, Lenexa, just a couple of our peer cities.

Mr. Davidson: Maybe Danielle already knows that.

Ms. Sitzman: I don't off the top of my head. I can look at Overland Park and Lenexa and Shawnee.

**Staff Update**

Staff provided an update on current and upcoming projects and events.

**ADJOURNMENT**

With no other agenda items, **Ms. Dukelow moved and Mr. Troppito seconded a motion to adjourn.** (Vote was unanimous). The **motion carried.** The meeting adjourned at 7:44 P.M.

---

Mike Lee, Chair

**ATTEST:**

---

Staff

<b>City of Mission</b>	Item Number:	5a.
<b>DISCUSSION ITEM SUMMARY</b>	Date:	April 25, 2017
<b>COMMUNITY DEVELOPMENT</b>	From:	Danielle Sitzman

Discussion items allow the committee the opportunity to freely discuss the issue at hand.

**RE:** An ordinance amending Chapter 405.070-090 of the Municipal Code

**DETAILS:** Several pending developments in the next year are expected to make use of zoning deviations from the Planned Zoning District section of the zoning code. In reviewing the relevant code sections, several changes were recommended to clarify the City's expectations of the approval process. Upon the advice of the City's land use attorney, staff prepared changes to the zoning code regarding consideration of deviations in Planned Zoning Districts.

Conventional zoning does not easily accommodate innovative development, especially where mixed-use or infill projects are proposed. In addition, conventional zoning relief requires changing the zoning code on a project by project basis or the consideration of variances. In the case of the former, changing zoning district standards can create non-conformities because the new rules are applied to all existing developed property within the same zoning district. Variances are difficult to justify as the criteria used for evaluation rely on the demonstration of a unique hardship related to the physical characteristics of the property. The merits of a particular development concept alone are not a proper reason to grant a variance.

The stated intent of the City of Mission's planned district code is to encourage quality development by permitting deviations from the conventional zoning to encourage large-scale developments, efficient development of smaller tracts, innovative and imaginative site planning, conservation of natural resources, and minimum waste of land. The proposed code changes are intended to clarify the standards by which planned district deviations are evaluated and update the list of zoning districts to be included. The proposed code language more accurately reflects the appropriate standard of review while still protecting the public good and the intent of the code. The full staff report to the Planning Commission is included in the packet.

The Planning Commission, at their April 24, 2017 meeting, voted 7-0 to recommend approval of the changes. A public hearing was conducted and no comments were received.

For reference, the supporting documentation for this agenda item includes the draft changes in a "redline" format. A clean copy of the document in ordinance format will be prepared for the the City Council meeting.

**CFAA CONSIDERATIONS/IMPACTS:** NA

Related Statute/City Ordinance:	N/A
Line Item Code/Description:	N/A
Available Budget:	N/A



---

To: Mission Planning Commission

From: Danielle Sitzman, City Planner

Date: April 24, 2017

Re: Case # 17-03 Planned Zoning District Code Changes

---

#### Background

Several pending developments in the next year are anticipated to make use of zoning deviations from the Planned Zoning District section of the zoning code. In reviewing this section with the City's Land Use Attorney, several code changes were recommended to clarify the City's expectations of the approval process. Staff has prepared the attached code changes for consideration and recommendation by the Planning Commission to the City Council.

#### Analysis of Proposed Code Changes

In January of 2001 the City's zoning code established the requirement that any and all rezonings to be to "Planned Zoning Districts" as defined in Chapter 405 Article II. A planned district is a zoning technique that is intended to create additional flexibility in the application of zoning standards such as but not limited to setbacks and height. Conventional zoning, which relies on rigid dimensional standards, does not easily accommodate innovative development especially where mixed-use or infill projects are proposed. In addition, conventional zoning relief requires changing the zoning code on a project by project basis or the consideration of variances. In the case of the former, changing zoning district standards often would create non-conformities as the new rules are then applied to all existing developed property within the same zoning district. Variances are difficult to justify as the criteria used for evaluation rely on the demonstration of a unique hardship related to the physical characteristics of the property. The merits of a particular development concept alone are not a proper reason to grant a variance. The adoption of planned zoning in Mission was a precursor to the development of other innovative zoning techniques such as mixed use zoning districts like the Main Street District 1 & 2 districts and other overlay zones. It is a valuable tool as it allows for deviations from conventional zoning standards on a case by case basis upon review of specific development proposals.

The stated intent of the City of Mission's planned district code is to encourage quality development by permitting deviations from the conventional zoning district to encourage large-scale developments, efficient development of smaller tracts, innovative and imaginative site planning, conservation of natural resources, and minimum waste of land. Basic elements of a planned district ordinance include a statement of the purpose and intent (Section 405.080 Statement of Objectives), eligible zoning districts (Section 405.070 Planned Zoning Districts), and development standards (405.090 Standards of Development).

The proposed code changes to these sections are intended to clarify the standards by which planned district deviations are evaluated and update the list of zoning districts to include the



more recently created districts. The City's attorney has proposed code language which is more in line with the appropriate standard of review while still protecting the public good and the intent of the code. The current code language is too similar to the criteria used to evaluate variances. Attached is a redline copy of the proposed code changes to these sections.

Next Steps

Staff asks that the Planning Commission conduct the public hearing as advertised, discuss the information presented above and the proposed changes, and make a recommendation to the City Council.

Staff Recommendation

Staff recommends approval of the proposed changes to the the code as presented in the redline copy. Text shown as strikethrough will be removed in final version.

Planning Commission Recommendation

The Planning Commission, at their April 24, 2017 meeting, voted 7-0 to recommend approval of the code changes as proposed.

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE AMENDING SECTIONS 405.070, 430.080, AND 430.090 OF THE CODE OF THE CITY OF MISSION, KANSAS.**

**Section 1.** That Section 405.070 is hereby amended to read as follows:

**Section 405.070 Planned Zoning Districts.**

Planned zoning districts and their equivalent districts are as follows:

	<b>Planned District</b>	<b>Equivalent District</b>
"RP-1"	Planned Single-Family Residential	"R-1"
"RP-2"	Planned Two-Family Residential	"R-2"
"RP-3"	Planned Town House District	"R-3"
"RP-4"	Planned Garden Apartment District	"R-4"
"RP-5"	Planned Apartment House District	"R-5"
"RP-6"	Planned High-Rise Apartment District	"R-6"
"CP-O"	Planned Office Building District	"C-O"
"CP-1"	Planned Restricted Business District	"C-1"
"CP-2"	Planned General Business District	"C-2"
"CP-2A"	Pedestrian Oriented Business District	"C2A"
"CP-2B"	General Business District	"C2B"
"MS1"	Main Street District 1	"MS1"
"MS2"	Main Street District 2	"MS2"
"DND"	Downtown Neighborhood District	"DND"
"MXD"	Planned Mixed Use District	"MXD"

**Section 2.** That Section 405.080 is hereby amended to read as follows:

**Section 405.080 Statement of Objectives.**

- A. *Planned Zoning Districts.* The zoning of land in the City of Mission to one (1) of the planned zoning districts shall be for the purpose of encouraging and requiring orderly development at a quality level generally equal to or exceeding that commonly found in projects developed under conventional zoning, but permitting deviations from the normal and established development techniques. The use of planned zoning procedures is intended to encourage large-scale developments, efficient development of small tracts, innovative and imaginative site planning, conservation of natural resources and minimum waste of land. The following are specific objectives of the planned zoning district
1. Proposal to rezone land to a planned district shall be subject to the same criteria relative to compliance with master plans, land use policies, neighborhood compatibility, adequacy of streets and utilities and other elements as is normal in rezoning deliberations.
  2. The submission by the developer and the approval by the City of development plans represents a firm commitment by the developer that development will indeed follow the approved plan in all aspects.
  3. Residential areas will be planned and developed in a manner that will produce more useable open space, better recreational opportunities, safer and more attractive neighborhoods than under standard zoning and development techniques.
  4. Commercial areas will be planned and developed so as to result in attractive, viable and safe centers and clusters, as opposed to strip patterns along thoroughfares. Control of vehicular access, architectural quality, landscaping and signs will be exercised to soften the impact on nearby residential neighborhoods and to assure minimum adverse effects on the street system and other services of the community.
  5. The applicant will be given latitude in using innovative techniques in the development of land not feasible under application of standard zoning requirements.
  6. Planned zoning shall not be used as a refuge from the requirements of the equivalent district as to intensity of land use, amount of open space or other established development criteria.
  7. Any building or portion thereof may be owned in condominium under K.S.A. 58-3101.
  8. For purposes of this Title, the term "*shopping center*", "*office park*", "*industrial park*" or other grouping of buildings shall mean developments that were planned as an integral unit or cluster on property under unified control or ownership at the time the zoning was approved by the City. The sale, subdivision or other partition of the site after zoning approval does not exempt the project or portions thereof from complying with development standards, architectural quality, sign concepts and other conditions that were committed at the time of rezoning.

**Section 3.** That Section 405.090 is hereby amended to read as follows:

## **Section 405.090. Standards of Development.**

- A. The amount of signage, open space, buffer zone, yard, parking, play areas, density and height requirements shall be determined by the City Council upon recommendation of the Planning Commission after review of the proposed plan. The City Council and the Planning Commission shall use the requirements and standards found in the corresponding district as detailed in these regulations as a guide in making their determination but may permit deviations from these requirements and standards in the interest of efficient land development and utilization. In reviewing such development plan, the maximum height of buildings and structures within such planned district shall generally be as set out in the corresponding district. It shall be permissible that front, side and rear yards may be reduced to zero in appropriate circumstances.
- B. The permitted uses shall be the same as those permitted in the equivalent district unless otherwise altered as part of the development plan approved by the City Council for the specific area to which each planned district applies. Alterations may include allowing additional uses that the underlying district does not otherwise allow as well as prohibiting uses that the underlying district otherwise allows. For example, the City Council may permit mixed residential uses or mixed residential and commercial uses in accordance with the development plan for the planned district.
- C. The Planning Commission and/or City Council may require assurance of the financial and administrative organization and ability of any agency created by a developer for the purpose of maintaining common open space and facilities or amenities of a non-public nature.
- D. The Planning Commission and City Council may in the process of approving preliminary and final plans indicate that a portion of the parking area required under this Title may remain unimproved until such time as the City Council deems it must be improved to serve parking demand adequately.
- E. Any deviation from the requirement in the equivalent district may be granted by the Planning Commission and Council only where there is ample evidence that said deviation will not adversely affect neighboring property, nor will it constitute the mere granting of a privilege.
- F. The parking ratio for grouped commercial projects shall as a minimum follow the existing district requirements. However, approval of a preliminary rezoning plan does not exempt the ultimate tenant or tenants from following any higher requirement set forth in this Code for specific uses. Reduction of setbacks or other open space shall be compensated by additional open space in other appropriate portions of the project. In all cases such deviation shall be in keeping with good land planning principles and must be specifically set out in the minutes of the Commission, as well as on plans and other exhibits in the record.

The design of all planned projects, whether residential, commercial, industrial or mixed use, shall be such that access and circulation by fire-fighting equipment is assured and may not be retarded by steep grades, heavy landscaping or building space.

- G. The Planning Commission or City Council may, in the process of approving preliminary

plats, final plats, preliminary development plans or final development plans, approve deviations from the specific terms of this Title which would not be contrary to the public interest and where, owing to special conditions, and provided that the spirit of this ordinance shall be observed, the public safety and welfare is secured and substantial justice done for the property owner or applicant.

An application for a deviation may only be granted upon a finding that all of the following conditions have been met:

1. The granting of the deviation will not adversely affect the rights of adjacent property owners.
2. That the deviation desired will not adversely affect the public health, safety, morals, order, convenience, prosperity or general welfare.
3. [The granting of the deviation will not be opposed to the general spirit and intent of this Title.](#)
4. That it has been determined the granting of a deviation will not result in extraordinary public expense, create nuisances, cause fraud on or victimization of the public or conflict with existing federal or state laws.

**Section 4.** That this ordinance shall take effect and be in force from and after its passage and publication as required by law.

PASSED AND APPROVED by the City Council this 17<sup>th</sup> day of May 2017.

APPROVED by the Mayor this 17<sup>th</sup> day of May 2017.

---

Steve Schowengerdt, Mayor

(SEAL)

ATTEST:

---

Martha M. Sumrall, City Clerk

APPROVED AS TO FORM BY:

PAYNE & JONES, CHTD.

---

David K. Martin, City Attorney  
11000 King, Suite 200  
P. O. Box 25625  
Overland Park, KS 66225-5625  
Tel: (913) 469-4100  
Fax: (913) 469-8182

**Section 405.070 Planned Zoning Districts.**

Planned zoning districts and their equivalent districts are as follows:

	<b>Planned District</b>	<b>Equivalent District</b>
"RP-1"	Planned Single-Family Residential	"R-1"
"RP-2"	Planned Two-Family Residential	"R-2"
"RP-3"	Planned Town House District	"R-3"
"RP-4"	Planned Garden Apartment District	"R-4"
"RP-5"	Planned Apartment House District	"R-5"
"RP-6"	Planned High-Rise Apartment District	"R-6"
"CP-O"	Planned Office Building District	"C-O"
"CP-1"	Planned Restricted Business District	"C-1"
"CP-2"	Planned General Business District	"C-2"
"CP-2A"	Pedestrian Oriented Business District	"C2A"
"CP-2B"	General Business District	"C2B"
<u>"MS1"</u>	<u>Main Street District 1</u>	<u>"MS1"</u>
<u>"MS2"</u>	<u>Main Street District 2</u>	<u>"MS2"</u>
<u>"DND"</u>	<u>Downtown Neighborhood District</u>	<u>"DND"</u>
<u>"MXD"</u>	<u>Planned Mixed Use District</u>	<u>"MXD"</u>

**Section 405.080 Statement of Objectives.**

A. *Planned Zoning Districts.* The zoning of land in the City of Mission to one (1) of the planned zoning districts (~~"RP-1" through "RP-6" and "CP-O" through "CP-2B"~~) shall be for the purpose of encouraging and requiring orderly development at a quality level generally equal to or exceeding that commonly found in projects developed under conventional zoning, but permitting deviations from the normal and established development techniques. The use of planned zoning procedures is intended to encourage large-scale developments, efficient development of small tracts, innovative and imaginative site planning, conservation of natural resources and minimum waste of land. The following are specific objectives of the planned zoning district

1. Proposal to rezone land to a planned district shall be subject to the same criteria relative to compliance with master plans, land use policies, neighborhood compatibility, adequacy of streets and utilities and other elements as is normal in rezoning deliberations.
2. The submission by the developer and the approval by the City of development plans represents a

firm commitment by the developer that development will indeed follow the approved plan ~~in concept, intensity of use, aesthetic levels and quantities and qualities of open space in all aspects.~~

~~3. Deviations in yard requirements, setbacks and relationship between buildings as set out in standards of development may be approved if it is deemed that other amenities or conditions will be gained to the extent that an equal or higher quality of development is produced.~~

43. Residential areas will be planned and developed in a manner that will produce more useable open space, better recreational opportunities, safer and more attractive neighborhoods than under standard zoning and development techniques.

54. Commercial areas will be planned and developed so as to result in attractive, viable and safe centers and clusters, as opposed to strip patterns along thoroughfares. Control of vehicular access, architectural quality, landscaping and signs will be exercised to soften the impact on nearby residential neighborhoods and to assure minimum adverse effects on the street system and other services of the community.

65. The ~~developer-applicant~~ will be given latitude in using innovative techniques in the development of land not feasible under application of standard zoning requirements.

76. Planned zoning shall not be used as a refuge from the requirements of the equivalent district as to intensity of land use, amount of open space or other established development criteria.

87. Any building or portion thereof may be owned in condominium under K.S.A. 58-3101.

98. For purposes of this Title, the term "*shopping center*", "*office park*", "*industrial park*" or other grouping of buildings shall mean developments that were planned as an integral unit or cluster on property under unified control or ownership at the time the zoning was approved by the City. The sale, subdivision or other partition of the site after zoning approval does not exempt the project or portions thereof from complying with development standards, architectural quality, sign concepts and other conditions that were committed at the time of rezoning.

#### Section 405.090 Standards of Development.

A. The amount of signage, open space, buffer zone, yard, parking, play areas, density and height requirements shall be determined by the City Council upon recommendation of the Planning Commission after review of the proposed plan. The City Council and the Planning Commission shall use the requirements and standards found in the corresponding district as detailed in these regulations as a guide in making their determination but may permit deviations from these requirements and standards in the interest of efficient land development and utilization. In reviewing such development plan, the maximum height of buildings and structures within such planned district shall generally be as set out in the corresponding district. It shall be permissible that front, side and rear yards may be reduced to zero in appropriate circumstances.

B. The permitted uses shall be the same as those permitted in the equivalent district unless otherwise altered as part of the development plan approved by the City Council for the specific area to which each planned district applies. Alterations may include allowing additional uses that the underlying district does not otherwise allow as well as prohibiting uses that the underlying district otherwise allows. For example, the City Council may permit mixed residential uses or mixed residential and commercial uses in accordance with the development plan for the planned district.

C. The Planning Commission and/or City Council may require assurance of the financial and administrative organization and ability of any agency created by a developer for the purpose of maintaining common open space and facilities or amenities of a non-public nature.

D. The Planning Commission and City Council may in the process of approving preliminary and final

**Commented [1]:** \* The bracketed language in subsection G herein was inadvertently retained within the revisions made in Ord. No. 1142, however Subsection (F) was deleted in Ord. No. 1142, 12-8-04.

**Formatted:** Indent: Left: 0", Hanging: 0.38"



plans indicate that a portion of the parking area required under this Title may remain unimproved until such time as the City Council deems it must be improved to serve parking demand adequately.

- E. Any deviation from the requirement in the equivalent district may be granted by the Planning Commission and Council only where there is ample evidence that said deviation will not adversely affect neighboring property, nor will it constitute the mere granting of a privilege.
- F. The parking ratio for grouped commercial projects shall as a minimum follow the existing district requirements. However, approval of a preliminary rezoning plan does not exempt the ultimate tenant or tenants from following any higher requirement set forth in this Code for specific uses. Reduction of setbacks or other open space shall be compensated by additional open space in other appropriate portions of the project. In all cases such deviation shall be in keeping with good land planning principles and must be specifically set out in the minutes of the Commission, as well as on plans and other exhibits in the record.

The design of all planned projects, whether residential, commercial, industrial or mixed use, shall be such that access and circulation by fire-fighting equipment is assured and may not be retarded by steep grades, heavy landscaping or building space.

Formatted: Indent: Left: 0.31"

- G. The Planning Commission or City Council may, in the process of approving preliminary plats, final plats, preliminary development plans or final-development plans, approve deviations from the specific terms of this Title which would not be contrary to the public interest and where, owing to special conditions, and provided that the spirit of this ordinance shall be observed, the public safety and welfare is secured and substantial justice done for the property owner or applicant.

An application for a deviation may only be granted upon a finding that all of the following conditions have been met: applicable development standards \*[other than those listed in Subsection (F) of this Section] only if it finds that all of the following conditions are met:

Formatted: Indent: Left: 0.31", First line: 0"

- ~~1. The deviation requested arises from a condition which is unique to the property in question, is not ordinarily found in the same zoning district and is not created by an action or actions of the landowner or the applicant.~~
- ~~2.1 The granting of the deviation will not adversely affect the rights of adjacent landowners or residents/property owners.~~
- ~~3. The strict application of the provisions of this Title would constitute unnecessary hardship upon the landowner represented in the application.~~
- ~~4.2 That Tthe deviation desired will not adversely affect the public health, safety, morals, order, convenience, prosperity or general welfare.~~
- ~~5.3. The granting of the deviation will not be opposed to the general spirit and intent of this Title.~~
- ~~4. That it has been determined the granting of a deviation will not result in extraordinary public expense, create nuisances, cause fraud on or victimization of the public or conflict with existing federal or state laws.~~
- ~~5. The granting of the deviation will not be opposed to the general spirit and intent of this Title.~~

<b>City of Mission</b>	Item Number:	6a.
<b>ACTION ITEM SUMMARY</b>	Date:	April 25, 2017
<b>Administration</b>	From:	Brian Scott

Action items require a vote to recommend the item to full City Council for further action.

**RE:** City of Mission 2016 Comprehensive Annual Financial Report - Annual Audit

**RECOMMENDATION:** Accept the audited financial statements for the year ending December 31, 2016.

**DETAILS:** Kansas statutes require an annual audit of the City’s financial statements. The audit for 2016 was conducted by Mize Houser & Company, P.A., Certified Public Accountants. The auditors work in conjunction with City staff to prepare and audit the comprehensive financial statements of the City of Mission.

The annual audit is conducted in accordance with auditing standards generally accepted in the United States, the “Kansas Municipal Audit Guide,” and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as an evaluation of the overall basic financial statement presentation. The City received a “clean” or unqualified audit for the fiscal year ending December 31, 2016.

Also included with the audit is the Management Letter, which notes opportunities to strengthen financial practices and procedures. All of the recommendations outlined in the Management Letter have been reviewed and discussed internally with specific steps identified to address moving forward.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ending December 31, 2015. This was the twenty-third consecutive year the City received this award which is earned by publishing an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The 2016 CAFR will be submitted to the GFOA review panel for consideration.

A representative from Mize Houser will present the report and answer any questions during the Finance & Administration Committee meeting. The Council has historically accepted the annual audit at the next available Council meeting.

Related Statute/City Ordinance:	
Line Item Code/Description:	
Available Budget:	



## AUDITOR'S COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Mayor and City Council  
City of Mission, Kansas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mission, Kansas for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 29, 2016, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

### Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit includes obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on February 6, 2017.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2016. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of accumulated depreciation is based on the straight-line method of depreciation. We evaluated the key factors and assumptions used to develop the accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of accrued compensated absences are based on a list of accumulated vacation and sick time through December 31, 2016 from the City's payroll system and calculations per the City's policy to permit employees to accumulate certain amounts of vacation and sick leave, which are discussed in Note I.D.6. We evaluated the key factors and assumptions used to calculate the accrued compensated absences in determining that they are reasonable in relation to the financial statements taken as a whole.

The City operates a single employer defined benefit healthcare plan administered by the City to provide medical and pharmacy benefits to eligible retirees and their dependents. The City's estimates for the annual other postemployment benefit (OPEB) costs and liabilities related to this plan are based on the reports issued by an external actuary hired by the City. See Note IV.F. We reviewed these reports and obtained an understanding of the methods and assumptions used by the actuary, as well as evaluating the model used by the actuary for appropriateness and compliance with generally accepted accounting principles.

The City participates in a cost-sharing multiple-employer pension plan administered by the Kansas Public Employees Retirement System (KPERs). The City's estimates for costs, deferred outflows and inflows of resources, and liabilities related to this plan are based on reports issued by an external actuary hired by the State of Kansas. See Note IV.B. We reviewed these reports and obtained an understanding of the methods and assumptions used by the actuary, as well as evaluating the model used by the actuary for appropriateness and compliance with generally accepted accounting principles.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 24, 2017.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

### Other Matters

We applied certain limited procedures to required supplementary information (RSI), which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### Restriction of Use

This information is intended solely for the use of the Mayor, City Council, and management of the City of Mission, Kansas, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Mike Houser: Company PA*

Certified Public Accountants

April 24, 2017  
Lawrence, KS



MIZE & HOUSER  
COMPANY P.A.

Mayor and City Council  
City of Mission, Kansas

In planning and performing our audit of the financial statements of Mission, Kansas, as of and for the year ended December 31, 2016, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated April 24, 2017, on the financial statements of the City of Mission, Kansas.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various City personnel, and we will be pleased to discuss the comments in further detail at your convenience, to perform any additional study of the matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

1. During the audit we extended our testing over purchasing card transactions and randomly selected charges for a sample of employees. In this testing sample we noted one transaction was missing a receipt and one transaction was not properly approved. We recommend that the City maintain supporting documentation for all charges and all charges be reviewed and approved. We also noted four transactions included the payment of sales tax. The City should submit appropriate tax-exempt status documentation on all credit card purchases to avoid the payment of sales tax.
2. We noted that journal entries were not consistently documented as being reviewed and approved. We recommend that journal entries be reviewed on a regular basis and that the reviewer initial journal entries as approved.

This report is intended for the use of the Mayor, City Council and other members of management of Mission, Kansas and should not be used by anyone other than these specified parties.

*Mize & Houser Company PA*

Certified Public Accountants

April 24, 2017  
Lawrence, Kansas

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF MISSION, KANSAS**

**Year Ended  
December 31, 2016**

**Prepared by the Finance and Administration Department**

This page intentionally left blank.



CITY OF MISSION, KANSAS  
Comprehensive Annual Financial Report  
Year ended December 31, 2016

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i - iv
Organizational Chart	v
Principal Officials	vi
2015 Certificate of Achievement for Excellence in Financial Reporting - Government Finance Officers Association	vii
FINANCIAL SECTION	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 8
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet - Governmental Funds	11
Reconciliation of the Total Governmental Fund Balances to Net Position of Governmental Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures And Changes in Fund Balances with the Government Wide Statement of Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Actual and Budget	
General Fund	15
Special Highway Fund	16
Storm Drain Fund	17
Statement of Assets and Liabilities	18
Notes to the Financial Statements	19 - 51

CITY OF MISSION, KANSAS  
 Comprehensive Annual Financial Report  
 Year ended December 31, 2016

TABLE OF CONTENTS - CONTINUED

	<u>Page</u>
Required Supplementary Information	
Net Other Post-Employment Benefits	52
KPERs Pension Plan	
Schedule of City's Proportionate Share of the Net Pension Liability	53
Schedule of City Contributions	53
Combining Statements and Individual Fund Schedules	
Combining Statements - Nonmajor Funds	
Fund Descriptions	54
Combining Balance Sheet - Nonmajor Special Revenue Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	56
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget:	
Special Alcohol Fund	57
Special Parks and Recreation Fund	58
Parks and Recreation Sales Tax Bond Fund	59
Fiduciary Fund Descriptions - Agency Funds	60
Combining Balance Sheet - Agency Funds	61
Combining Statement of Changes in Assets and Liabilities - Agency Funds	62

STATISTICAL SECTION

	<u>Table</u>		
Net Position by Component - Last Ten Years	1		63
Change in Net Position - Last Ten Years	2		64
Fund Balances, Governmental Funds - Last Ten Years	3		65
Changes in Fund Balances of Governmental Funds - Last Ten Years	4		66
General Government Tax Revenues by Source - Last Ten Years	5		67
Local Sales and Consumption Tax Collections - Last Ten Years	6		68
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	7		69

CITY OF MISSION, KANSAS  
Comprehensive Annual Financial Report  
Year ended December 31, 2016

TABLE OF CONTENTS - CONTINUED

	<u>Table</u>	<u>Page</u>
Property Tax Rates per \$1,000 of Assessed Valuation Direct and Overlapping Governments - Last Ten Years	8	70
Principal Taxpayers	9	71
Property Tax Levies and Collections - Last Ten Years	10	72
Outstanding Debt by Type - Last Ten Years	11	73
Ratio of Net General Obligation Bonded Debt to Assessed Value And Net General Obligation Debt per Capita - Last Ten Years	12	74
Direct and Overlapping Governmental Activities Debt	13	75
Computation of Legal Debt Margin - Last Ten Years	14	76
Demographic Statistics - Last Ten Years	15	77
Principal Employers	16	78
Operating Indicators by Function/Program	17	79
Full Time City Employees by Function/Program - Last Ten Years	18	80
Capital Asset Statistics by Function/Program - Last Ten Years	19	81

This page intentionally left blank.

---

**INTRODUCTORY SECTION**

---

This page intentionally left blank.

April 24, 2017

The City of Mission is pleased to submit the comprehensive annual financial report for the fiscal year ending December 31, 2016. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report includes all of the major operating funds of the City. The City provides a range of services including police protection, solid waste collection services, construction and maintenance of streets and infrastructure, and recreational and cultural activities. There are no other entities over which the City exercises financial accountability. Educational, fire protection, sanitary sewer and water services are provided by separate entities.

Management's discussion and analysis immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's discussion and analysis complements this letter of transmittal and should be read in conjunction with it.

### **ECONOMIC CONDITION AND OUTLOOK**

The City is located in the northeast corner of Johnson County, Kansas and lies along a major transportation corridor, making it accessible to the entire Kansas City metropolitan area.

The City, incorporated in 1951, operates as a second-class city with a mayor-council form of government. The governing body is made up of eight council members, four of whom are elected in odd numbered years to serve four-year terms. The Mayor is elected to a four-year term and serves as the chief executive officer of the City.

The City's population is 9,323 with a total budget for 2016 of \$19,254,434. The City covers 2.87 square miles and is 95% developed. The daytime population of the City increases to nearly 15,000 as a result of people who come into the City to work, conduct business, and shop. The Johnson Drive corridor offers a more traditional downtown, connecting retail hubs located at the City's east and west gateways. Other businesses within the City include general offices, light manufacturing, health care facilities, laboratories, Shawnee Mission Main Post Office, Johnson County government offices, State of Kansas Driver's License Bureau, a number of restaurants and casual dining establishments, grocery stores and a variety of small retail operations.

The City has traditionally been viewed as a bedroom community, offering convenient services, a small town atmosphere, comfortable living conditions, a family environment, and a variety of outstanding residential neighborhoods with highly rated schools. Residents enjoy an excellent standard of living as a result of the active community spirit, an award-winning school system, low crime rates and high quality service delivery. The governing body proactively addresses quality of life issues to ensure that the current standard of living is not only maintained, but ultimately enhanced.

The City Council works to meet the needs of existing businesses, while simultaneously dedicating resources to attract new businesses. The sales tax revenues generated by the business community are vital to the City's financial stability. Though increased this past year, the mill levy still remains one of the lowest in Johnson County and in the State of Kansas. Future financial planning efforts continue to explore revenue diversification and policies to protect cash reserves.

## **MAJOR CITY INITIATIVES**

In 2015 the City began to realize the fruits of its efforts to facilitate and encourage redevelopment and investment throughout the community using comprehensive master plans to attract and secure development consistent with the community's design guidelines and standards. In the City's West Gateway, Phase II of the Mission Crossing development was completed with the construction of a 140,000 square foot, multistory independent senior living facility.

Redevelopment of the former Keystone auto dealership was completed in the summer/fall of 2015. The \$25 million project includes a 15,000 sq. ft. Natural Grocer store as well as two other buildings designed for restaurant, retail and/or office tenants.

Residents have enjoyed a new outdoor aquatic facility that was opened in May of 2014. Debt service for construction is paid with a portion of a dedicated 3/8-cent sales tax to be used for parks and recreation. The remainder of the funds provide an important revenue stream for continued maintenance and improvement of our recreation facilities.

Street and transportation network investments continue to be a high priority. The reconstruction of Johnson Drive in 2014, from Lamar to Maple, represented the single largest project completed by the City in the last 10 years. Totalling more than \$10.5 million, the project included utility relocation and upgrades, the installation of storm water infrastructure, wider sidewalks, ADA ramps and cross walks, decorative lighting, and other pedestrian amenities. Now complete, the project has transformed an important retail corridor in the community, and quickly become the catalyst for further redevelopment opportunities. The Johnson Drive reconstruction was also a recent recipient of Capstone Awards for infrastructure presented by the Kansas City Business Journal.

In 2016, the City completed a Parks Master Plan, which will become an important planning tool in shaping future decisions and development of the City's extensive park system. The City continues to promote organizational efficiency and effectiveness through technology upgrades, management of a classification and compensation system, and on-going evaluation of employee benefits. A continued emphasis on workforce training and development provides employee's with the necessary skills to deliver quality services to the citizens of Mission.



## **FUTURE INITIATIVES**

The City continues to explore new and diverse ways to support redevelopment efforts throughout the community. Our work focuses on ensuring redevelopment that results in high quality, sustainable projects benefiting not only Mission but the entire region. Mission supports efforts for long-range, comprehensive capital infrastructure planning and budgeting; refining strategies for the on-going maintenance, repair and replacement of our important infrastructure assets.

The City continues to evaluate Parks and Recreation services to develop sustainable operating plans for the Community Center, the municipal swimming pool, and the 30+ acres of parks and recreational facilities maintained for the benefit of Mission residents. Planning and development of trails which link Mission to the rest of the metropolitan area will remain a priority.

The Police Department remains committed to improving the level of service to the community. Continued emphasis on traffic safety and enforcement contributes to the overall safety of both residents and visitors alike. The Mission Police Department will also maintain its focus on training, keeping personnel abreast of a variety of professional trends and development opportunities.

The Mission Convention and Visitors Bureau (MCVB) assists and enhances existing businesses a number of community festivals and events. The MCVB's specialty publication, with a distribution of approximately 13,500, continues to be popular, featuring and promoting local businesses and the Mission community.

As previously stated, street and transportation network investments continue to be a high priority. This fact was reinforced in a citizen survey completed in 2015 which ranked maintenance of City streets as the number one item of importance for residents. To address this concern the City will identify and prioritize future street repair and maintenance projects, and find sustainable funding sources. In addition, the City increased its property tax levy in 2016 by 7 mills, these funds being dedicated to funding street improvements.

## **FINANCIAL INFORMATION**

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

## **BUDGETARY CONTROLS**

The City maintains various budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund, Special Revenue Funds, and Debt Service Funds are included in the annual appropriated budget. The legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts do not lapse at year-end. However, unencumbered appropriations do lapse. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

**OTHER INFORMATION**

Independent Audit

Kansas statutes require an annual audit of the City's financial statements. The audit for 2016 was conducted by Mize Houser & Company P.A., Certified Public Accountants and their report on the financial statements is included in the financial section of this report.

Reporting Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ending December 31, 2015. This was the twenty-third consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

**ACKNOWLEDGEMENTS**

The preparation of this comprehensive annual financial report was made possible by the dedicated services of the staff of the Finance and Administration, Municipal Court, and Parks and Recreation departments. Our sincere appreciation is extended to all members of the staff, whose efforts made this report possible.

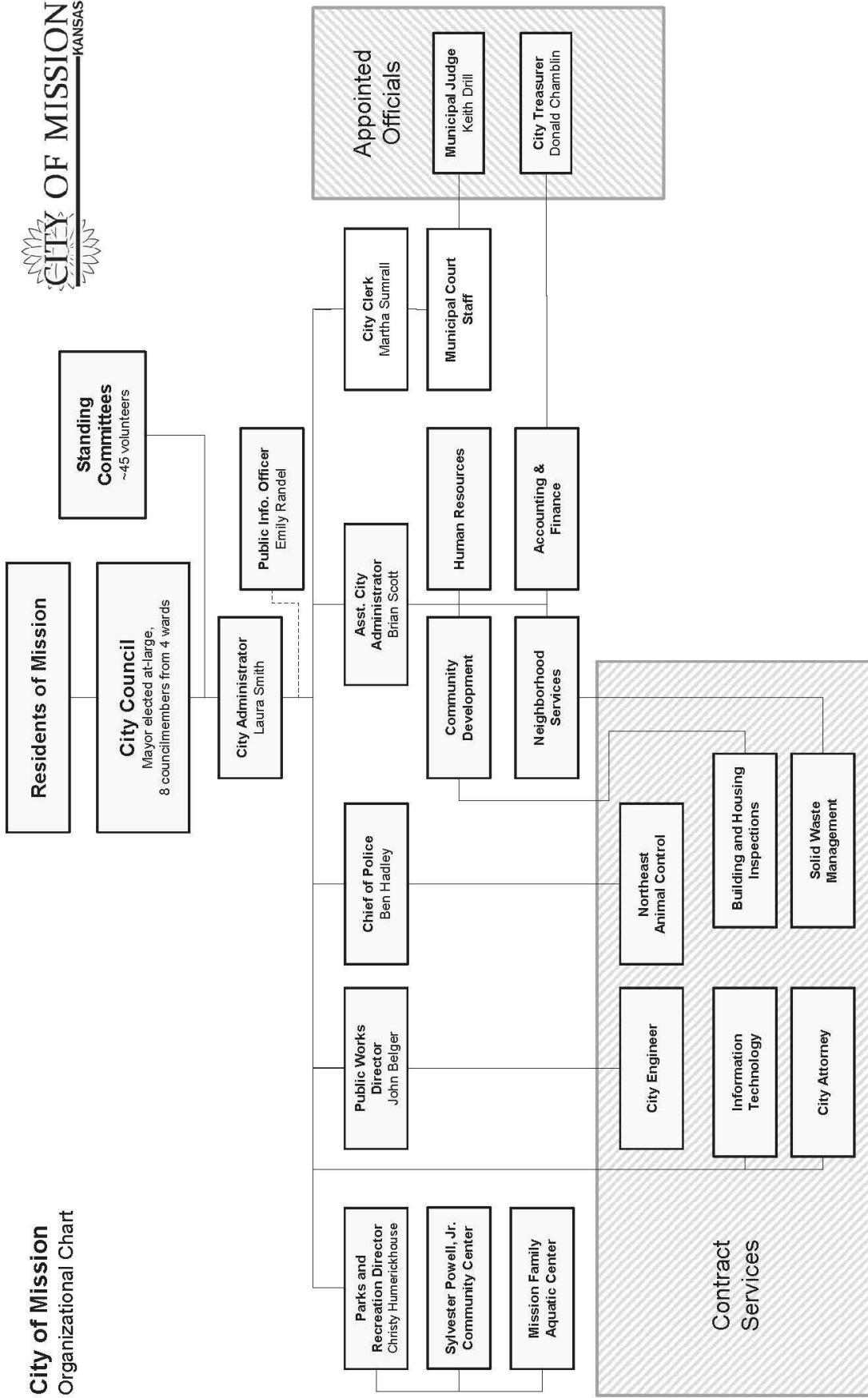
Respectfully submitted,



---

Laura Smith  
City Administrator

**City of Mission**  
Organizational Chart



CITY OF MISSION, KANSAS  
PRINCIPAL OFFICIALS - 2016

*Mayor and City Council*

Honorable Steve Schowengerdt, Mayor  
Honorable Pat Quinn - Ward 1  
Honorable Tom Geraghty - Ward 1  
Honorable Nick Schlossmacher - Ward 2  
Honorable Arcie Rothrock - Ward 2  
Honorable Kristin Inman - Ward 3  
Honorable Debbie Kring - Ward 3  
Honorable Ron Appletoft - Ward 4  
Honorable Suzanne Gibbs - Ward 4

*Administration*

City Administrator: Laura Smith  
Assistant City Administrator/Finance Director: Brian Scott  
City Clerk: Martha Sumrall  
Treasurer: Donald C. Chamblin  
Municipal Judge: Keith E. Drill  
Chief of Police: Benjamin Hadley  
Public Works Director: John Belger  
Public Information Officer: Emily Randel  
Parks and Recreation Director: Christy Humerickhouse

*Attorney*

David K. Martin



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Mission  
Kansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

This page intentionally left blank.

---

**FINANCIAL SECTION**

---

This page intentionally left blank.





## INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Mission, Kansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mission, Kansas, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the "Kansas Municipal Accounting and Audit Guide." These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mission, Kansas, as of December 31, 2016, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund, the special highway fund, and the storm drain fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

[www.mizehouser.com](http://www.mizehouser.com) ■ mhco@mizehouser.com

534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f

534 S Kansas Ave, Suite 400 ■ Topeka, KS 66603-3454 ■ 785.234.5573 p ■ 785.234.1037 f

7101 College Blvd, Suite 900 ■ Overland Park, KS 66210-1984 ■ 913.451.1882 p ■ 913.451.2211 f

211 E Eighth Suite A ■ Lawrence, KS 66044-2771 ■ 785.842.8844 p ■ 785.842.9049 f

## **Emphasis of Matter**

### *Prior Period Restatement*

As discussed in Note II.B. to the financial statements, certain errors resulting in amounts previously reported as capital assets as of December 31, 2015, were discovered by management of the City during the current year. Accordingly, these amounts have been restated in the December 31, 2016, financial statements now presented, and adjustments have been made to net position to correct the error. Our opinion is not modified with respect to these matters

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the schedule of funding progress on page 52, the schedule of the City's proportionate share of the net pension liability on page 53, and the schedule of City contributions on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Mike Houser: Company PA*

Certified Public Accountants  
Lawrence, Kansas

April 24, 2017

CITY OF MISSION, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016  
Unaudited

Our discussion and analysis of the City of Mission, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2016. This narrative should be read in conjunction with the City's letter of transmittal, which begins on page i.

**Financial Highlights**

- The Government-wide net position totaled \$38.7 million at the end of the current fiscal year.
- Total capital assets, net of accumulated depreciation at December 31, 2016 totaled \$66.8 million.
- During the year ended December 31, 2016, the City's total revenues (which include charges for services, local taxes and state and federal aid) exceeded total expenses by \$3.1 million.
- The City's total indebtedness decreased by \$3 million.
- The City's net capital assets decreased \$1.5 million in the current fiscal year.

**Using This Financial Report**

This annual report consists of two distinct series of financial statements: government-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The government-wide statements are designed to provide information about the City's activities as a whole and provide a longer-term view of the City's finances. The fund financial statements tell how the City's services for the governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds. The City also holds fiduciary funds on behalf of various parties. These funds are reported in a separate statement.

**Reporting on the City as a Whole (Government Wide)**

**Statement of Net Position and the Statement of Activities**

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Position and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's Net Position and current year change in Net Position. The change in net position is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund.

In the Statement of Net Position and the Statement of Activities, the City has one kind of activity:

**Governmental Activities** - Most of the City's programs and services are reported here including general government, public safety, public works and culture and recreation.

CITY OF MISSION, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016  
Unaudited

**Reporting the City's Most Significant Funds (Fund Financial Statements)**

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the City's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the City's non-major governmental funds.

Governmental Funds - Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of the funds and how balances left over at fiscal year end are available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader to decide whether there are more or fewer financial resources that can be spent in the near term to finance the City's programs. Major differences between the City's governmental activities as reported in the Statement of Net Position and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

**The City as a Whole**

Government-Wide Position

The Statement of Net Position provides the financial position of the City as a whole. The overall financial position of the City increased by 7.6% in 2016. The following is a summary of the City's Statement of Net Position as of December 31, 2016 and 2015:

City of Mission  
Condensed Statement of Net Position

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Current assets	\$ 8,970,897	\$ 7,428,671
Net capital assets	<u>66,779,553</u>	<u>68,604,890</u>
Total assets	<u>75,750,450</u>	<u>76,033,561</u>
Deferred outflows of resources	<u>1,218,213</u>	<u>392,807</u>
Total assets and deferred outflow of resources	<u>\$ 76,968,663</u>	<u>\$ 76,426,368</u>
Current liabilities	\$ 4,661,154	\$ 4,525,378
Noncurrent liabilities	<u>33,249,662</u>	<u>35,327,641</u>
Total liabilities	<u>37,910,816</u>	<u>39,853,019</u>
Deferred inflows of resources	<u>394,553</u>	<u>645,196</u>
Total liabilities and deferred inflows of resources	<u>\$ 38,305,369</u>	<u>\$ 40,498,215</u>
Net Position:		
Net investments in capital assets	\$ 36,242,192	\$ 34,647,991
Restricted for:		
Debt Service	676,572	738,850
Unrestricted	<u>1,744,530</u>	<u>541,312</u>
Total net position	<u>\$ 38,663,294</u>	<u>\$ 35,928,153</u>

CITY OF MISSION, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016  
Unaudited

The assets of the City are classified as current assets and capital assets. Cash and investments and accounts receivable are the largest current assets. These are assets that are available to provide resources for the near-term operations of the City. Capital assets are used in the operations of the City. These assets include land, buildings, equipment and vehicles, and infrastructure.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued liabilities, interest payable and the current portion of long-term obligations.

The City has \$31 million in long-term debt, consisting of general obligation bonds, capital leases, and KDHE loans, of which \$3.6 million is due within the next fiscal year.

The City had total assets and deferred outflows of resources at December 31, 2016, totaling \$77 million. The total assets and deferred outflows of resources of the City exceeded the total liabilities and deferred inflows of resources by \$38.7 million. The net position invested in capital assets (net of related debt) totaled \$36.2 million, restricted net position totaled \$.7 million and unrestricted net position totaled \$1.8 million.

CITY OF MISSION, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Year Ended December 31, 2016  
 Unaudited

Government-Wide Activities

The following is a condensed statement of the City's change in net position for the year ended December 31, 2016. Major items of program revenues, grants and general revenues are detailed. Government-wide activities increased the net position of the City by approximately \$3.1 million for the year ended December 31, 2016. The increase can be attributed to an increase in property tax. A reconciliation of the total change in fund balances for the governmental funds to the Statement of Activities is located at page 14 of the basic financial statements. A major difference in the Statement of Activities and changes in the fund balances of governmental funds as expenditures in the funds statements is the repayment of long-term debt of \$3.3 million which is treated as expenditures in the funds statements, but is treated as a reduction of long term debt in the Government wide financial statements.

In addition, the capital outlays of \$1 million are treated as expenditures in the fund statements, but are treated as an increase in capital assets in the Government wide financial statements.

City of Mission  
 Condensed Statement of Changes in Net Position  
 For the Year Ended December 31, 2016 and 2015

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 6,401,019	\$ 6,656,690
Operating grants	474,190	2,090,216
General revenues:		
Property taxes	2,839,599	2,423,438
Sales tax	5,870,341	5,711,057
Transient guest tax	43,835	36,785
Motor vehicle tax	157,488	156,487
Franchise tax	1,024,850	1,009,649
Investment earnings	4,616	2,404
Miscellaneous	<u>314,640</u>	<u>553,144</u>
Total revenues	<u>17,130,578</u>	<u>18,639,870</u>
Program expenses:		
General government	2,599,590	2,617,020
Public safety	4,135,349	3,539,822
Public works	3,606,294	3,562,734
Culture and recreation	2,801,261	2,647,417
Interest on long term debt	<u>887,504</u>	<u>959,983</u>
Total expenses	<u>14,029,998</u>	<u>13,326,976</u>
Increase [decrease] in net position	<u>3,100,580</u>	<u>5,312,894</u>
Net position - beginning	35,928,153	35,961,516
Prior period adjustment	<u>[365,439]</u>	<u>[5,346,257]</u>
Net position - beginning, restated	<u>35,562,714</u>	<u>30,615,259</u>
Net position - ending	<u>\$ 38,663,294</u>	<u>\$ 35,928,153</u>

CITY OF MISSION, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016  
Unaudited

**Financial Analysis of the City's Funds**

The City uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the City provide information on near-term inflows, outflows and balances of spendable resources.

Total fund balances at December 31, 2016 for the governmental funds totaled \$5.6 million. Total unassigned fund balances at December 31, 2016 totaled \$3.2 million, of which all but [\$30,882] was attributable to the General Fund.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total ending fund balance of the general fund was \$3.6 million. Audited numbers for the 2016 fiscal year show an increase in the fund balance for the General Fund of \$738,279, or nearly 26% from the previous year. This increase is due to a number of factors including: capital projects that were budgeted but funds not yet expended nor encumbered, an increase in both sales tax revenue due to additional development activity, and salary savings recognized through vacant positions that were difficult to fill.

The Special Highway Fund is used to account for monies sent quarterly from the State Treasurer's office which are the Special City and County Highway Fund distributed and computed in compliance with K.S.A. 79-3425C. The ending fund balance of the Special Highway Fund was \$65,309 at December 31, 2016. The increase in the Special Highway Fund's fund balance was \$52,918.

The Storm Drain Fund is used to account for storm water charges received based on an equivalent residential unit (ERU) to be used for storm water improvements city wide. The ending fund balance was \$295,917 at December 31, 2016. The increase in the Storm Drain Fund's fund balance was \$258,890.

The Solid Waste Fund is used to account for solid waste utility charges collected from an annual assessment. The ending fund balance was [\$30,882] at December 31, 2016. The increase in the Solid Waste Fund's fund balance was \$10,838.

The Parks and Recreation Sales Tax Bond Fund is used to account for revenues received from a dedicated three-eighths of one percent sales tax for parks and recreation. A portion of the revenues is pledged to retire the 2013B General Obligation bonds issued for the outdoor aquatic facility. The balance is dedicated to other parks and recreation expenses, both capital and operating. The ending fund balance was \$676,572 at December 31, 2016. The decrease in the fund balance was [\$62,278].

The Capital Improvement Fund is used to account for resources used to construct and maintain infrastructure city-wide. The ending fund balance was \$418,400 at December 31, 2016. The increase in the Capital Improvement Fund's fund balance was \$381,556.

CITY OF MISSION, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016  
Unaudited

**General Fund Budgeting Highlights**

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The City's final General Fund budget was \$13,011,212, the same as the original published budget. Total revenues and lease proceeds were more than budgetary estimates by \$.6 million and the expenditures and transfers out were less than budgetary estimates by \$2.1 million.

Property and sales tax revenues were more than budgeted primarily as a result of conservative estimates an increase in local businesses, and an increase in appraised values for residential and commercial property in the City. Revenues in the police fines and charges for services (court fees) categories were less than budgeted figures due to staffing vacancies in the police department and a decrease in traffic citations processed.

Overall expenditures in the General Fund were below budgeted figures as a result of specific budget control and voluntary line item reductions by each Department as well as personnel vacancies.

**Capital Assets and Debt Administration**

The City's investment in capital assets for its governmental activities totaled \$66.8 million (net of accumulated depreciation) as of December 31, 2016.

The major capital asset events during the current fiscal year included the following:

- Police Vehicle purchases totaling \$307,023
- Community Center improvements totaling \$186,369
- Mission Crossing Park totaling \$99,550

Additional information on the City's capital assets can be found in Notes I and III of the financial statements.

At December 31, 2016, the City had total debt outstanding of \$31 million, backed by the full faith and credit of the City. Total long-term debt decreased for the fiscal year ended December 31, 2016, in the amount of \$3 million. This was a result of continued repayment of general obligation bonds, loans and capital leases.

Additional information on the City's general long term debt can be found in Note III to the financial statements.

**Contacting the City**

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City's Finance and Administration Department at 6090 Woodson, Mission, Kansas 66202.



CITY OF MISSION, KANSAS  
STATEMENT OF NET POSITION  
December 31, 2016

	Total Governmental Activities
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>	
Current assets:	
Cash and investments	\$ 5,306,923
Restricted cash and investments	31,211
Receivables	<u>3,632,763</u>
Total current assets	<u>8,970,897</u>
Capital assets:	
Capital assets not being depreciated:	
Land	10,181,045
Construction in progress	263,927
Capital assets being depreciated	74,637,770
Less: accumulated depreciation	<u>18,303,189</u>
Total net capital assets	<u>66,779,553</u>
Total assets	<u>75,750,450</u>
Deferred outflows of resources	
Pension - contributions subsequent to the measurement date	288,838
Pension - net difference between projected and actual earnings on pension plan investments	655,491
Pension - difference between expected and actual experience	186,037
Pension - changes in proportion	<u>87,847</u>
Total deferred outflows of resources	<u>1,218,213</u>
Total assets and deferred outflows of resources	<u>\$ 76,968,663</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>	
Current liabilities:	
Accounts payable	\$ 82,893
Accrued liabilities	95,604
Interest payable	420,485
Municipal court bonds payable	31,211
Unearned revenue	155,954
Current portion of compensated absences	324,834
Current portion of capital leases payable	238,959
Current portion of loans payable	4,541
Current portion of general obligation bonds payable	<u>3,306,673</u>
Total current liabilities (payable from current assets)	<u>4,661,154</u>
Noncurrent liabilities:	
Compensated absences	102,456
Net other post employment benefits	557,766
Net pension liability	5,189,214
Capital lease payable	454,173
Loans payable	74,310
General obligation bonds payable	<u>26,871,743</u>
Total noncurrent liabilities	<u>33,249,662</u>
Total liabilities	<u>37,910,816</u>
Deferred Inflows of Resources	
Pension - difference between expected and actual experience	68,006
Pension - changes of assumptions	37,956
Pension - change in proportion	<u>288,591</u>
Total deferred inflows of resources	<u>394,553</u>
Total liabilities and deferred inflows of resources	<u>\$ 38,305,369</u>
Net Position	
Net investments in capital assets	\$ 36,242,192
Restricted for:	
Debt service	676,572
Unrestricted	<u>1,744,530</u>
Total net position	<u>\$ 38,663,294</u>

The notes to the financial statements are an integral part of this statement.

This page intentionally left blank.

CITY OF MISSION, KANSAS  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2016

	Program Revenues			Net [Expense] Revenue and Changes in in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities	
<b>Governmental activities:</b>				
General government	\$ 2,599,590	\$ 701,862	\$ -	\$ [1,897,728]
Public safety	4,135,349	1,253,047	75,844	[2,806,458]
Public works	3,606,294	2,532,476	398,346	[675,472]
Culture and recreation	2,801,261	1,913,634	-	[887,627]
Interest on long-term debt	887,504	-	-	[887,504]
Total governmental activities	\$ 14,029,998	\$ 6,401,019	\$ 474,190	[7,154,789]

**General Revenues:**

Property taxes levied for:

General purposes	2,839,599
Sales tax	5,870,341
Transient guest tax	43,835
Motor vehicle tax	157,488
Franchise tax	1,024,850
Investments earnings	4,616
Miscellaneous	314,640
Total general revenues	10,255,369
Change in net position	3,100,580
Net position - beginning	35,928,153
Prior period adjustment	[365,439]
Net position - beginning, restated	35,562,714
Net position - ending	\$ 38,663,294

The notes to the financial statements are an integral part of this statement.

CITY OF MISSION, KANSAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016

	<u>General</u>	<u>Special Highway</u>	<u>Storm Drain</u>
<b>ASSETS</b>			
Cash and investments	\$ 3,401,513	\$ 65,309	\$ 295,917
Restricted cash and investments	31,211	-	-
Due from other funds	1,322	-	-
Receivables			
Taxes	2,814,525	-	-
Other	44,151	-	-
Total assets	<u>\$ 6,292,722</u>	<u>\$ 65,309</u>	<u>\$ 295,917</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 36,001	\$ -	\$ -
Accrued liabilities	95,604	-	-
Due to other funds	-	-	-
Payable from restricted assets			
Municipal court bonds	31,211	-	-
Unearned revenue	154,693	-	-
Total liabilities	<u>317,509</u>	<u>-</u>	<u>-</u>
 Deferred inflows of resources			
Unavailable revenue - property taxes	<u>2,376,754</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>2,376,754</u>	<u>-</u>	<u>-</u>
 Fund balance:			
Restricted	-	65,309	295,917
Committed	96,436	-	-
Assigned	287,198	-	-
Unassigned	3,214,825	-	-
Total fund balance [deficit]	<u>3,598,459</u>	<u>65,309</u>	<u>295,917</u>
 Total liabilities, deferred inflows of resources and fund balances			
	<u>\$ 6,292,722</u>	<u>\$ 65,309</u>	<u>\$ 295,917</u>

<u>Solid Waste</u>	<u>Parks and Recreation Sales Tax Bond</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 15,983	\$ 611,806	\$ 413,038	\$ 503,357	\$ 5,306,923
-	-	-	-	31,211
-	-	-	-	1,322
-	64,766	-	150,887	3,030,178
-	-	5,362	-	49,513
<u>\$ 15,983</u>	<u>\$ 676,572</u>	<u>\$ 418,400</u>	<u>\$ 654,244</u>	<u>\$ 8,419,147</u>
\$ 46,865	\$ -	\$ -	\$ 27	\$ 82,893
-	-	-	-	95,604
-	-	-	1,322	1,322
-	-	-	-	31,211
-	-	-	1,261	155,954
<u>46,865</u>	<u>-</u>	<u>-</u>	<u>2,610</u>	<u>366,984</u>
-	-	-	91,764	2,468,518
-	-	-	91,764	2,468,518
-	676,572	418,400	526,436	1,982,634
-	-	-	33,434	129,870
-	-	-	-	287,198
<u>[30,882]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,183,943</u>
<u>[30,882]</u>	<u>676,572</u>	<u>418,400</u>	<u>559,870</u>	<u>5,583,645</u>
<u>\$ 15,983</u>	<u>\$ 676,572</u>	<u>\$ 418,400</u>	<u>\$ 654,244</u>	<u>\$ 8,419,147</u>

The notes to the financial statements are an integral part of this statement.

This page intentionally left blank.

CITY OF MISSION, KANSAS  
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
December 31, 2016

Total Governmental Fund Balances		\$ 5,583,645
<p>Amounts reported for governmental activities in the statement of net assets are different because</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds</p>		
The cost of capital assets is	85,082,742	
Accumulated depreciation is	<u>18,303,189</u>	66,779,553
<p>Pension contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position.</p>		
		1,218,213
<p>Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position.</p>		
		[5,583,767]
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		3,021,590
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long term liabilities at year end consist of:</p>		
General obligation bonds payable	29,635,000	
Discount	[4,876]	
Premium	548,292	
Capital leases payable	693,132	
Loans payable	78,851	
Interest payable	420,485	
Net other post employment benefits	557,766	
Compensated absences payable	<u>427,290</u>	<u>[32,355,940]</u>
Net Position of Governmental Activities		<u>\$ 38,663,294</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MISSION, KANSAS  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2016

	<u>General</u>	<u>Special Highway</u>	<u>Storm Drain</u>
REVENUES:			
Taxes	\$ 7,605,253	\$ -	\$ 299,798
Intergovernmental	75,844	251,967	-
Licenses and permits	152,245	-	-
Charges for services	1,963,634	-	2,532,476
Fines and fees	1,253,047	-	-
Use of money and property	3,596	12	561
Miscellaneous	219,505	-	-
Total revenues	<u>11,273,124</u>	<u>251,979</u>	<u>2,832,835</u>
EXPENDITURES:			
Current			
General government	1,921,928	-	-
Public safety	3,868,458	-	-
Public works	1,610,652	199,061	31,892
Culture and recreation	2,440,954	-	-
Capital outlay	-	-	-
Debt service			
Principal	166,170	-	1,684,426
Interest and other charges	18,949	-	651,517
Total expenditures	<u>10,027,111</u>	<u>199,061</u>	<u>2,367,835</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,246,013</u>	<u>52,918</u>	<u>465,000</u>
OTHER FINANCING SOURCES [USES]			
Transfers in	-	-	50,000
Transfers out	[875,654]	-	[256,110]
Issuance of debt - leases	367,920	-	-
Total other financing sources [uses]	<u>[507,734]</u>	<u>-</u>	<u>[206,110]</u>
Net change in fund balances	738,279	52,918	258,890
Fund balance - Beginning of year	<u>2,860,180</u>	<u>12,391</u>	<u>37,027</u>
Fund balance - End of year	<u>\$ 3,598,459</u>	<u>\$ 65,309</u>	<u>\$ 295,917</u>



<u>Solid Waste</u>	<u>Parks and Recreation Sales Tax Bond</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 861,445	\$ -	\$ 1,006,286	\$ 9,772,782
-	-	-	146,379	474,190
-	-	-	-	152,245
490,878	-	-	8,739	4,995,727
-	-	-	-	1,253,047
-	305	120	22	4,616
<u>2,233</u>	<u>6,766</u>	<u>77,713</u>	<u>44,158</u>	<u>350,375</u>
<u>493,111</u>	<u>868,516</u>	<u>77,833</u>	<u>1,205,584</u>	<u>17,002,982</u>
-	-	-	-	1,921,928
-	-	-	-	3,868,458
-	-	-	-	1,841,605
-	-	-	-	2,440,954
567,273	404,344	89,353	674,992	1,735,962
-	415,000	555,000	425,000	3,245,596
-	<u>111,450</u>	<u>98,688</u>	<u>45,870</u>	<u>926,474</u>
<u>567,273</u>	<u>930,794</u>	<u>743,041</u>	<u>1,145,862</u>	<u>15,980,977</u>
<u>[74,162]</u>	<u>[62,278]</u>	<u>[665,208]</u>	<u>59,722</u>	<u>1,022,005</u>
85,000	-	1,046,764	-	1,181,764
-	-	-	[50,000]	[1,181,764]
-	-	-	-	367,920
<u>85,000</u>	<u>-</u>	<u>1,046,764</u>	<u>[50,000]</u>	<u>367,920</u>
10,838	[62,278]	381,556	9,722	1,389,925
<u>[41,720]</u>	<u>738,850</u>	<u>36,844</u>	<u>550,148</u>	<u>4,193,720</u>
<u>\$ [30,882]</u>	<u>\$ 676,572</u>	<u>\$ 418,400</u>	<u>\$ 559,870</u>	<u>\$ 5,583,645</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MISSION, KANSAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2016

Total Net Change In Fund Balances - Governmental Funds		\$ 1,389,925
Amounts reported for governmental activities in the statement of activities are different because		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Loss on sale of assets	[222,798]	
Capital outlays	1,015,935	
Depreciation expense	<u>[2,253,035]</u>	[1,459,898]
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased.		
		38,970
Some expenses reported in the statement of activities, such as compensated absences and OPEB, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		[84,077]
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities.		
		44,719
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		127,597
Issuance of capital leases is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.		
		[367,920]
Repayment of capital leases is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		
		155,166
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		
		<u>3,256,098</u>
Changes In Net Position of Governmental Activities		<u>\$ 3,100,580</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MISSION, KANSAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
GENERAL FUND  
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues						
Taxes	\$ 7,605,253	\$ -	\$ 7,605,253	\$ 7,268,085	\$ 7,268,085	\$ 337,168
Intergovernmental	75,844	-	75,844	42,800	42,800	33,044
Licenses and permits	152,245	-	152,245	145,500	145,500	6,745
Charges for services	1,963,634	-	1,963,634	2,047,000	2,047,000	[83,366]
Fines and forfeitures	1,253,047	-	1,253,047	1,400,000	1,400,000	[146,953]
Interest	3,596	-	3,596	2,000	2,000	1,596
Other	219,505	-	219,505	178,125	178,125	41,380
Total revenues	<u>11,273,124</u>	<u>-</u>	<u>11,273,124</u>	<u>11,083,510</u>	<u>11,083,510</u>	<u>189,614</u>
General government						
Personal service	1,055,475	-	1,055,475	1,146,500	1,146,500	91,025
Contractual	733,530	-	733,530	663,100	663,100	[70,430]
Commodities	47,831	-	47,831	52,800	52,800	4,969
Capital outlay	85,054	-	85,054	71,500	71,500	[13,554]
Miscellaneous	38	-	38	-	-	[38]
	<u>1,921,928</u>	<u>-</u>	<u>1,921,928</u>	<u>1,933,900</u>	<u>1,933,900</u>	<u>11,972</u>
Public works and improvements						
Personal service	697,672	-	697,672	826,350	826,350	128,678
Contractual	754,565	-	754,565	826,700	826,700	72,135
Commodities	76,626	-	76,626	148,350	148,350	71,724
Capital outlay	78,050	-	78,050	65,000	65,000	[13,050]
Miscellaneous	3,739	-	3,739	-	-	[3,739]
	<u>1,610,652</u>	<u>-</u>	<u>1,610,652</u>	<u>1,866,400</u>	<u>1,866,400</u>	<u>255,748</u>
Public safety						
Personal service	3,011,712	-	3,011,712	3,039,800	3,039,800	28,088
Contractual	364,105	-	364,105	395,775	395,775	31,670
Commodities	114,717	-	114,717	150,400	150,400	35,683
Capital outlay	377,924	-	377,924	100,000	100,000	[277,924]
	<u>3,868,458</u>	<u>-</u>	<u>3,868,458</u>	<u>3,685,975</u>	<u>3,685,975</u>	<u>[182,483]</u>
Culture and recreation						
Personal service	1,466,224	-	1,466,224	1,396,000	1,396,000	[70,224]
Contractual	812,191	-	812,191	791,700	791,700	[20,491]
Commodities	159,186	-	159,186	136,750	136,750	[22,436]
Capital outlay	3,353	-	3,353	-	-	[3,353]
	<u>2,440,954</u>	<u>-</u>	<u>2,440,954</u>	<u>2,324,450</u>	<u>2,324,450</u>	<u>[116,504]</u>
Debt service						
Principal	166,170	-	166,170	188,310	188,310	22,140
Interest and other charges	18,949	-	18,949	-	-	[18,949]
	<u>185,119</u>	<u>-</u>	<u>185,119</u>	<u>188,310</u>	<u>188,310</u>	<u>3,191</u>
Total expenditures	<u>10,027,111</u>	<u>-</u>	<u>10,027,111</u>	<u>9,999,035</u>	<u>9,999,035</u>	<u>[28,076]</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,246,013</u>	<u>-</u>	<u>1,246,013</u>	<u>1,084,475</u>	<u>1,084,475</u>	<u>161,538</u>
Other financing sources [uses]						
Issuance of debt - leases	367,920	-	367,920	-	-	367,920
Transfers out	[875,654]	-	[875,654]	[3,012,177]	[3,012,177]	2,136,523
Total other financing sources [uses]	<u>[507,734]</u>	<u>-</u>	<u>[507,734]</u>	<u>[3,012,177]</u>	<u>[3,012,177]</u>	<u>2,504,443</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>738,279</u>	<u>-</u>	<u>738,279</u>	<u>\$ [1,927,702]</u>	<u>\$ [1,927,702]</u>	<u>\$ 2,665,981</u>
Fund balance, January 1	<u>2,860,180</u>	<u>-</u>	<u>2,860,180</u>			
Fund balance, December 31	<u>\$ 3,598,459</u>	<u>\$ -</u>	<u>\$ 3,598,459</u>			

The notes to the financial statements are an integral part of this statement.

CITY OF MISSION, KANSAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
SPECIAL HIGHWAY FUND  
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues						
Intergovernmental	\$ 251,967	\$ -	\$ 251,967	\$ 245,850	\$ 245,850	\$ 6,117
Interest	<u>12</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>12</u>
Total revenues	<u>251,979</u>	<u>-</u>	<u>251,979</u>	<u>245,850</u>	<u>245,850</u>	<u>6,129</u>
Expenditures						
Public works and improvements	<u>199,061</u>	<u>-</u>	<u>199,061</u>	<u>200,000</u>	<u>200,000</u>	<u>939</u>
Total expenditures	<u>199,061</u>	<u>-</u>	<u>199,061</u>	<u>200,000</u>	<u>200,000</u>	<u>939</u>
Excess [deficiency] of revenues over [under] expenditures	52,918	-	52,918	<u>\$ 45,850</u>	<u>\$ 45,850</u>	<u>\$ 7,068</u>
Fund balance, January 1	<u>12,391</u>	<u>-</u>	<u>12,391</u>			
Fund balance, December 31	<u>\$ 65,309</u>	<u>\$ -</u>	<u>\$ 65,309</u>			

The notes to the financial statements are an integral part of this statement.

CITY OF MISSION, KANSAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
STORM DRAIN FUND  
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
<b>Revenues</b>						
Taxes	\$ 299,798	\$ -	\$ 299,798	\$ -	\$ -	\$ 299,798
Charges for services	2,532,476	-	2,532,476	2,230,000	2,230,000	302,476
Use of money and property	<u>561</u>	<u>-</u>	<u>561</u>	<u>150</u>	<u>150</u>	<u>411</u>
Total revenues	<u>2,832,835</u>	<u>-</u>	<u>2,832,835</u>	<u>2,230,150</u>	<u>2,230,150</u>	<u>602,685</u>
<b>Expenditures</b>						
Public works and improvements	31,892	-	31,892	5,000	5,000	[26,892]
Principal	1,684,426	-	1,684,426	2,640,945	2,640,945	956,519
Interest and other charges	<u>651,517</u>	<u>-</u>	<u>651,517</u>	<u>-</u>	<u>-</u>	<u>[651,517]</u>
Total expenditures	<u>2,367,835</u>	<u>-</u>	<u>2,367,835</u>	<u>2,645,945</u>	<u>2,645,945</u>	<u>278,110</u>
Excess [deficiency] of revenues over [under] expenditures	<u>465,000</u>	<u>-</u>	<u>465,000</u>	<u>[415,795]</u>	<u>[415,795]</u>	<u>880,795</u>
<b>Other financing sources [uses]</b>						
Transfers in	50,000	-	50,000	430,000	430,000	[380,000]
Transfers out	<u>[256,110]</u>	<u>-</u>	<u>[256,110]</u>	<u>-</u>	<u>-</u>	<u>[256,110]</u>
Total other financing sources [uses]	<u>[206,110]</u>	<u>-</u>	<u>[206,110]</u>	<u>430,000</u>	<u>430,000</u>	<u>[636,110]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	258,890	-	258,890	<u>\$ 14,205</u>	<u>\$ 14,205</u>	<u>\$ 244,685</u>
Fund balance, January 1	<u>37,027</u>	<u>-</u>	<u>37,027</u>			
Fund balance, December 31	<u>\$ 295,917</u>	<u>\$ -</u>	<u>\$ 295,917</u>			

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS  
STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
December 31, 2016

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ <u>63,041</u>
Total Assets	\$ <u>63,041</u>
Liabilities	
Due to others	\$ <u>63,041</u>
Total Liabilities	\$ <u>63,041</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Mission (the City) is a city of the second class with a mayor-council form of government with the addition of a City Administrator. The City was incorporated in 1951 and covers an area of approximately 2.87 square miles in Johnson County, Kansas. The City has approximately 9,323 residents. The City's organization consists of the general government departments of General Overhead, Administration, Municipal Court, Legislative, Community Development, and the Public Works, Police, Parks and Recreation and Neighborhood Services Departments.

Under governmental accounting standards for defining the financial reporting entity and identifying entities to be included in basic financial statements, these financial statements include only the City. There are no other entities for which the City is financially accountable.

B. Government-wide and fund financial statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. All activities of the City are governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items, which are not classified as program revenues, are presented as general revenues of the city.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports the following major governmental funds:

The General Fund is used to account for resources traditionally associated with government, which are not required legally, or by sound financial management to be accounted for in another fund.

The Special Highway Fund is used to account for monies sent quarterly from the State Treasurer's office which are the Special City and County Highway Fund distributed and computed in compliance with K.S.A. 79-3425C.

The Storm Drain Fund is used to account for storm water utility charges received based on an equivalent residential unit (ERU) to be used for storm water improvements citywide.

The Solid Waste Fund is used to account for solid waste utility charges collected from an annual assessment.

The Parks and Recreation Sales Tax Bond Fund is used to account for revenues received from 3/8 of one percent sales tax for parks and recreation, a portion is pledged to retire the Series 2013-B General Obligation Bonds issued for the outdoor aquatic facility project. The balance is dedicated to other parks and recreation activities, including operating costs.

The Capital Improvement Fund is used to account for resources used to construct and maintain infrastructure citywide.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting. The following activities are accounted for in the agency funds:

License Reinstatement Fees Fund is used to account for amounts collected through the court for driver's license restatement fees due to the State of Kansas.

Alcohol and Drug Safety Fund is used to account for monies collected and paid for Driving Under the Influence evaluations.

Cafeteria Plan is used to account for monies collected for employee cafeteria plan contributions.



CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments (including certificates of deposit) with original maturities of three months or less from the date of acquisition.

The City reflects investments with a maturity of one year or longer at the time of purchase at fair value, and those maturing in less than one year at the time of purchase at amortized cost.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2017.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the accounting period, and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the City, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

CITY OF MISSION, KANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

3. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-75
Building improvements	20-75
Machinery and equipment	5-10
Office equipment	5-10
Infrastructure	20-75

4. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

5. Fund Equity

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city council. The formal action of the city council would be in the form of an ordinance. Assigned fund balances include amounts that are constrained by the City management's, through department heads or the city administrator, intent to be used for specific purposes, but are neither restricted nor committed. The authority for management to assign fund balance is done through the City Council Policy Manual. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

5. Fund Equity (Continued)

The General Fund is the only fund that reports a positive unassigned fund balance amount. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted amounts is considered to be spent first. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds							Total Governmental Funds
	General	Special Highway	Storm Drain	Solid Waste	Parks and Recreation Sales Tax Bond	Capital Improvement	Other Governmental Funds	
Fund Balances:								
Restricted for:								
Public works	\$ -	\$ 65,309	\$ 295,917	\$ -	\$ -	\$ -	\$ 243,936	\$ 605,162
Debt payments	-	-	-	-	676,572	-	282,500	959,072
Capital improvements	-	-	-	-	-	418,400	-	418,400
Committed for:								
Public works	-	-	-	-	-	-	33,434	33,434
ADA compliance	96,436	-	-	-	-	-	-	96,436
Assigned for:								
Phone system and cameras	226,192	-	-	-	-	-	-	226,192
Police vehicles	61,006	-	-	-	-	-	-	61,006
Unassigned:	<u>3,214,825</u>	<u>-</u>	<u>-</u>	<u>[30,882]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,183,943</u>
Total Fund Balances	<u>\$ 3,598,459</u>	<u>\$ 65,309</u>	<u>\$ 295,917</u>	<u>\$ [30,882]</u>	<u>\$ 676,572</u>	<u>\$ 418,400</u>	<u>\$ 559,870</u>	<u>\$ 5,583,645</u>

6. Compensated Absences

Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. At the end of each calendar year, employees are allowed to carry over any unused vacation. In the event of termination, an employee is paid for any unused carryover plus all unused earned vacation through the date of separation not to exceed a total of 240 hours.

The City's sick leave policy is to pay employees 50% of unused sick leave upon retirement or termination without cause. A liability for compensated absences is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. All compensated absences are accrued when incurred in the government-wide financial statements.

The General Fund has been used to liquidate the governmental funds compensated absences in prior years. The amount of the liability due within one year is \$324,834.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports changes in the pension liability proportion, differences between expected and actual experience, and net difference between projected and actual earnings on investments are reported as deferred outflows of resources in the government activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues from one source: property taxes. Differences between expected and actual experience, changes in assumptions, and changes in the pension liability proportion are reported as deferred inflows for governmental activities.

CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of the notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The 2016 budget was amended for the Mission Crossing TIF Fund and the Cornerstone Commons Fund.

Actual exceeded budgeted expenditures in the Parks and Recreation Sales Tax Bond Fund, which is a violation of K.S.A. 79-2935.

The statutes permit management to transfer budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbered appropriations are carried forward.

A legal operating budget is not required for the Transportation Utility Fund, Capital Improvement Fund, Special Law Enforcement Fund, School District Sales Tax Fund, Mission Convention and Visitor's Bureau Fund, Donations and Gifts Fund, Street Sales Tax Fund, Rock Creek Drainage District #1 Fund, Rock Creek Drainage District #2 Fund, Solid Waste Fund, Mission Crossing TIF Fund, Cornerstone Commons Fund, Mission Farm and Flower Market, and the agency funds.

Spending in funds, which are not subject to the legal annual operating budget requirements, is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	Major Governmental Funds							
	General	Special Highway	Storm Drain	Solid Waste	Parks and Recreation Sales Tax Bond	Capital Improvement	Other Governmental Funds	Total Governmental Funds
GAAP FUND BALANCE								
December 31, 2016	\$ 3,598,459	\$ 65,309	\$ 295,917	\$ [30,882]	\$ 676,572	\$ 418,400	\$ 559,870	\$ 5,583,645
Adjustments:								
Unreserved fund balances not subject to the Kansas Budget Law:								
Solid Waste	-	-	-	30,882	-	-	-	30,882
Capital Improvement	-	-	-	-	-	[418,400]	-	[418,400]
Nonmajor governmental funds	-	-	-	-	-	-	[483,764]	[483,764]
Total deductions	-	-	-	30,882	-	[418,400]	[483,764]	[871,282]
BUDGETARY FUND BALANCE								
December 31, 2016	\$ 3,598,459	\$ 65,309	\$ 295,917	\$ -	\$ 676,572	\$ -	\$ 76,106	\$ 4,712,363

B. Restatement of Equity

The beginning governmental activities net position was restated as follows:

	Governmental Activities
Net position - beginning	\$ 35,928,153
Prior period adjustment	
Capital assets previously disposed	[365,439]
Net position - beginning, restated	<u>\$ 35,562,714</u>

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county or an adjacent county in which the City is located and the banks provide an acceptable rate for active funds.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The City's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county or an adjacent county in which the City is located and the banks provide an acceptable rate for active funds.

Various City investments are considered to be idle funds by management and are invested according to K.S.A. 12-1675. The statute requires that at the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes and the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the obligations of the Federal National Mortgage Association, federal home loan banks or the Federal Home Loan Mortgage Corporation, repurchase agreements collateralized by direct obligations of the United States government or any agency thereof, investment agreements with a financial institution, which at the time of investment are rated in either of the three highest rating categories by Moody's Investors Service or Standard and Poors Corporation, investments in shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities in direct obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, federal home loan banks or Federal Home Loan Mortgage Corporation, receipts evidencing ownership interests in securities or portions thereof in direct obligations of the United States government or any agency thereof of obligations of the Federal National Mortgage Association, federal home loan banks or the Federal Home Loan Mortgage Corporation, and municipal bonds or other obligations issued by a municipality of the State of Kansas. K.S.A. 10-131 prohibits investment in derivatives.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2016, the City has the following investments:

<u>Investment Type</u>	<u>Level 1</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Kansas Municipal Investment Pool	<u>\$ 3,386,572</u>	S&P AAAf/S1+	1 Day

The above investments are measured at the net asset value, have an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments.

CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The Kansas Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The fair value of the City's position in the municipal investment pool is substantially the same as the value of the pool shares.

The City does not have any formal investment policies that would further limit concentration of credit risk, interest rate, or custodial credit risks beyond state statutes.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. All deposits were legally secured at December 31, 2016.

B. Accounts Receivable

Accounts receivable of the City, as of the year end, are as follows:

	<u>General</u>	Parks and Recreation Sales Tax <u>Bond</u>	Capital Improvement	Other Governmental Funds	<u>Total</u>
Taxes	\$ 2,814,525	\$ 64,766	\$ -	\$ 150,887	\$ 3,030,178
Other	<u>44,151</u>	<u>-</u>	<u>5,362</u>	<u>-</u>	<u>49,513</u>
Total	<u>\$ 2,858,676</u>	<u>\$ 64,766</u>	<u>\$ 5,362</u>	<u>\$ 150,887</u>	<u>\$ 3,079,691</u>



CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance at <u>12/31/15</u>	Prior Period <u>Adjustments</u>	Balance, Restated <u>12/31/15</u>	<u>Additions</u>	<u>Retirements</u>	Balance at <u>12/31/16</u>
City governmental activities:						
Capital assets, not being depreciated						
Construction in progress	\$ 97,281	\$ -	\$ 97,281	\$ 414,836	\$ 248,190	\$ 263,927
Land	10,674,052	[545,097]	10,128,955	52,090	-	10,181,045
Capital assets, being depreciated						
Building	13,259,159	506,993	13,766,152	-	545,097	13,221,055
Equipment and vehicles	4,819,010	12,279	4,831,289	549,009	135,849	5,244,449
Infrastructure	<u>55,961,136</u>	<u>[37,060]</u>	<u>55,924,076</u>	<u>248,190</u>	<u>-</u>	<u>56,172,266</u>
Total capital assets	<u>84,810,638</u>	<u>[62,885]</u>	<u>84,747,753</u>	<u>1,264,125</u>	<u>929,136</u>	<u>85,082,742</u>
Less accumulated depreciation for:						
Building	3,544,515	331,451	3,875,966	322,491	324,787	3,873,670
Equipment and vehicles	3,495,598	545,706	4,041,304	505,702	133,361	4,413,645
Infrastructure	<u>9,165,635</u>	<u>[574,603]</u>	<u>8,591,032</u>	<u>1,424,842</u>	<u>-</u>	<u>10,015,874</u>
Total accumulated depreciation	<u>16,205,748</u>	<u>302,554</u>	<u>16,508,302</u>	<u>2,253,035</u>	<u>458,148</u>	<u>18,303,189</u>
Governmental activities capital assets, net	<u>\$ 68,604,890</u>	<u>\$ [365,439]</u>	<u>\$ 68,239,451</u>	<u>\$ [988,910]</u>	<u>\$ 470,988</u>	<u>\$ 66,779,553</u>

The City's depreciation expense was charged to governmental functions as follows:

Governmental Activities:

General government	\$ 74,237
Public safety	171,444
Public works	1,544,989
Culture and recreation	<u>462,365</u>
Total depreciation	<u>\$ 2,253,035</u>

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt

During the year ended December 31, 2016, the following changes occurred in long term liabilities:

	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2016</u>	Due Within <u>A Year</u>
General Obligation Bonds	\$ 32,775,000	\$ -	\$ 3,140,000	\$ 29,635,000	\$ 3,195,000
General Obligation Bonds Premium	660,776	-	112,484	548,292	112,486
General Obligation Bonds Discount	<u>[5,687]</u>	-	<u>[811]</u>	<u>[4,876]</u>	<u>[813]</u>
General Obligation Bonds, Net	33,430,089	-	3,251,673	30,178,416	3,306,673
Capital Lease Payable	480,378	367,920	155,166	693,132	238,959
KDHE Loan Payable	83,276	-	4,425	78,851	4,541
Compensated Absences	<u>446,862</u>	<u>305,262</u>	<u>324,834</u>	<u>427,290</u>	<u>324,834</u>
	<u>\$ 34,440,605</u>	<u>\$ 673,182</u>	<u>\$ 3,736,098</u>	<u>\$ 31,377,689</u>	<u>\$ 3,875,007</u>

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Series</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Outstanding Amount As Of December 31, 2016</u>
Series 2007A - Capital Improvement	5/15/2007	\$ 751,114	5.00%-5.30%	9/1/2018	\$ 185,000
Series 2010A - Capital Improvement	8/18/2010	3,276,571	2.00%-2.75%	9/1/2020	1,405,628
Series 2010B - Refunding	12/15/2010	6,974,092	4.00%-4.25%	9/1/2029	6,974,093
Series 2012A - Capital Improvement	2/16/2012	4,351,874	0.40%-2.00%	9/1/2022	2,665,124
Series 2013A - Capital Improvement	7/11/2013	688,786	2.00%-3.00%	9/1/2023	496,150
Series 2013B - Capital Improvement	7/11/2013	4,720,192	2.00%-3.00%	9/1/2023	3,447,134
Series 2013C - Capital Improvement	12/20/2013	4,563,037	2.00%-2.50%	9/1/2023	3,614,584
Series 2014A - Refunding	8/7/2014	9,963,128	2.00%-3.00%	9/1/2029	9,740,711
Series 2014B - Refunding	8/27/2014	4,284,984	2.00%-4.00%	9/1/2018	1,649,992
					<u>\$ 30,178,416</u>

CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,306,673	\$ 1,261,456
2018	3,401,673	1,126,081
2019	3,404,177	1,004,621
2020	3,477,086	882,551
2021	3,554,429	763,546
2022-2026	10,252,024	2,032,464
2027-2029	<u>2,782,354</u>	<u>324,128</u>
Total	<u>\$ 30,178,416</u>	<u>\$ 7,394,847</u>

The Kansas Department of Health and Environment and the City has entered into an agreement for a loan. As of December 31, 2016, the City had made \$406,272 in loan draws and had \$304,704 in principal forgiveness. The loan calls for an interest rate of 2.60%. The City will retire this loan with semi-annual payments through March 2031.

Annual debt service requirements to maturity for the KDHE loan outstanding at December 31, 2016 are as follows:

Year Ending December 31,	<u>Principal</u>	<u>Interest</u>
2017	\$ 4,541	\$ 1,826
2018	4,660	1,719
2019	4,782	1,609
2020	4,907	1,496
2021	5,036	1,380
2022-2026	27,226	5,048
2027-2031	<u>27,699</u>	<u>1,655</u>
Total	<u>\$ 78,851</u>	<u>\$ 14,733</u>

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

Conduit Debt Obligations. From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State of Kansas, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2016 there were three series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$29,263,252.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

The City is a member of the Kansas Eastern Region Insurance Trust (KERIT), a group self-insured program consisting of local governments and other political subdivisions. KERIT was formed in 1986 as a public entity risk retention pool to provide workers' compensation benefits to employees of Trust members. The City pays annual premiums to KERIT for workers' compensation coverage. The agreement with KERIT provides that the Trust will be self-sustaining through member premiums. KERIT has the authority to assess members for any deficiencies of revenues under expenses for any single plan year. Likewise, KERIT has the authority to return dividends to members for the excess of revenues over expenses relating to any single plan year according to the Trust's by-laws.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. OTHER INFORMATION (Continued)

B. Defined Benefit Pension Plan

*Description of Pension Plan.* The City participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
- State/School employees
- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Local employees group and the Kansas Police and Firemen group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at [www.kpers.org](http://www.kpers.org).

*Benefits.* Benefits are established by statute and may only be changed by the State Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

CITY OF MISSION, KANSAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2016

IV. OTHER INFORMATION (Continued)

B. Defined Benefit Pension Plan (Continued)

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

*Contributions.* Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.1% of total payroll for the fiscal year ended June 30, 2016.

The actuarially determined employer contribution rates (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	<u>Actuarial Employer Rate</u>	<u>Statutory Employer Capped Rate</u>
Local government employees	9.18%	9.18%
Police and Firemen	20.42%	20.42%

Member contribution rates as a percentage of eligible compensation for the KPERS fiscal year June 30, 2016 are 6.00% for Local employees and 7.15% for Police and Firemen.

*Employer Allocations.* Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2016, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended December 31, 2016.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

IV. OTHER INFORMATION (Continued)

B. Defined Benefit Pension Plan (Continued)

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2016, the City's proportion for the Local employees group was 0.121%, which was substantially the same as its proportion measured at June 30, 2015. At June 30, 2016, the City's proportion for the Police and Firemen group was 0.357%, which was an increase of .003% from its proportion measured at June 30, 2015.

*Net Pension Liability.* At December 31, 2016 and 2015, the City reported a liability of \$5,189,214 and \$4,157,885, respectively, for its total proportionate share of the net pension liability for the Local and Police and Firemen groups.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016, using the following actuarial assumptions:

<u>Assumption</u>	<u>Rate</u>
Price inflation	3.00%
Wage inflation	4.00%
Salary increases, including wage increases	4.00 to 16.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	8.00%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2012.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47.00%	6.80%
Fixed income	13.00%	1.25%
Yield driven	8.00%	6.55%
Real return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	<u>2.00%</u>	[0.25]%
Total	<u>100.00%</u>	

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. OTHER INFORMATION (Continued)

B. Defined Benefit Pension Plan (Continued)

*Discount Rate.* The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERs employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Discount rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Local	\$ 2,563,163	\$ 1,870,018	\$ 1,282,286
Police and Firemen	4,553,259	3,319,196	2,276,557
Total	<u>\$ 7,116,422</u>	<u>\$ 5,189,214</u>	<u>\$ 3,558,843</u>

*Pension Expense.* For the year ended December 31, 2016, the City recognized Local pension expense of \$141,850 and Police and Firemen pension expense of \$371,235, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for Local and Police and Firemen groups from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ 186,037	\$ 68,006
Net differences between projected and actual earnings on investments	655,491	-
Changes of assumptions	-	37,956
Changes in proportion	<u>87,847</u>	<u>288,591</u>
Total	<u>\$ 929,375</u>	<u>\$ 394,553</u>



CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. OTHER INFORMATION (Continued)

B. Defined Benefit Pension Plan (Continued)

\$288,838 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Local Group Deferred		Police and Firemen Group Deferred		Total
	[Inflows]	Outflows	[Inflows]	Outflows	
	Amount		Amount		
2016	\$	[8,603]	\$	65,077	\$ 56,474
2017		[8,603]		65,077	56,474
2018		60,617		187,155	247,772
2019		44,980		106,229	151,209
2020		1,181		21,712	22,893
Total	\$	89,572	\$	445,250	\$ 534,822

C. Interfund Transfers

A reconciliation of all transfers by fund type for 2016 follows:

From	To	Amount	Regulatory Authority
General	Capital Improvement	\$ 790,654	K.S.A. 12-1, 118
General	Solid Waste	85,000	Resolution 948
Storm Drain	Capital Improvement	256,110	Charter Ordinance
Rock Creek Drainage District #2	Storm Drain	50,000	Charter Ordinance
		<u>\$ 1,181,764</u>	

The City uses interfund transfers to share administrative costs between funds.

D. Defined Contribution Plan

The City has established the City of Mission Money Purchase Plan, administered by the Principal Financial Group, available to employees other than those participating in KP&F. The City Council established and amends benefit provisions. Employees are eligible to participate after completing 1,000 or more hours of service. The City's contributions for each employee are 60% vested after five years of service and vest an additional 20% each year thereafter. The City makes annual contributions to the plan equal to 2% of covered employees' wages. Employees under the plan are allowed to make contributions to the plan of up to 10% of their wages. Employee contributions and the City's contributions for 2015 and 2016 were \$38,228 and \$35,542, respectively.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. OTHER INFORMATION (Continued)

E. Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

	Governmental Activities <u>Assets</u>
Other equipment	\$ <u>1,348,383</u>

During 2016, the City entered into a lease agreement to finance the purchase police vehicles in the amount of \$367,920. The lease has an interest rate of 1.54% and a final maturity of September 1, 2020.

Minimum future lease payments under capital leases as of December 31, 2016 are:

Year Ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2017	\$ 238,959	\$ 10,929	\$ 249,888
2018	238,726	6,065	244,791
2019	121,215	2,769	123,984
2020	<u>94,232</u>	<u>1,090</u>	<u>95,322</u>
Total	<u>\$ 693,132</u>	<u>\$ 20,853</u>	<u>\$ 713,985</u>

F. Postemployment Healthcare Plan

**Plan Description.** The City operates a single employer defined benefit healthcare plan administered by the City. The Employee Benefit Plan (the Plan) provides medical benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. The General Fund has been used to liquidate other postemployment benefit obligations, such as health care costs, in prior years. No separate financial report is issued for the Plan.

**Funding Policy.** The contribution requirements of plan participants and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. Plan participant contribution percentages and monthly premiums are as follows:

<u>Coverage</u>	<u>Monthly Contributions</u>		
	<u>Health</u>	<u>Dental</u>	<u>Vision</u>
Employee	\$ 620.38	\$ 31.20	\$ 5.56
Employee & Spouse	1,231.10	91.25	14.19
Employee & Child(ren)	1,064.84	91.25	14.19
Family	1,732.38	91.25	14.19

CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

IV. OTHER INFORMATION (Continued)

F. Postemployment Healthcare Plan (Continued)

Retiree Contribution Percentage			
Years of Service	Health	Dental	Vision
10 - 14	75%	100%	100%
15 - 19	70%	100%	100%
20 - 24	60%	100%	100%
25 or more	50%	100%	100%

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the Plan:

Annual required contribution	\$ 149,450
Interest on net OPEB obligation	13,624
Adjustment to annual required contribution	[22,494]
Annual OPEB cost (expense)	140,580
Benefit payments	36,931
Change in net OPEB obligation	103,649
Net OPEB obligation - beginning of year	454,117
Net OPEB obligation - end of year	\$ 557,766

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2016 was as follows:

Fiscal Year <u>Ended</u>	Annual OPEB Cost	Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>	Percentage of Annual OPEB Cost <u>Contributed</u>
December 31, 2014	\$ 100,498	\$ 25,670	\$ 345,250	25.54%
December 31, 2015	142,705	33,836	454,117	23.71%
December 31, 2016	140,580	36,931	557,766	26.27%

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. OTHER INFORMATION (Continued)

F. Postemployment Healthcare Plan (Continued)

**Funding Status and Funding Progress.** As of January 1, 2016, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$1,421,876 and the actuarial value of asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,421,876. The covered payroll (annual payroll of active employees covered by the plan) was \$4,605,013, and the ratio of the UAAL to the covered payroll was 30.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of January 1, 2016, the most recent actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 8% initially, reduced by decrements to an ultimate rate of 5% in 2041. The inflationary impact assumption is 3%. The UAAL is being amortized as a level dollar over an open thirty-year period.

G. Tax Abatements

The City of Mission has utilized a number of economic development incentives that are authorized under Kansas state statutes including constitutional tax abatements [K.S.A. 79-201a]; industrial revenue bonds (IRBs) [K.S.A. 12-1740 et seq]; tax increment financing (TIF) [K.S.A. 12-1770 et seq]; and community improvement district (CID) [K.S.A. 12-6a26 et seq].

Application of these tools is further clarified by the following city council policies:

**Policy 106 - Tax Increment Financing Policy:** The City will consider, on a case-by-case basis, the approval of TIF projects, where, but for the availability of TIF, such projects would not be economically viable. Furthermore, any decision regarding the approval of TIF projects will be made in accordance with guidelines and criteria that promote and stimulate the general and economic welfare and quality of life in the community.

**Policy 116 - Policy Relating to the Issuance of Tax Abatements:** The City will consider tax abatement for firms that qualify for such under state law and develop a final project with a value greater than \$25 million. Such projects will be evaluated on quality job creation, capital investment, diversification of the local economy, the extent to which the project would meet an identified need in the community, or follows applicable design guidelines and long-term plans.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

**Policy 123 - Community Improvement District Policy:** The City will evaluate the establishment of a CID based on a number of criteria including; but not limited to:

- Whether the project promotes and supports efforts to develop or redevelop commercial sites to provide for reinvestment;
- Stimulates quality retail development that enhances the city’s economic basis,
- Compliance with uses anticipated in the comprehensive plan;
- High degree of architectural design and site layout;
- The risk to the City, and any other governmental entities, in financing the proposed project (to include exposure of the general property tax levy and credit rating).

Consideration of any incentive begins with the submittal of an application (including fee) to the City. After an initial review by City staff, the City will enter into a pre-development agreement with the applicant that outlines the scope of the project and commitments, process for due diligence review, and any obligation on the part of the applicant to pay for costs that the City may incur in performing the review and/or negotiating a full development agreement.

This report provides information on current economic development projects that the City of Mission has undertaken utilizing these tools. Many projects use more than one tool, and many incorporate some form of tax abatement. The City elected to disclose all tax abatement agreements into which they have entered.

**Tax Abatement Agreements Initiated By the City of Mission**

Mission Crossing

*Project Description:*

Redevelopment of a 6.2 acre site on the City’s western boundary that had been the former headquarters and manufacturing plant for Herff Jones, Inc. since 1954. The project entailed the demolition of the existing building and construction of three stand-alone buildings totaling approximately 20,000 square feet of commercial space, and a 100 unit residential facility designed for independent, senior-living.

The mixed use development complies with the redevelopment goals of the City’s West Gateway district. It includes streetscape improvements along the project perimeters, a new public park located at the southwest corner of Martway and Broadmoor, a public trail along Metcalf Avenue and two transit shelters to access the enhanced bus services along the Johnson Drive/Martway corridors.

Use	Size	Project Value at Building Permit Issuance	Date of Completion
Multi-Tenant Commercial Building	8,900 sq. ft.	\$990,000 + Tenant Finishes \$731,000 (Free Birds, Sports Clips, Subway, Oasis Nails, Gigi’s Cupcakes, Toppers Pizza)	2011
Chick-fil-A	4,600 sq. ft.	\$450,000	2012
Culver’s	4,250 sq. ft.	\$990,000	2012
Welstone Apartments	98,500 sq. ft.	\$8,100,000	2016

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

*Name of the Recipient of the Tax Abatement (the Developer):*

Lane 4 Development (d/b/a as Mission Commons LLC) – 4705 Central Ave., Kansas City, MO 64112

*Redevelopment Agreement Adopted (Authority):*

Ordinance 1316 – An Ordinance Making Certain Findings with Respect to the Establishment of a Redevelopment District in the City of Mission, Kansas and Establishing a Redevelopment District (Mission Crossing Project Redevelopment) – Adopted January 20, 2010.

Ordinance 1317 – An Ordinance Making Findings as to the Advisability of and Creating a Community Improvement District at 6015 Travis Lane, Mission, Kansas; Authorizing Certain Community Improvement District Projects Relating Thereto: Approving the Maximum Cost of Such Community Improvement Projects; Providing for the Method of Financing; Authorizing the Imposition of a Community Improvement District Sales Tax within the Community Improvement District; Establishing a Method of Collection of Such Sales Tax; and Providing for the Segregation of Such Sales tax Revenues for the Retirement of Bonds or Pay-As-You-Go Reimbursement of Costs of the Community Improvement Projects in the Community Improvement District – Adopted January 20, 2010.

Ordinance 1324 – An Ordinance Approving and Adopting a Redevelopment Project Plan within the Boundaries of the Mission Crossing Redevelopment District in the City of Mission, Kansas (Mission Crossing Redevelopment Project) – Adopted May 19, 2010.

Ordinance 1395 – An Ordinance Authorizing The Issuance by the City of Mission, Kansas of Not to Exceed \$6,000,000 Aggregate Principal amount of Taxable Industrial Revenue Bonds (Aspen Village Project), Series 2014, to Provide Funds to Acquire, Construct and Equip A Project for AVI Mission, LP and Authorizing and Approving Certain Documents and Actions in Connection with The Issuance of Said Bonds – Adopted February 19, 2014.

*Public Assistance Tools Utilized (Authority) and the Structure of Utilization:*

Tax Increment Financing (TIF) [K.S.A 12-1770 et seq] is structured to reimburse the project developer on a “Pay-As-You-Go” basis with reimbursement coming from the property tax on the assessed valuation above (property tax increment) the assessed valuation at the time the agreement was adopted (base valuation), and the City’s 1% general sales tax generated from all retail sales that occur within the defined project area. Base year established 2010, TIF expires in 2030.

Community Improvement District (CID) [K.S.A 12-6a26 et seq] is structured to reimburse the developer on a “Pay-As-You-Go” basis with reimbursement coming from an additional 1% sales tax collected on retail sales generated within the district. The CID became effective October 2012 and will expire in 2034.

Industrial Revenue Bonds (IRBs) [K.S.A 12-1740 et seq] are structured to provide sales tax exemption on the construction of the senior-living component of the redevelopment project.

*Eligibility Criteria for Receiving the Tax Abatement:*

Kansas state statutes stipulate that proceeds from Tax Increment Financing be used for costs associated with preparing a site for development. This would include land acquisition (including incidental costs such as legal services) and site preparation (including grading and public infrastructure improvements).

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

Kansas state statutes stipulate that proceeds from a Community Improvement District can be used for vertical construction, parking, transportation improvements, streetscapes and lighting, parks, lawns, and transit facilities.

The Mission Crossing redevelopment project was built to conform with the City's newly adopted West Gate Vision plan, which called for, among other things, on street parking, sidewalks, street lighting and street-scape, and buildings built up to the sidewalk. The costs associated with these amenities are to be reimbursed with proceeds from both the TIF and the CID.

*Summary of Financial Structure:*

<b>Total Project Costs: \$24,199,895</b>		
<b>Total Incentive Package: \$14,614,895 (60% of Total Project Costs)</b>		
	<b>Total Incentive</b>	<b>Paid To Date</b>
TIF Eligible Costs	\$ 9,255,157	\$ 477,242
CID Eligible Costs	\$ 5,359,738	\$ 239,811
IRB	\$ 561,000	N/A

This project is anticipated to generate approximately \$3,948,000 in TIF revenue over the 20 year life of the TIF plan, and approximately \$1,188,000 in CID revenue over the 22 year life of the CID. This is a total of \$5,136,000 in TIF and CID revenue. To date, the developer has submitted just over \$6,000,000 in costs that are eligible for reimbursement under the redevelopment plan.

In 2016 the City of Mission reimbursed the Developer the following amounts from TIF and CID:

- Property Tax Increment Financing - \$103,355
- Sales Tax Increment Financing - \$65,952
- Community Improvement Financing - \$64,127

*Amounts Received from Other Government's In Association with Forgone Tax Revenue:*

No funds were received from other taxing entities in association with this project. However, the following property tax revenues were diverted from other taxing entities in 2016 in accordance with the Tax Increment Financing statutes:

- Johnson County Property Tax (19.5900 mills) - \$20,218
- Johnson County Community College (9.4730 mills) - \$9,776
- Johnson County Library (3.9150 mills) - \$4,039
- Johnson County Park Dist. (3.1020 mills) - \$3,202
- Consolidated Fire Dist. #2 (11.7690 mills) - \$12,139
- United School District #512 (7.430 mills) - \$35,165

The following sales taxes (based on the \$6 million in IRBs issued for the independent senior living facility) were forgone with the construction and equipping of the facility:

- City of Mission (1.625%) - \$97,500
- Johnson County (1.225%) - \$73,500
- State of Kansas (6.150%) - \$369,000

CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

IV. OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

*Commitments, Other Than Tax Abatements, Made by the City of Mission in Association with the Redevelopment Project:*

The City committed to the construction of the transit stops utilizing a TIGER grant and the design and construction management of the park site.

*Commitments Made by the Recipient of the Tax Abatement:*

The Developer dedicated 1/2 of an acre of land for a small, pocket park, valued at approximately \$350,000. The developer also contributed \$100,000 for construction of the park amenities.

*Tax Abatement Information Omitted For Legal Purposes:* None

*Tax Abatement Disclosed Individually:* None

Cornerstone Commons

*Project Description:*

The Cornerstone Commons project is the redevelopment of a 2.98 acre tract at the southwest corner of Johnson Drive and Barkley Street. Prior to redevelopment, the site was an automobile dealership that had closed.

The project is a mixed-use development that conforms to the design principles of the West Gateway district and the Form Based Code by having multi-level structures situated up to the sidewalk, on-street parking, and incorporating pedestrian oriented elements such as benches, lighting, and landscaping.

The development includes a 15,000 square foot Natural Grocers store, a 4,000 square foot building for casual dining/retail, and a third 12,000 square foot building for casual dining/retail and office.

Use	Size	Project Value at Building Permit	Date of Completion
Natural Grocers Retailer	15,000 sq. ft.	\$ 1,750,000	2015
<b>Lot 2 Building</b>			
Pie-Five Restaurant	1,900 sq. ft.	\$ 130,000	2015
Pot-Belly's Restaurant	2,100 sq. ft.	\$ 190,000	2015
<b>Lot 3 Building</b>			
Five Guys Restaurant	2,500 sq. ft.	\$ 250,000	2015
Pepperjax Grill	2,600 sq. ft.	\$ 270,000	2015
Office	4,000 sq. ft.	\$ 800,000	2015



CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

IV. OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

*Name of the Recipient of the Tax Abatement (the Developer):*

Christie Development Associates (d/b/a Cornerstone Commons, LLC) 7387 W. 162<sup>nd</sup> St., Suite 200, Stilwell, KS 66085

*Redevelopment Agreement Adopted (Authority):*

Ordinance 1402 - An Ordinance Authorizing the Creation of the Cornerstone Commons Community Improvement District In the City of Mission, Kansas; Authorizing the Making of Certain Project Improvements Relating Thereto; Approving the Estimated Costs of Such Project Improvements; Levying 1% CID Sales Tax, and Providing for the Method of Financing of Said – Adopted July 16, 2014.

*Public Assistance Tools Utilized (Authority) and the Structure of Utilization:*

Community Improvement District (CID) [K.S.A 12-6a26 et seq] is structured to reimburse the project developer on a “Pay-As-You-Go” basis with reimbursement coming from an additional 1% sales tax collected on retail sales generated within the district. The CID became effective June 2015 and will expire in 2037.

*Eligibility Criteria for Receiving the Tax Abatement:*

The redevelopment project is intended to conform to the design principles of the West Gateway district and the Form Based Code by having multi-level structures situated at the sidewalk and incorporating pedestrian oriented elements such as benches, lighting, landscaping, and on-street parking. To this end, the redevelopment agreement provides for reimbursement of specific eligible costs that further the intended design of the redevelopment project. These include, but are not limited to:

- Right-of-Way Dedication on Johnson Drive and Barkley
- Street-Scape Improvements on Johnson Drive and Barkley
- Storm Water Improvements on Johnson Drive and Barkley
- Demolition and Removal Costs for Existing Building and Parking Lot
- Glass Upgrades on Tenant A, B, C Buildings
- Street Patio with Pergola, Decorative Wrought Iron Fencing, and Building Enhancements Facing Johnson
- Natural Grocers Pedestrian Enhancement, Outdoor Seating, and Building Enhancements Facing Johnson Drive

The total estimated value for all of these improvements is \$1,721,788, of which the redevelopment agreement stipulates that no more than \$1,500,000 will be reimbursed to the developer through the CID sales tax.

*Summary of Financial Structure:*

<b>Total Project Costs:</b> \$9,000,504		
<b>Total Incentive Package:</b> \$ 1,500,000 + 7% interest (17% of Total Project Costs)		
	Total Incentive	Paid To Date
CID Eligible Costs	\$ 1,500,000	\$ 61,272

CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

IV. OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

The sales tax will generate approximately \$1.3 million over the life of the CID.

The CID Sales Tax is a special 1% sales tax placed on all retail sales that occur within the boundaries of the CID (the redevelopment project). Because this is a special sales tax above the current sales tax, no sales tax revenue is diverted from the City or other taxing jurisdictions.

*Amounts Received from Other Government's In Association with Forgone Tax Revenue:* None

The CID Sales Tax is a special 1% sales tax placed on all retail sales that occur within the boundaries of the CID (the redevelopment project). Because this is a special sales tax about the current sales tax, no sales tax revenue is diverted from the City or other taxing jurisdictions.

*Provisions for Recapturing Abated Taxes:* None

*Commitments, Other Than Tax Abatements, Made by the City of Mission in Association with the Redevelopment Project:* None

*Commitments Made by the Recipient of the Tax Abatement:* None

*Tax Abatement Information Omitted For Legal Purposes:* None

*Tax Abatement Disclosed Individually:* None

Herald Corner (Brinshore)

*Project Description:*

This is the redevelopment of a 1.5 acre site located within the interior of a block at the southeast corner of Metcalf Avenue and Johnson Drive, more commonly known by its address as 7080 Martway. The site had been the former location of the Neff Printing Company since the 1930s.

The Developer proposed the construction of a three-story, 32 unit senior-living residential facility on the site. The development was dependent on the successful application for low-income housing credits from the Kansas Housing Resources Corporation. The Developer was unable to achieve this, and the pre-development agreement between the City and Developer has since been dissolved. At present there is no proposed project for this site.

*Name of the Recipient of the Tax Abatement (the Developer):*

The Developer for the proposed project was Brinshore Development LLC, 666 Dundee Road, Suite 1102, Northbrook, IL 60062. The development agreement with this Developer has been dissolved, and at present there is no developer.

*Redevelopment Agreement Adopted (Authority):*

Ordinance 1413 - An Ordinance Making Certain Findings with Respect to the Establishment of a Redevelopment District in the City of Mission, Kansas and Establishing a Redevelopment District (Herald Corner Project Redevelopment) – Adopted November 19, 2014..

CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

IV. OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

*Public Assistance Tools Utilized (Authority) and the Structure of Utilization:*

A Tax Increment Financing (TIF) [K.S.A 12-1770a(d)] district was established to reimburse the project developer on a for eligible costs with reimbursement coming from the property tax on the assessed valuation above (property tax increment) the assessed valuation at the time the agreement was adopted (base valuation). A specific project area has not been activated, and thus no base year has been established.

*Eligibility Criteria for Receiving the Tax Abatement:*

The Developer was required to seek and obtain housing credits from the Kansas Housing Resources Corporation before the redevelopment project could be approved and executed. The Developer was unable to accomplish this.

Future projects will be required to meet the design guidelines of the West Gateway Plan.

*Summary of Financial Structure:*

No financial structure for this project exists at this time.

*Amounts Received from Other Government's In Association with Forgone Tax Revenue:*

The previous development plan had stipulated that the Developer was to apply for low-income tax credits from the Kansas Housing Resources Corporation. This did not occur. As of this writing, there are no other commitments from other tax entities, and no taxes have been forgone.

*Provisions for Recapturing Abated Taxes: None*

*Commitments, Other Than Tax Abatements, Made by the City of Mission in Association with the Redevelopment Project: None*

*Commitments Made by the Recipient of the Tax Abatement: None*

*Tax Abatement Information Omitted For Legal Purposes: None*

*Tax Abatement Disclosed Individually: None*

Mission Gateway

*Project Description:*

This project is the redevelopment of a 16 acre site that was formerly the Mission Mall, originally built in the 1950s as one of the first suburban shopping centers in the United States. The site is located on the City's east side and is bounded by Johnson Drive, Roeland Drive, and Shawnee Mission Parkway.

Purchased by the Developer in 2005, the mall was demolished the following year to make way for a \$380 million mixed-used project that would include a 150 room hotel, a 350 unit condominium building, 180,000 square feet office building, and 500,000 square feet of retail.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

However, redevelopment could not begin until the site was removed from the 100 year flood plain. This entailed realigning and enclosing the creek channel, which ran through the site, and making other improvements upstream of the site. The Rock Creek Tax Increment Finance district was established in 2006 which included, not only the site of the redevelopment project, but properties along either side of the creek that made up much of the drainage basin. A development agreement between the City and the Developer was adopted in 2006 detailing the funding arrangement for the site improvements and the development of the project.

Since this time, the storm water improvements have been completed by the City, but the redevelopment plan has gone through several reiterations including the addition and then deletion of a two million gallon aquarium (and associated STAR bonds), difficulty obtaining retail interest in the midst of the Great Recession, and the denial by the City Council of a revision to the redevelopment plan that would have provided a 150,000 square foot Wal-Mart. The TIF and development agreement have been amended several times to reflect these changes.

As of 2016, the redevelopment of the site has yet to be initiated. The Developer is currently purposing a smaller development consisting of a 200 room hotel, 168 unit apartment building, and approximately 150,000 square feet of retail. The total cost for the latest plan is approximately \$140 million. A new development agreement will have to be adopted.

*Name of the Recipient of the Tax Abatement (the Developer):*

Cameron Group LLC, 6007 Fair Lakes Road, East Syracuse, NY 13057

*Redevelopment Agreement Adopted (Authority):*

Ordinance 1190 – An Ordinance Making Certain Findings with Respect to The Establishment of a Redevelopment District In The City of Mission, Kansas, and Establishing a Redevelopment District (Rock Creek Redevelopment) – Adopted January 11, 2006; Amended (Ordinance 1195) February 8, 2006; Amended (Ordinance 1255) January 23, 2008.

Ordinance 1376 – Authorizing the Creation of the Mission Gateway Community Improvement District #1 in the City of Mission, Kansas; Authorizing the Making of Certain Project Improvements Relating Thereto; Approving the Estimated Costs of Such Project Improvements; Levying a 0.5% CID Sales Tax, Providing for Special Assessments and Providing for the Method of Financing the Same, Including the Issuance of Special Obligation Bonds and Full Faith and Credit Bonds – Adopted, February 20, 2013; Amended (Ordinance 1408) September 17, 2014; Amended (Ordinance 1428) September 16, 2015; Amended (Ordinance 1440) July 20, 2016.

Ordinance 1377 – Authorizing the Creation of the Mission Gateway Community Improvement District #2 in the City of Mission, Kansas; Authorizing the Making of Certain Project Improvements Relating Thereto; Approving the Estimated Costs of Such Project Improvements; Levying a 0.5% CID Sales Tax, Providing for Special Assessments and Providing for the Method of Financing the Same, Including the Issuance of Special Obligation Bonds and Full Faith and Credit Bonds – Adopted, February 20, 2013; Amended (Ordinance 1409) September 17, 2014; Amended (Ordinance 1429) September 16, 2015; Amended (Ordinance 1441) July 20, 2016.

Ordinance 1210 – An Ordinance Approving and Adopting a Redevelopment Project Plan for Project Area 1 Within the Boundaries of the Rock Creek Redevelopment District in the City of Mission, Kansas (Gateway Redevelopment Project) – Adopted September 13, 2006; Amended (Ordinance 1255) January 23, 2008; Amended (Ordinance 1374) January 16, 2013.

CITY OF MISSION, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

IV. OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

*Public Assistance Tools Utilized (Authority) and the Structure of Utilization:*

Tax Increment Financing (TIF) [K.S.A 12-1770a(c)(1)] is structured to reimburse holders of General Obligation Bonds until fully reimbursed, and then the Developer on a “Pay-As-You-Go” basis with reimbursement coming from the property tax on the assessed valuation above (property tax increment) the assessed valuation at the time the agreement was adopted (base valuation), and the City’s 1% general sales tax generated from all retail sales that occur within the defined project area. A TIF project area has not been activated as of this writing.

Community Improvement Districts (CID) [K.S.A 12-6a26 et seq] are structured to reimburse holders of General Obligation Bonds until fully reimbursed, and then the Developer on a “Pay-As-You-Go” basis with reimbursement coming from two separate 0.5 % CID sales tax as collected on certain retail sales generated within the respective districts. The CIDs were established in 2013, but have not been activated.

*Eligibility Criteria for Receiving the Tax Abatement:*

Completion of a proposed redevelopment project that conform to the standards of the East Gateway Redevelopment District Guidelines which stipulate a mixed-used development on the site with “urban” style components including buildings built to the sidewalk, on street parking, streetscape, and public spaces.

*Summary of Financial Structure:*

<b>Total Project Costs: \$170,000,000</b>		
<b>Total Incentive Package: \$36,000,000 (21% of Total Project Costs)</b>		
	Total Incentive	Paid To Date
TIF Eligible Costs	Not Yet Determined	\$ 0
CID Eligible Costs	Not Yet Determined	\$ 0

Financial Structure is based on the Second Amended and Restated Redevelopment Agreement, which was adopted in 2013, but has not yet been implemented; and probably will not be as the redevelopment project has changed considerably since.

No tax increment has been collected, so there has been no financial impact on the City’s taxes (property or sales), nor on any other taxing jurisdiction.

*Amounts Received from Other Government’s In Association with Forgone Tax Revenue:*

None as of this writing. If the development proceeds, and incentives are granted by the City, then other taxing entities would forego property taxes and sales taxes.

*Provisions for Recapturing Abated Taxes: None*

*Commitments, Other Than Tax Abatements, Made by the City of Mission in Association with the Redevelopment Project:*

The City committed to storm water improvements on the site that consisted of realigning and enclosing the Rock Creek channel, thus removing the site from the 100 year flood plain. The improvements totaled approximately \$12 million, of which the City was to be reimbursed from TIF and/or CID proceeds. Because the redevelopment project has not been initiated, revenues have not been generated to reimburse the City.

CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

IV. OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

Consequently, the City established a special benefit district and assessed the property for the cost of these improvements (Ordinance 1419).

*Commitments Made by the Recipient of the Tax Abatement:*

Completion of the redevelopment project in accordance with the design guidelines of the East Gateway Redevelopment Plan.

*Tax Abatement Information Omitted For Legal Purposes:*None

*Tax Abatement Disclosed Individually:* None

Mission Square

*Project Description:*

This project entailed the construction and equipping of an 87,000 square foot, three story independent living facility for seniors. The facility consists of 55 individual two and one bedroom units, a dining hall, recreation and meeting rooms, and guest rooms.

Completed in 2010, the project was built on a parcel of property acquired from the City of Mission at the northeast corner of Lamar and Martway, adjacent to the City's community center.

The Developer acquired the site from the City for \$550,000. The Developer then entered into an agreement with the City whereby the City would issue \$17 million in Senior Housing Revenue Bonds to finance the acquisition, construction and equipping of the facility. Operating as a non-profit, the Developer provides an annual payment-in-lieu-of-taxes to the City in the amount of \$50,000 to cover the cost of membership for the facility's residents to use the City's community center and the lease of a parking lot across the street from the community center.

*Name of the Recipient of the Tax Abatement (the Developer):*

Essex Corporation (d/b/a Mission Square Inc.,) - 11606 Nicholas Street, Omaha, NE 68154

*Redevelopment Agreement Adopted (Authority):*

Ordinance 1307 – An Ordinance Authorizing the Issuance by the City of Mission, Kansas of Not to Exceed \$17,000,000 Aggregate Principal Amount of Senior Housing Revenue Bonds (Mission Square, Inc. Project) In One or More Series 2009, to Provide Fund to Acquire, Construct, and Equip a Project for Mission Square, Inc., and Authorizing and Approving Certain Documents and Actions in Connection with the Issuance of Said Bonds – Adopted November 18, 2009; Amended (Ordinance 1392) December 18, 2013.

*Public Assistance Tools Utilized (Authority) and the Structure of Utilization:*

Industrial Revenue Bonds [K.S.A 12-1740 to 12-1749d] allows cities to utilize their tax exempt status to issue bonds for the acquisition, construction, and equipping of certain facilities including senior housing. To preserve the tax-exempt status, the City holds legal title to the property and leases the property back to the Developer for a period of up to ten years. IRB's are often used to exempt sales tax associated with the construction or renovation of a facility.

CITY OF MISSION, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

IV. OTHER INFORMATION (Continued)

G. Tax Abatements (Continued)

*Eligibility Criteria for Receiving the Tax Abatement:*

The Developer is to maintain the facility as an independent, senior living facility.

*Summary of Financial Structure:*

<b>Total Project Costs:</b> \$17,000,000
<b>Total Incentive Package:</b> \$1,945,500 (12 % of Total Project Costs)

*Amounts Received from Other Government's In Association with Forgone Tax Revenue:*

No funds were received from taxing entities in association with this project.

The following sales taxes were forgone with the construction and equipping of the senior-living facility:

- City of Mission (1.625%) - \$31,614
- Johnson County (1.225%) - \$23,832
- State of Kansas (6.150%) - \$119,648

*Provisions for Recapturing Abated Taxes:* None

*Commitments, Other Than Tax Abatements, Made by the City of Mission in Association with the Redevelopment Project:* None

*Commitments Made by the Recipient of the Tax Abatement:*

Completion of the redevelopment project.

*Tax Abatement Information Omitted For Legal Purposes:* None

*Tax Abatement Disclosed Individually:* None

CITY OF MISSION, KANSAS  
 OTHER POST-EMPLOYMENT BENEFITS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 December 31, 2016

Schedule of Funding Progress:

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets (a)</u>	Actuarial Accrued Liability (b)	Unfunded AAL <u>(b) - (a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as Percent of Payroll <u>(b-a)/(c)</u>
1/1/2014	\$ -	\$ 1,056,015	\$ 1,056,015	0.00%	\$ 4,614,807	22.88%
1/1/2015	-	1,336,108	1,336,108	0.00%	3,152,109	42.39%
1/1/2016	-	1,421,876	1,421,876	0.00%	4,605,013	30.88%



CITY OF MISSION, KANSAS  
 KPERS PENSION PLAN  
 REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
 December 31, 2016

Schedule of the City's Proportionate Share of the Net Pension Liability  
 Last Ten Fiscal Years\*

	<u>Local</u> <u>12/31/16</u>	<u>Police and</u> <u>Firemen</u> <u>12/31/16</u>	<u>Local</u> <u>12/31/15</u>	<u>Police and</u> <u>Firemen</u> <u>12/31/15</u>
City's proportion of the net pension liability	0.121%	0.357%	0.121%	0.354%
City's proportionate share of the net pension liability	\$ 1,870,018	\$ 3,319,196	\$ 1,588,416	\$ 2,569,469
City's covered employee payroll	\$ 2,048,888	\$ 1,796,206	\$ 2,047,740	\$ 1,613,584
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	91.27%	184.79%	77.57%	159.24%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	69.30%	71.98%	74.60%

\* - The amounts presented for each fiscal year were determined as of 12/31.  
 Data became available with the inception of GASB 68 during fiscal year 2015,  
 therefore 10 years of data is unavailable.

Schedule of the City's Contributions  
 Last Ten Fiscal Years\*

	<u>Local</u> <u>12/31/16</u>	<u>Police and</u> <u>Firemen</u> <u>12/31/16</u>	<u>Local</u> <u>12/31/15</u>	<u>Police and</u> <u>Firemen</u> <u>12/31/15</u>
Contractually required contribution	\$ 194,456	\$ 362,921	\$ 194,783	\$ 351,871
Contributions in relation to the contractually required contribution	<u>194,456</u>	<u>362,921</u>	<u>194,783</u>	<u>351,871</u>
Contribution deficiency [excess]	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,118,261	\$ 1,777,281	\$ 2,054,675	\$ 1,647,336
Contributions as a percentage of covered employee payroll	9.18%	20.42%	9.48%	21.36%

\* - Data became available with the inception of GASB 68  
 during fiscal year 2015, therefore 10 years of data is  
 unavailable.

This page intentionally left blank.

CITY OF MISSION, KANSAS

COMBINING STATEMENTS - NONMAJOR FUNDS

**NONMAJOR SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

1. **Special Alcohol Fund** - established to account for one-third of the Alcohol Tax Funds sent to the City quarterly from the State Treasurer's office, and to disperse monies that are allocated yearly for distribution to agencies that are approved by the City Council in specified amounts on a yearly basis.
2. **Special Parks and Recreation Fund** - established to account for one-third of the Alcohol Tax Funds that are sent to the City quarterly by the State Treasurer's office which are computed in compliance with K.S.A. Supp. 79-41A04 et seq., representing tax receipts and adjustments processed by the Department of Revenue.
3. **Special Law Enforcement Fund** - established to provide a depository for monies forfeited to the police department pursuant to provisions of K.S.A. 65-4135 and 65-4156 relating to controlled substance investigation forfeitures. Expenditures from this fund are made only for authorized law enforcement purposes of the police department. Monies in the fund are not to be used for normal operating expenses of the City's police department.
4. **School District Sales Tax Fund** - established to account for the City's portion of sales tax monies received as a result of a 1/8<sup>th</sup> cent sales tax granted to schools by Johnson County voters in 2002. The sales tax is no longer being collected.
5. **Mission Convention and Visitor's Bureau Fund** - established to account for transient guest tax receipts and is used to track the activities and expenditures of the Mission Convention and Visitor's Bureau.
6. **Donations and Gifts Fund** - established to account for donations and gifts from businesses, groups and individuals.
7. **Street Sales Tax Fund** – established to account for revenues from the ¼ cent sales tax for streets, pledged to retire the Series 2012-A General Obligation Bonds issued for the Martway/Johnson Drive rehabilitation projects. The sales tax sunsets in 2022.
8. **Rock Creek Drainage District #1** – established to account for the Rock Creek Drainage District #1.
9. **Rock Creek Drainage District #2** – established to account for the Rock Creek Drainage District #2.
10. **Mission Crossing TIF** – established to account for the property tax and sales tax that is generated from the development of the Mission Crossing Shopping Center and Welstone senior, independent living facility. These taxes are remitted back to the developer to reimburse for certain eligible costs associated with the development in accordance with K.S.A 12-1770 (Tax Increment Finance Statutes) and K.S.A 12-6a26 (Community Improvement District Act).
11. **Cornerstone Commons** – established to account for a 1% Community Improvement District (CID) sales tax that is generated from retailers located within the Cornerstone Commons CID. This sales tax is remitted back to the developer to reimburse for certain eligible costs associated with the development in accordance with K.S.A 12-6a26 (Community Improvement District Act).
12. **Transportation Utility** – established to account for the transportation utility charges received based on an estimated land use formula per parcel to fund street and other transportation related improvements.
13. **Mission Farm and Flower Market** – established to account for the Mission Farm and Flower Market

CITY OF MISSION, KANSAS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 December 31, 2016

ASSETS	<u>Special Alcohol</u>	<u>Special Parks and Recreation</u>	<u>Special Law Enforcement</u>	<u>School District Sales Tax</u>	<u>Mission Convention and Visitor's Bureau</u>	<u>Donations and Gifts</u>
Cash and cash equivalents	\$ 46,201	\$ 29,905	\$ 33,434	\$ 17,594	\$ 76,345	\$ 4,852
Receivables						
Taxes	-	-	-	-	-	-
Total assets	<u>\$ 46,201</u>	<u>\$ 29,905</u>	<u>\$ 33,434</u>	<u>\$ 17,594</u>	<u>\$ 76,345</u>	<u>\$ 4,852</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	1,261
Total liabilities	-	-	-	-	-	1,261
Deferred inflows of resources						
Unavailable revenue - property taxes	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund balances						
Restricted	46,201	29,905	-	17,594	76,345	3,591
Committed	-	-	33,434	-	-	-
Total fund balances	<u>46,201</u>	<u>29,905</u>	<u>33,434</u>	<u>17,594</u>	<u>76,345</u>	<u>3,591</u>
Total liabilities and fund balances	<u>\$ 46,201</u>	<u>\$ 29,905</u>	<u>\$ 33,434</u>	<u>\$ 17,594</u>	<u>\$ 76,345</u>	<u>\$ 4,852</u>

Street Sales Tax	Rock Creek Drainage District #1	Rock Creek Drainage District #2	Mission Crossing TIF	Cornerstone Commons	Transportation Utility	Mission Farm and Flower Market	Total
\$ 239,323	\$ 3,672	\$ 10,814	\$ 20,517	\$ 4,357	\$ 14,098	\$ 2,245	\$ 503,357
<u>43,177</u>	<u>4,457</u>	<u>87,307</u>	<u>10,805</u>	<u>5,138</u>	<u>-</u>	<u>3</u>	<u>150,887</u>
<u>\$ 282,500</u>	<u>\$ 8,129</u>	<u>\$ 98,121</u>	<u>\$ 31,322</u>	<u>\$ 9,495</u>	<u>\$ 14,098</u>	<u>\$ 2,248</u>	<u>\$ 654,244</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	27	\$ 27
-	-	-	-	-	-	1,322	1,322
-	-	-	-	-	-	-	<u>1,261</u>
-	-	-	-	-	-	1,349	<u>2,610</u>
-	<u>4,457</u>	<u>87,307</u>	-	-	-	-	<u>91,764</u>
-	<u>4,457</u>	<u>87,307</u>	-	-	-	-	<u>91,764</u>
282,500	3,672	10,814	31,322	9,495	14,098	899	526,436
-	-	-	-	-	-	-	<u>33,434</u>
<u>282,500</u>	<u>3,672</u>	<u>10,814</u>	<u>31,322</u>	<u>9,495</u>	<u>14,098</u>	<u>899</u>	<u>559,870</u>
<u>\$ 282,500</u>	<u>\$ 8,129</u>	<u>\$ 98,121</u>	<u>\$ 31,322</u>	<u>\$ 9,495</u>	<u>\$ 14,098</u>	<u>\$ 2,248</u>	<u>\$ 654,244</u>

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended December 31, 2016

	<u>Special Alcohol</u>	<u>Special Parks and Recreation</u>	<u>Special Law Enforcement</u>	<u>School District Sales Tax</u>	<u>Mission Convention and Visitor's Bureau</u>	<u>Donations and Gifts</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 43,835	\$ -
Charges for services	-	-	-	-	-	-
Intergovernmental	61,815	60,484	-	-	24,080	-
Interest	-	22	-	-	-	-
Miscellaneous	-	385	-	8	17	41,352
Total revenues	<u>61,815</u>	<u>60,891</u>	<u>-</u>	<u>8</u>	<u>67,932</u>	<u>41,352</u>
Expenditures						
Current						
Public works and improvements	43,037	55,051	9,395	2,000	53,080	41,351
Debt Service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>43,037</u>	<u>55,051</u>	<u>9,395</u>	<u>2,000</u>	<u>53,080</u>	<u>41,351</u>
Excess [deficiency] of revenues over [under] expenditures	<u>18,778</u>	<u>5,840</u>	<u>[9,395]</u>	<u>[1,992]</u>	<u>14,852</u>	<u>1</u>
Other financing sources [uses]						
Transfer out	-	-	-	-	-	-
Total other financing sources [uses]	-	-	-	-	-	-
Net change in fund balances	18,778	5,840	[9,395]	[1,992]	14,852	1
Fund balances, January 1	<u>27,423</u>	<u>24,065</u>	<u>42,829</u>	<u>19,586</u>	<u>61,493</u>	<u>3,590</u>
Fund balances, December 31	<u>\$ 46,201</u>	<u>\$ 29,905</u>	<u>\$ 33,434</u>	<u>\$ 17,594</u>	<u>\$ 76,345</u>	<u>\$ 3,591</u>

	Street Sales Tax	Rock Creek Drainage District #1	Rock Creek Drainage District #2	Mission Crossing TIF	Cornerstone Commons	Transportation Utility	Mission Farm and Flower Market	Total
\$	574,296	\$ 2,249	\$ 81,037	\$ 238,168	\$ 66,701	\$ -	\$ -	\$ 1,006,286
	-	-	-	-	-	-	8,739	8,739
	-	-	-	-	-	-	-	146,379
	-	-	-	-	-	-	-	22
	<u>75</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,284</u>	<u>44,158</u>
	<u>574,371</u>	<u>2,249</u>	<u>81,074</u>	<u>238,168</u>	<u>66,701</u>	<u>-</u>	<u>11,023</u>	<u>1,205,584</u>
	140,000	-	23,670	233,433	63,772	79	10,124	674,992
	425,000	-	-	-	-	-	-	425,000
	<u>45,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,870</u>
	<u>610,870</u>	<u>-</u>	<u>23,670</u>	<u>233,433</u>	<u>63,772</u>	<u>79</u>	<u>10,124</u>	<u>1,145,862</u>
	<u>[36,499]</u>	<u>2,249</u>	<u>57,404</u>	<u>4,735</u>	<u>2,929</u>	<u>[79]</u>	<u>899</u>	<u>59,722</u>
	<u>-</u>	<u>-</u>	<u>[50,000]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[50,000]</u>
	<u>-</u>	<u>-</u>	<u>[50,000]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[50,000]</u>
	<u>[36,499]</u>	<u>2,249</u>	<u>7,404</u>	<u>4,735</u>	<u>2,929</u>	<u>[79]</u>	<u>899</u>	<u>9,722</u>
	<u>318,999</u>	<u>1,423</u>	<u>3,410</u>	<u>26,587</u>	<u>6,566</u>	<u>14,177</u>	<u>-</u>	<u>550,148</u>
\$	<u>282,500</u>	<u>\$ 3,672</u>	<u>\$ 10,814</u>	<u>\$ 31,322</u>	<u>\$ 9,495</u>	<u>\$ 14,098</u>	<u>\$ 899</u>	<u>\$ 559,870</u>

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
SPECIAL ALCOHOL FUND  
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues						
Intergovernmental	\$ 61,815	\$ -	\$ 61,815	\$ 42,800	\$ 42,800	\$ 19,015
Total revenues	<u>61,815</u>	<u>-</u>	<u>61,815</u>	<u>42,800</u>	<u>42,800</u>	<u>19,015</u>
Expenditures						
Social services	<u>43,037</u>	<u>-</u>	<u>43,037</u>	<u>45,000</u>	<u>45,000</u>	<u>1,963</u>
Total expenditures	<u>43,037</u>	<u>-</u>	<u>43,037</u>	<u>45,000</u>	<u>45,000</u>	<u>1,963</u>
Excess [deficiency] of revenues over [under] expenditures	18,778	-	18,778	\$ <u>[2,200]</u>	\$ <u>[2,200]</u>	\$ <u>20,978</u>
Fund balance, January 1	<u>27,423</u>	<u>-</u>	<u>27,423</u>			
Fund balance, December 31	<u>\$ 46,201</u>	<u>\$ -</u>	<u>\$ 46,201</u>			

See independent auditor's report on the financial statements.



CITY OF MISSION, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
SPECIAL PARKS AND RECREATION FUND  
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues						
Intergovernmental	\$ 60,484	\$ -	\$ 60,484	\$ 42,800	\$ 42,800	\$ 17,684
Interest	22	-	22	-	-	22
Miscellaneous	385	-	385	-	-	385
Total revenues	<u>60,891</u>	<u>-</u>	<u>60,891</u>	<u>42,800</u>	<u>42,800</u>	<u>18,091</u>
Expenditures						
Public works and improvements	<u>55,051</u>	<u>-</u>	<u>55,051</u>	<u>55,200</u>	<u>55,200</u>	<u>149</u>
Total expenditures	<u>55,051</u>	<u>-</u>	<u>55,051</u>	<u>55,200</u>	<u>55,200</u>	<u>149</u>
Excess [deficiency] of revenues over [under] expenditures	5,840	-	5,840	<u>\$ [12,400]</u>	<u>\$ [12,400]</u>	<u>\$ 18,240</u>
Fund balance, January 1	<u>24,065</u>	<u>-</u>	<u>24,065</u>			
Fund balance, December 31	<u>\$ 29,905</u>	<u>\$ -</u>	<u>\$ 29,905</u>			

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
PARKS AND RECREATION SALES TAX BOND FUND  
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 861,445	\$ -	\$ 861,445	\$ 775,000	\$ 775,000	\$ 86,445
Use of money and property	305	-	305	-	-	305
Miscellaneous	6,766	-	6,766	-	-	6,766
<b>Total revenues</b>	<b>868,516</b>	<b>-</b>	<b>868,516</b>	<b>775,000</b>	<b>775,000</b>	<b>93,516</b>
Expenditures:						
Capital outlay	404,344	-	404,344	293,850	293,850	[110,494]
Principal	415,000	-	415,000	415,000	415,000	-
Interest and other charges	111,450	-	111,450	111,450	111,450	-
<b>Total expenditures</b>	<b>930,794</b>	<b>-</b>	<b>930,794</b>	<b>820,300</b>	<b>820,300</b>	<b>[110,494]</b>
Excess [deficiency] of revenues over [under] expenditures	[62,278]	-	[62,278]	\$ [45,300]	\$ [45,300]	\$ [16,978]
Fund balance, January 1	738,850	-	738,850			
Fund balance, December 31	\$ 676,572	\$ -	\$ 676,572			

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS

**AGENCY FUNDS**

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

1. **License Reinstatement Fees** - established to account for amounts collected through the court for driver's license restatement fees due to the State of Kansas.
2. **Alcohol and Drug Safety** - established to account for monies collected and paid for Driving Under the Influence evaluations.
3. **Cafeteria Plan** - established to account for monies collected for employee cafeteria plan contributions.

CITY OF MISSION, KANSAS  
 COMBINING BALANCE SHEET  
 AGENCY FUNDS  
 December 31, 2016

ASSETS	License Reinstatement Fees	Alcohol & Drug Safety	Cafeteria Plan	Totals
Cash and cash equivalents	\$ 6,559	\$ 20,669	\$ 35,813	\$ 63,041
Total assets	<u>\$ 6,559</u>	<u>\$ 20,669</u>	<u>\$ 35,813</u>	<u>\$ 63,041</u>
 LIABILITIES				
Due to others	\$ 6,559	\$ 20,669	\$ 35,813	\$ 63,041
Total liabilities	<u>\$ 6,559</u>	<u>\$ 20,669</u>	<u>\$ 35,813</u>	<u>\$ 63,041</u>

See independent auditor's report on the financial statements.

CITY OF MISSION, KANSAS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For the Year Ended December 31, 2016

<u>License Reinstatement Fees</u>	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,498	\$ 26,743	\$ 26,682	\$ 6,559
Total assets	<u>\$ 6,498</u>	<u>\$ 26,743</u>	<u>\$ 26,682</u>	<u>\$ 6,559</u>
<b>LIABILITIES</b>				
Due to others	\$ 6,498	\$ 26,743	\$ 26,682	\$ 6,559
Total liabilities	<u>\$ 6,498</u>	<u>\$ 26,743</u>	<u>\$ 26,682</u>	<u>\$ 6,559</u>
<u>Alcohol and Drug Safety</u>	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
<b>ASSETS</b>				
Cash and cash equivalents	\$ 20,669	\$ -	\$ -	\$ 20,669
Total assets	<u>\$ 20,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,669</u>
<b>LIABILITIES</b>				
Due to others	\$ 20,669	\$ -	\$ -	\$ 20,669
Total liabilities	<u>\$ 20,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,669</u>
<u>Cafeteria Plan</u>	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
<b>ASSETS</b>				
Cash and cash equivalents	\$ 32,548	\$ 66,628	\$ 63,363	\$ 35,813
Total assets	<u>\$ 32,548</u>	<u>\$ 66,628</u>	<u>\$ 63,363</u>	<u>\$ 35,813</u>
<b>LIABILITIES</b>				
Due to others	\$ 32,548	\$ 66,628	\$ 63,363	\$ 35,813
Total liabilities	<u>\$ 32,548</u>	<u>\$ 66,628</u>	<u>\$ 63,363</u>	<u>\$ 35,813</u>
<u>Total Agency Funds</u>	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
<b>ASSETS</b>				
Cash and cash equivalents	\$ 59,715	\$ 93,371	\$ 90,045	\$ 63,041
Total assets	<u>\$ 59,715</u>	<u>\$ 93,371</u>	<u>\$ 90,045</u>	<u>\$ 63,041</u>
<b>LIABILITIES</b>				
Due to others	\$ 59,715	\$ 93,371	\$ 90,045	\$ 63,041
Total liabilities	<u>\$ 59,715</u>	<u>\$ 93,371</u>	<u>\$ 90,045</u>	<u>\$ 63,041</u>

See independent auditor's report on the financial statements.

This page intentionally left blank.

---

**STATISTICAL SECTION**

---

This page intentionally left blank.



## Statistical Section (Unaudited)

This part of the City of Mission's *Comprehensive Annual Financial Report (CAFR)*, presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### Contents

#### Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, the property and sales taxes.

#### Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### Demographic and Economical Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and the activities it performs.

*Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Financial Report for the relevant year.*

TABLE 1  
(UNAUDITED)

CITY OF MISSION, KANSAS  
NET POSITION BY COMPONENT  
LAST TEN YEARS  
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investments in capital assets	\$ 15,120,064	\$ 18,606,539	\$ 21,507,063	\$ 23,644,245	\$ 25,521,486	\$ 26,771,829	\$ 24,709,361	\$ 31,231,003	\$ 34,647,991	\$ 36,242,192
Restricted	722,400	857,622	941,397	791,098	550,988	63,337	5,682	672,282	738,850	676,572
Unrestricted	<u>2,360,686</u>	<u>3,571,184</u>	<u>3,841,032</u>	<u>1,518,953</u>	<u>1,844,275</u>	<u>3,336,675</u>	<u>7,429,857</u>	<u>4,058,231</u>	<u>541,312</u>	<u>1,744,530</u>
Total Net Position	<u>\$ 18,203,150</u>	<u>\$ 23,035,345</u>	<u>\$ 26,289,492</u>	<u>\$ 25,954,296</u>	<u>\$ 27,916,749</u>	<u>\$ 30,171,841</u>	<u>\$ 32,144,900</u>	<u>\$ 35,961,516</u>	<u>\$ 35,928,153</u>	<u>\$ 38,663,294</u>

Source: City of Mission, Kansas Basic Financial Statements.

TABLE 2  
(UNAUDITED)

CITY OF MISSION, KANSAS  
CHANGE IN NET POSITION  
LAST TEN YEARS  
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General government	\$ 1,892,510	\$ 3,534,363	\$ 2,311,207	\$ 1,893,579	\$ 2,964,860	\$ 2,376,085	\$ 2,200,521	\$ 2,480,810	\$ 2,617,020	\$ 2,599,590
Public safety	3,239,519	3,384,135	3,624,111	3,613,022	3,791,275	3,725,913	3,690,037	3,774,245	3,539,822	4,135,349
Public works	2,953,028	2,699,875	3,990,772	4,388,119	3,332,773	3,306,786	3,448,002	3,263,297	3,562,734	3,606,294
Culture and recreation	2,648,777	2,657,303	2,733,024	2,695,954	2,607,459	2,635,617	2,683,576	2,695,856	2,647,417	2,801,261
Interest on Long-Term Debt	1,039,158	1,390,170	1,276,197	1,007,059	974,679	1,055,632	1,256,986	1,483,825	959,983	887,504
<b>Total Primary Government Expenses</b>	<b>11,772,992</b>	<b>13,665,846</b>	<b>13,935,311</b>	<b>13,597,733</b>	<b>13,671,046</b>	<b>13,100,033</b>	<b>13,279,122</b>	<b>13,698,033</b>	<b>13,326,976</b>	<b>14,029,998</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for services</b>										
General government	154,005	164,213	161,865	132,871	781,913	494,255	609,511	663,866	608,814	701,862
Public safety	1,897,595	1,850,795	2,071,362	1,648,771	1,640,415	1,868,248	1,528,186	1,462,936	1,345,844	1,253,047
Public works	574,455	777,603	1,059,463	1,190,916	2,432,511	2,461,655	2,871,020	2,826,091	2,855,225	2,532,476
Culture and recreation	1,818,171	1,872,041	1,841,918	1,805,037	1,559,797	1,776,706	1,776,706	1,808,576	1,846,807	1,913,634
<b>Operating grants and contributions</b>										
Public safety	44,286	68,313	54,871	34,335	46,848	55,474	57,824	47,323	70,816	75,844
Public works	4,058,055	5,945,713	3,619,852	1,113,502	2,308,031	492,870	1,070,856	1,988,215	2,019,400	398,346
<b>Total Primary Government Program Revenues</b>	<b>8,546,567</b>	<b>10,678,678</b>	<b>8,809,331</b>	<b>5,925,432</b>	<b>8,769,515</b>	<b>7,149,208</b>	<b>7,914,103</b>	<b>8,797,007</b>	<b>8,746,906</b>	<b>6,875,209</b>
<b>Total Primary Government Net [Expense]</b>	<b>[3,226,425]</b>	<b>[2,987,168]</b>	<b>[5,125,980]</b>	<b>[7,672,301]</b>	<b>[4,901,531]</b>	<b>[5,950,825]</b>	<b>[5,365,019]</b>	<b>[4,901,026]</b>	<b>[4,580,070]</b>	<b>[7,154,789]</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
<b>Taxes:</b>										
Property taxes	1,742,544	1,930,893	2,040,368	1,800,788	1,469,907	1,394,756	1,417,391	1,444,658	2,460,223	2,883,434
Sales and use tax	4,542,950	4,323,982	3,972,155	3,973,428	4,057,445	4,040,247	4,942,079	5,744,564	5,711,057	5,870,341
Motor vehicle tax	123,358	160,252	166,532	158,653	159,717	125,721	130,868	134,758	156,487	157,488
Franchise tax	986,991	1,022,445	976,392	1,011,213	1,014,732	968,696	1,022,854	1,036,905	1,009,649	1,024,850
Investment earnings	612,662	214,405	37,475	4,282	2,348	4,227	3,214	1,954	2,404	4,616
Miscellaneous	281,947	253,637	1,187,205	388,741	159,835	399,104	368,921	378,658	553,144	314,640
<b>Total primary government</b>	<b>8,290,452</b>	<b>7,905,614</b>	<b>8,380,127</b>	<b>7,337,105</b>	<b>6,863,984</b>	<b>6,932,751</b>	<b>7,885,327</b>	<b>8,741,497</b>	<b>9,892,964</b>	<b>10,255,369</b>
<b>Change in Net Position</b>										
<b>Governmental activities</b>	<b>\$ 5,064,027</b>	<b>\$ 4,918,446</b>	<b>\$ 3,254,147</b>	<b>\$ [335,196]</b>	<b>\$ 1,962,453</b>	<b>\$ 981,926</b>	<b>\$ 2,520,308</b>	<b>\$ 3,840,471</b>	<b>\$ 5,312,894</b>	<b>\$ 3,100,580</b>

Source: City of Mission, Kansas Basic Financial Statements.

TABLE 3  
(UNAUDITED)

CITY OF MISSION, KANSAS  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Unassigned	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Restricted	-	-	-	-
Reserved	3,000	3,000	34,269	34,915
Unreserved	<u>2,120,554</u>	<u>2,459,968</u>	<u>2,473,479</u>	<u>1,289,577</u>
Total General Fund	<u>\$ 2,123,554</u>	<u>\$ 2,462,968</u>	<u>\$ 2,507,748</u>	<u>\$ 1,324,492</u>
All Other Governmental Funds				
Assigned	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Reserved	1,153,883	8,828	-	-
Unreserved, reported in:				
Special revenue funds	1,635,880	1,642,606	1,527,992	417,604
Debt service fund	722,400	857,622	941,397	791,098
Capital project funds	<u>[1,813,596]</u>	<u>5,952,272</u>	<u>815,477</u>	<u>[453,906]</u>
Total All Other Governmental Funds	<u>\$ 1,698,567</u>	<u>\$ 8,461,328</u>	<u>\$ 3,284,866</u>	<u>\$ 754,796</u>

Source: City of Mission, Kansas Basic Financial Statements.

TABLE 3  
(UNAUDITED)

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 1,335,927	\$ 1,340,574	\$ 1,551,771	\$ 2,341,433	\$ 2,860,180	\$ 3,214,825
-	-	-	122,279	-	96,436
-	-	-	-	-	287,198
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,335,927</u>	<u>\$ 1,340,574</u>	<u>\$ 1,551,771</u>	<u>\$ 2,463,712</u>	<u>\$ 2,860,180</u>	<u>\$ 3,598,459</u>
\$ -	\$ -	\$ -	\$ 63,100	\$ -	\$ -
2,093,006	4,989,510	10,353,222	1,695,376	1,332,431	1,982,634
3,721	5,610	15,566	60,615	42,829	33,434
-	[48,129]	[46,223]	[45,010]	[41,720]	[30,882]
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,096,727</u>	<u>\$ 4,946,991</u>	<u>\$ 10,322,565</u>	<u>\$ 1,774,081</u>	<u>\$ 1,333,540</u>	<u>\$ 1,985,186</u>

TABLE 4  
(UNAUDITED)

CITY OF MISSION, KANSAS  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues			
Taxes	\$ 7,395,843	\$ 7,336,009	\$ 7,064,955
Special assessments	95,035	101,563	90,492
Intergovernmental	4,007,306	6,014,026	3,674,723
Licenses and permits	199,545	322,449	161,865
Charges for services	2,341,354	2,480,423	2,801,599
Fines and fees	1,903,327	1,861,780	2,171,144
Use of money and property	612,662	175,208	37,475
Miscellaneous	281,947	275,087	1,212,405
Total revenues	<u>16,837,019</u>	<u>18,566,545</u>	<u>17,214,658</u>
Expenditures			
General government	1,975,256	2,199,511	1,912,691
Public safety	3,079,884	3,326,584	3,473,046
Public works	2,574,231	2,247,005	3,489,138
Culture and recreation	2,381,770	2,387,785	2,475,261
Capital outlay	22,198,096	9,219,468	3,899,569
Debt service			
Principal	5,985,000	8,345,000	28,400,000
Interest and other charges	1,187,708	1,334,697	1,606,635
Total expenditures	<u>39,381,945</u>	<u>29,060,050</u>	<u>45,256,340</u>
Excess of revenues over [under] expenditures	<u>[22,544,926]</u>	<u>[10,493,505]</u>	<u>[28,041,682]</u>
Other financing sources [uses]			
Transfers in	2,080,802	1,512,547	1,634,590
Transfers out	[2,080,802]	[1,512,547]	[1,634,590]
Bond premium	1,113	-	-
Bond discount	-	[54,320]	-
Issuance of debt - leases	-	-	-
Issuance of debt - bonds	11,010,000	17,650,000	22,910,000
Total other financing sources [uses]	<u>11,011,113</u>	<u>17,595,680</u>	<u>22,910,000</u>
Net change in fund balances	<u>\$ [11,533,813]</u>	<u>\$ 7,102,175</u>	<u>\$ [5,131,682]</u>
Debt service as a percentage of noncapital expenditures	41.87%	45.90%	72.76%

Source: City of Mission, Kansas Basic Financial Statements.

TABLE 4  
(UNAUDITED)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	6,927,357	\$ 6,690,601	\$ 6,571,139	\$ 7,514,184	\$ 8,329,707	\$ 8,440,524	\$ 9,772,782
	16,725	11,200	10,426	-	-	-	-
	1,147,837	2,354,879	548,344	1,128,680	2,035,538	2,090,216	474,190
	132,871	158,156	134,743	198,191	135,133	141,750	152,245
	2,793,683	4,616,065	4,597,873	5,059,046	5,163,400	5,169,096	4,995,727
	1,851,040	1,640,415	1,868,248	1,528,186	1,462,936	1,345,844	1,253,047
	4,282	2,348	4,227	3,214	1,954	2,404	4,616
	415,230	187,679	428,373	399,687	410,738	587,139	350,375
	<u>13,289,025</u>	<u>15,661,343</u>	<u>14,163,373</u>	<u>15,831,188</u>	<u>17,539,406</u>	<u>17,776,973</u>	<u>17,002,982</u>
	1,907,311	1,925,928	1,721,635	1,817,454	1,876,551	2,047,368	1,921,928
	3,438,881	3,710,722	3,652,781	3,540,422	3,667,321	3,480,670	3,868,458
	3,335,084	2,113,493	2,048,877	2,005,594	1,926,534	2,195,809	1,841,605
	2,477,811	2,434,362	2,407,179	2,418,064	2,421,207	2,268,368	2,440,954
	2,673,142	5,545,434	2,244,246	6,761,526	8,912,494	3,225,688	1,735,962
	12,365,000	2,976,408	2,450,000	2,420,000	19,399,203	3,979,313	3,245,596
	1,329,292	1,047,541	1,143,744	1,253,371	1,370,028	1,013,218	926,474
	<u>27,526,521</u>	<u>19,753,888</u>	<u>15,668,462</u>	<u>20,216,431</u>	<u>39,573,338</u>	<u>18,210,434</u>	<u>15,980,977</u>
	<u>[14,237,496]</u>	<u>[4,092,545]</u>	<u>[1,505,089]</u>	<u>[4,385,243]</u>	<u>[22,033,932]</u>	<u>[433,461]</u>	<u>1,022,005</u>
	2,609,467	1,250,000	682,000	325,557	351,450	1,339,356	1,181,764
	[2,609,467]	[1,250,000]	[682,000]	[325,557]	[351,450]	[1,339,356]	[1,181,764]
	105,663	-	-	302,014	418,111	-	-
	-	-	-	-	-	-	-
	273,507	520,911	-	-	190,000	389,388	367,920
	10,145,000	4,925,000	4,360,000	9,670,000	13,830,000	-	-
	<u>10,524,170</u>	<u>5,445,911</u>	<u>4,360,000</u>	<u>9,972,014</u>	<u>14,438,111</u>	<u>389,388</u>	<u>367,920</u>
\$	<u>[3,713,326]</u>	<u>\$ 1,353,366</u>	<u>\$ 2,854,911</u>	<u>\$ 5,586,771</u>	<u>\$ [7,595,821]</u>	<u>\$ [44,073]</u>	<u>\$ 1,389,925</u>
	54.93%	26.49%	25.62%	26.84%	66.36%	31.86%	27.88%

TABLE 5  
(UNAUDITED)

CITY OF MISSION, KANSAS  
GENERAL GOVERNMENT TAX REVENUES BY SOURCE  
LAST TEN YEARS

<u>Fiscal Year</u> <u>December 31,</u>	<u>Property</u> <u>Tax</u>	<u>City Sales</u> <u>Tax</u>	<u>City Use</u> <u>Tax</u>	<u>County Sales</u> <u>Tax</u>	<u>County Use</u> <u>Tax</u>	<u>Transient</u> <u>Guest Tax</u>	<u>Development</u> <u>District</u> <u>Tax</u>	<u>Franchise</u> <u>Tax</u>	<u>Total</u>
2007	\$ 1,865,902	\$ 2,647,561	\$ 614,798	\$ 1,035,776	\$ 244,815	\$ -	\$ -	\$ 986,991	\$ 7,395,843
2008	1,961,713	2,625,275	461,553	1,097,660	139,494	27,869	-	1,022,445	7,336,009
2009	2,078,687	2,484,314	439,764	918,713	129,364	37,721	-	976,392	7,064,955
2010	1,923,216	2,475,013	471,969	897,296	129,150	19,500	-	1,011,213	6,927,357
2011	1,597,782	2,564,793	379,031	938,788	174,833	20,642	-	1,014,732	6,690,601
2012	1,550,697	2,482,815	372,011	1,002,287	174,692	11,498	-	977,139	6,571,139
2013	1,528,984	3,143,802	502,158	1,015,709	174,756	20,268	-	1,128,507	7,514,184
2014	1,524,678	3,700,732	1,003,224	876,568	163,707	23,893	-	1,036,905	8,329,707
2015	1,683,032	3,739,017	914,404	886,416	171,221	36,785	-	1,009,649	8,440,524
2016	2,833,757	3,731,155	821,687	982,627	199,878	43,835	134,993	1,024,850	9,772,782

Source: City of Mission, Kansas Basic Financial Statements.



TABLE 6  
(UNAUDITED)

CITY OF MISSION, KANSAS  
LOCAL SALES AND CONSUMPTION TAX COLLECTIONS  
LAST TEN YEARS (1)

Category	Local Sales Tax Collected							
	2009	2010	2011	2012	2013	2014	2015	2016
Auto sales, repairs and parts	\$ 264,802	\$ 297,058	\$ 336,701	\$ 232,132	\$ 213,482	\$ 228,554	\$ 300,907	\$ 156,058
Clothing, department and shoe stores	432,385	415,520	438,675	453,851	583,131	682,553	655,278	724,877
Building construction, repairs, and maint.	84,602	67,472	53,265	58,198	60,187	92,319	143,443	116,372
Grocery and drug stores	386,318	437,049	449,708	431,180	535,619	620,021	593,849	668,627
Medical	15,962	18,900	19,979	22,897	33,419	27,661	18,874	13,463
Hotels, restaurants and entertainment	424,966	389,738	431,435	412,674	469,695	648,415	638,244	778,202
Specialty	173,076	173,346	181,528	161,861	265,677	285,063	380,581	370,093
Utilities/communications	373,797	379,538	358,793	332,923	436,971	505,198	416,654	438,836
All other outlets	328,406	296,392	294,709	377,099	545,621	576,026	607,284	464,627
<b>Total</b>	<b>\$ 2,484,314</b>	<b>\$ 2,475,013</b>	<b>\$ 2,564,793</b>	<b>\$ 2,482,815</b>	<b>\$ 3,143,802</b>	<b>\$ 3,665,810</b>	<b>\$ 3,755,114</b>	<b>\$ 3,731,155</b>
<b>City Sales Tax Rates:</b>								
General Sales Tax	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Street Sales Tax (For 10 Years)	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Parks Sales Tax (For 10 Years)	0.00%	0.00%	0.00%	0.00%	0.38%	0.38%	0.38%	0.38%
	1.25%	1.25%	1.25%	1.25%	1.63%	1.63%	1.63%	1.63%

Note (1) - Data became available in 2009, therefore 10 years of data is unavailable.

Source: Kansas Department of Revenue.

This page intentionally left blank.

TABLE 7  
(UNAUDITED)

CITY OF MISSION  
ASSESSED AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY (1)  
LAST TEN YEARS

Assessment Year	Year Ended December 31, Budget Year	Real Property		Personal Property		Total Assessed Value	Estimated Actual Value	Ratio of Assessed Value to Estimated Actual Value	Total Direct Tax Rate
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2006	2007	\$ 128,267,489	\$ 923,590,639	\$ 9,862,567	\$ 32,875,223	\$ 138,130,056	\$ 956,465,862	0.14	13.176
2007	2008	130,722,893	936,033,240	6,713,836	22,379,453	137,436,729	958,412,693	0.14	13.198
2008	2009	124,812,666	900,169,960	3,389,601	11,298,670	128,202,267	911,468,630	0.14	13.215
2009	2010	117,416,873	858,323,410	3,104,763	10,349,210	120,521,636	868,672,620	0.14	13.217
2010	2011	115,357,123	862,419,740	2,594,652	8,648,840	117,951,775	871,068,580	0.14	11.213
2011	2012	112,043,638	854,717,930	2,107,544	7,025,147	114,151,182	861,743,077	0.13	11.371
2012	2013	112,122,375	848,855,960	1,725,925	5,753,083	113,848,300	854,609,043	0.13	11.410
2013	2014	115,710,355	879,419,020	1,490,100	4,967,000	117,200,455	884,386,020	0.13	11.413
2014	2015	120,318,510	910,954,710	1,270,673	4,235,577	121,589,183	915,190,287	0.13	11.354
2015	2016	130,726,507	966,136,620	1,250,762	4,169,207	131,977,269	970,305,827	0.14	18.225

(1) - Information provided by the Johnson County Office of the County Appraiser.

TABLE 8  
(UNAUDITED)

CITY OF MISSION, KANSAS  
PROPERTY TAX RATES PER \$1,000 OF ASSESSED VALUATION  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN YEARS

Year Ended December 31,	City				Johnson County	Shawnee Mission School District	Johnson County Community College
	General Fund	Storm Drain Fund	General Obligation Fund	Total Direct Rate			
2007	13.176	1.002	1.027	15.205	17.9490	51.9800	8.872
2008	13.198	1.004	1.029	15.231	17.9850	52.0080	8.749
2009	13.215	1.005	1.030	15.250	17.7670	52.0940	8.768
2010	11.182	1.005	1.030	13.217	17.7160	55.3180	8.784
2011	10.183	0.000	1.030	11.213	17.7480	57.1920	8.799
2012	10.326	0.000	1.045	11.371	17.7000	56.1350	8.776
2013	10.361	0.000	1.049	11.410	17.7000	56.1350	8.776
2014	10.363	0.000	1.050	11.413	17.7450	55.6110	9.551
2015	11.354	0.000	0.000	11.354	17.7640	55.9110	9.461
2016	18.225	0.000	0.000	18.225	19.5820	54.0590	9.469

Information provided by the Johnson County, Kansas County Clerk's Annual Abstract of Taxes.

TABLE 8  
(UNAUDITED)

Consolidated Fire District #2	Johnson County Library	Johnson County Parks and Recreation	Total
9.335	2.960	2.290	108.591
9.356	2.962	2.295	108.586
8.992	3.057	2.341	108.269
8.991	3.151	2.346	109.523
10.074	3.158	2.350	110.534
10.098	3.145	2.343	109.568
10.098	3.145	2.343	109.607
11.004	3.155	2.347	110.826
11.003	3.157	2.349	110.999
11.757	3.912	3.101	120.105

This page intentionally left blank.

TABLE 9  
(UNAUDITED)

CITY OF MISSION, KANSAS  
PRINCIPAL TAXPAYERS  
December 31, 2016 and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2016 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>	<u>2007 Assessed Valuation</u>	<u>Rank</u>	<u>% of Total Assessed Valuation</u>
Scriptpro	Medical equipment manufacturer	\$ 4,779,606	1	3.62%	\$ 4,832,392	1	3.50%
Target Corporation	Shopping center	4,203,706	2	3.19%	2,648,131	3	1.92%
MOHR Mission, L.L.C.	Real estate	2,658,924	3	2.01%	-	-	0.00%
CAPROCQ KC Mission, L.L.C.	Real estate	2,479,651	4	1.88%	-	-	0.00%
Tower Properties Company	Property developer	2,477,561	5	1.88%	1,875,168	8	1.36%
Silverwood Apartments, L.L.C.	Real estate	2,173,270	6	1.65%	1,987,718	7	1.44%
Bridges at Foxridge NF L.L.C.	Property developer	2,094,610	7	1.59%	2,267,019	5	1.64%
Mission Mart Shopping Center	Shopping center	2,080,577	8	1.58%	1,794,385	9	1.30%
Whispering Falls, L.L.C.	Real estate	2,013,305	9	1.53%	-	-	0.00%
Hy-Vee, Inc.	Grocer	1,867,250	10	1.41%	-	-	0.00%
SBC Internet Services, Inc.	Telecommunications provider	-	-	0.00%	3,797,432	2	2.75%
Broadmoor Place Associates	Office building development	-	-	0.00%	2,383,000	4	1.73%
Sixty Three West Investors	Property developer	-	-	0.00%	2,253,776	6	1.63%
Block Properties Company	Property developer	-	-	0.00%	1,766,076	-	1.28%
<b>Total</b>		<b>\$ 26,828,460</b>		<b>20.34%</b>	<b>\$ 25,605,097</b>		<b>18.55%</b>

Source: Johnson County Clerks Office.

TABLE 10  
(UNAUDITED)

CITY OF MISSION, KANSAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS

<u>Year Ended December 31,</u>	<u>Total Tax Levy</u>	<u>Current Taxes Collected</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Tax Levy</u>
2007	\$ 1,733,032	\$ 1,697,828	98.0%	\$ 30,411	\$ 1,728,239	99.7%
2008	1,821,495	1,685,188	92.5%	104,970	1,790,158	98.3%
2009	1,814,496	1,776,342	97.9%	36,912	1,813,254	99.9%
2010	1,694,787	1,657,376	97.8%	12,236	1,669,612	98.5%
2011	1,351,409	1,320,407	97.7%	29,563	1,349,970	99.9%
2012	1,341,230	1,321,097	98.5%	9,484	1,330,581	99.2%
2013	1,302,465	1,286,467	98.8%	13,977	1,300,444	99.8%
2014	1,299,351	1,279,755	98.5%	14,966	1,294,721	99.6%
2015	1,330,712	1,297,246	97.5%	3,139	1,300,385	97.7%
2016	2,215,969	2,160,946	97.5%	21,222	2,182,168	98.5%



TABLE 11  
(UNAUDITED)

CITY OF MISSION, KANSAS  
OUTSTANDING DEBT BY TYPE  
LAST TEN YEARS

Fiscal Year	General Obligation Bonds	Temporary Notes	Capital Improvement Bonds	Special Assessment Bonds	Loans Bonds	Capital Leases Payable	Total	City Population	Personal Income	Debt Per Capita	Debt As A Percentage of Personal Income
2007	\$ 9,050,680	\$ 19,771,525	\$ 700,000	\$ 60,000	\$ -	\$ 66,200	\$ 29,648,405	10,020	\$ 279,257,400	2,959	10.62%
2008	7,951,220	30,265,805	535,000	45,000	-	136,823	38,933,848	10,020	279,257,400	3,886	13.94%
2009	29,666,760	3,231,666	365,000	30,000	-	122,359	33,415,785	10,020	279,257,400	3,335	11.97%
2010	30,800,663	-	185,000	20,000	273,507	67,336	31,346,506	9,323	328,701,011	3,362	9.54%
2011	32,748,611	485,000	-	10,000	99,864	407,344	33,750,819	9,323	328,701,011	3,620	10.27%
2012	34,625,964	485,000	-	-	95,887	265,454	35,472,305	9,323	328,701,011	3,805	10.79%
2013	42,210,431	485,000	-	-	91,792	164,814	42,952,037	9,323	328,701,011	4,607	13.07%
2014	37,518,281	-	-	-	87,589	226,067	37,831,937	9,323	328,701,011	4,058	11.51%
2015	33,430,089	-	-	-	83,276	480,378	33,993,743	9,323	328,701,011	3,646	10.34%
2016	30,178,416	-	-	-	78,851	693,132	30,950,399	9,323	328,701,011	3,320	9.42%

Source: Johnson County Clerk and City of Mission Records.

TABLE 12  
(UNAUDITED)

CITY OF MISSION, KANSAS  
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED  
VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA  
LAST TEN YEARS

<u>Year Ended December 31,</u>	<u>Population(1)</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
2007	10,020	\$ 138,130,056	\$ 9,110,680	\$ 722,400	\$ 8,388,280	6.07%	\$ 837.15
2008	10,020	137,436,729	7,996,220	857,622	7,138,598	5.19%	712.43
2009	10,020	128,202,267	29,696,760	941,397	28,755,363	22.43%	2,869.80
2010	9,323	120,521,636	30,820,663	791,098	30,029,565	24.92%	3,221.02
2011	9,323	117,951,775	32,758,611	550,988	32,207,623	27.31%	3,454.64
2012	9,323	114,151,182	34,625,964	63,337	34,562,627	30.28%	3,707.24
2013	9,323	113,848,300	42,210,431	3,529,721	38,680,710	33.98%	4,148.96
2014	9,323	117,200,455	37,518,281	672,282	36,845,999	31.44%	3,952.16
2015	9,323	121,589,183	33,430,089	738,850	32,691,239	26.89%	3,506.51
2016	9,323	131,977,269	30,178,416	676,572	29,501,844	22.35%	3,164.42

(1) Information provided by the Johnson County Economic Research Institute.

CITY OF MISSION, KANSAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
December 31, 2016

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Mission</u>	<u>Amount Applicable to City of Mission</u>
Direct debt:			
City of Mission, Kansas	\$ 30,950,399	100.00%	\$ 30,950,399
Overlapping debt: (1)			
Johnson County	368,395,000	1.43%	5,268,049
Shawnee Mission School (U.S.D. 512)	252,590,000	3.86%	9,749,974
Fire District #2	365,000	15.82%	57,743
Johnson County Parks and Recreation	<u>1,595,000</u>	1.43%	<u>22,809</u>
Total overlapping debt	<u>622,945,000</u>		<u>15,098,575</u>
Total direct and overlapping debt	<u>\$ 653,895,399</u>		<u>\$ 46,048,974</u>

(1) Information provided by Johnson County Clerk's Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the overlapping debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also applied to the other debt of the overlapping governmental units.

TABLE 14  
(UNAUDITED)

CITY OF MISSION, KANSAS  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN YEARS

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total Assessed Valuation of Taxable Property	\$ 150,542,400	\$ 149,689,527	\$ 140,390,464	\$ 132,076,558
Debt Limit Percent of Assessed Value	30.00%	30.00%	30.00%	30.00%
Debt Limit	45,162,720	44,906,858	42,117,139	39,622,967
Total net debt applicable to limit	<u>9,110,680</u>	<u>7,996,220</u>	<u>2,915,000</u>	<u>2,740,000</u>
Legal Debt Margin	<u>\$ 36,052,040</u>	<u>\$ 36,910,638</u>	<u>\$ 39,202,139</u>	<u>\$ 36,882,967</u>
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	20.17%	17.81%	6.92%	6.92%

Note 1: Total Assessed Valuation of Taxable Property on This Table Includes Motor Vehicle Assessed Valuation.

Note 2: Under State finance law, the City's outstanding general obligation debt should not exceed 30 percent of the total assessed property value.

Source: Assessed valuation from Johnson County Clerk.

TABLE 14  
(UNAUDITED)

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 129,270,218	\$ 125,513,832	\$ 125,197,213	\$ 128,836,941	\$ 133,572,726	\$ 144,400,516
30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
38,781,065	37,654,150	37,559,164	38,651,082	40,071,818	43,320,155
<u>6,535,000</u>	<u>9,865,000</u>	<u>15,935,000</u>	<u>11,720,000</u>	<u>9,591,160</u>	<u>8,372,455</u>
<u>\$ 32,246,065</u>	<u>\$ 27,789,150</u>	<u>\$ 21,624,164</u>	<u>\$ 26,931,082</u>	<u>\$ 30,480,658</u>	<u>\$ 34,947,700</u>
16.85%	26.20%	42.43%	30.32%	23.93%	19.33%

TABLE 15  
(UNAUDITED)

CITY OF MISSION, KANSAS  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
December 31, 2016

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income</u>
2007	10,020	3.9%	\$ 27,870	\$ 279,257,400
2008	10,020	4.4%	27,870	279,257,400
2009	10,020	6.3%	27,870	279,257,400
2010	9,323	6.8%	35,257	328,701,011
2011	9,323	6.0%	35,257	328,701,011
2012	9,323	5.4%	35,257	328,701,011
2013	9,323	3.8%	35,257	328,701,011
2014	9,323	3.3%	35,257	328,701,011
2015	9,323	3.3%	35,257	328,701,011
2016	9,323	2.9%	35,257	328,701,011

(1) Obtained from Johnson County Economic Research Institute and Bureau of Census.  
Unemployment rates are for Johnson County.

(2) Information compiled every ten years.

TABLE 16  
(UNAUDITED)

CITY OF MISSION, KANSAS  
PRINCIPAL EMPLOYERS  
December 31, 2016 and Nine Years Ago

<u>Employer</u>	<u>December 31, 2016</u>			<u>December 31, 2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
AT&T Telecommunications	950	1	10.19%	400	2	3.99%
ScriptPro	700	2	7.51%	500	1	4.99%
VinSolutions	500	3	5.36%			0.00%
Entercom	477	4	5.12%	200	6	2.00%
HyVee Food Stores	360	5	3.86%	250	5	2.50%
Packaging Products Corp	250	6	2.68%	Not Available		0.00%
Skillpath, Inc.	160	7	1.72%	250	3	2.50%
U.S. Post Office	128	8	1.37%	250	4	2.50%
Fred Pryor Seminars	100	9	1.07%	Not Available		0.00%
Legacy Technologies	100	10	1.07%	Not Available		0.00%
CGI CommuniGroup	-		0.00%	100	7	1.00%
cGMP Validation, LLC	-		0.00%	100	8	1.00%
Medical Staffing Network	-		0.00%	100	9	1.00%
Susquehanna, Inc.	-		0.00%	100	10	1.00%
<b>Total</b>	<b><u>3,725</u></b>		<b><u>39.95%</u></b>	<b><u>2,250</u></b>		<b><u>22.48%</u></b>

Source: Northeast Johnson County Economic Development Council.

TABLE 17  
(UNAUDITED)

CITY OF MISSION, KANSAS  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS  
December 31, 2016

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Public Safety/Municipal Justice</b>										
911 Calls Received	10,756	9,128	8,432	10,583	9,150	10,004	9,640	9,619	10,295	9,492
DUI Arrests	363	335	441	317	328	254	252	241	222	188
Traffic/Parking Complaints	17,964	17,350	20,745	16,947	14,471	15,360	10,724	10,185	9,569	9,995
Accidents	351	287	252	234	294	272	257	254	267	353
Investigations Cases	744	702	668	732	543	450	474	368	458	407
Total Court Cases Processed	19,027	17,574	18,849	17,158	14,760	16,624	10,808	10,237	9,537	8,356
<b>Public Works</b>										
Curb Miles Swept (lane miles)	222	797	1,263	925	1,416	880	1,327	1,490	890	785
Streets Milled and Overlaid (Linear Feet)	2,850	9,386	2,540	4,953	13,330	8,417	6,682	4,329	1,386	3,544
Sidewalk Replaced (Square Yards)	550	1,330	341	1,619	6,015	455	5,134	6,776	2,265	138
Curb and Gutter Replaced (Linear Feet)	6,499	4,920	222	3,642	11,266	4,965	8,027	11,631	1,712	2,363
Acres of Lawn Mowed	1,056	1,056	1,240	1,240	1,240	1,240	1,461	1,575	1,599	1,599
<b>Urban Management and Planning</b>										
Building Permits Processed	60	130	161	251	281	409	331	357	442	468
Plan Reviews Performed	18	20	20	26	17	14	10	14	26	20
<b>Leisure and Recreation</b>										
Annual Memberships Sold	2,294	2,314	2,520	2,871	2,115	2,031	2,413	2,835	2,140	1,969
Annual Membership Revenue	1,028,942	1,022,691	952,658	941,704	932,068	872,878	854,846	834,076	825,630	802,554
Facility Reservations Processed	1,111	735	1,012	846	906	1,027	817	1,560	1,374	1,723
Facility Reservation Revenue	172,469	189,378	247,984	214,995	209,024	221,259	187,577	194,746	222,183	280,731
Pool Memberships Sold	230	232	315	349	323	262	349	998	291	345
Pool Revenue	54,425	57,265	63,998	67,880	55,932	57,339	50,684	104,750	104,544	123,679

Source: City of Mission, Kansas.



TABLE 18  
(UNAUDITED)

CITY OF MISSION, KANSAS  
FULL TIME CITY EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN YEARS

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government										
Administration/Finance	7.0	7.0	6.0	5.0	5.0	5.0	7.0	7.0	7.0	6.0
Community Development	4.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0	3.0	2.0
Municipal Court	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0
Public Works	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	12.0	14.0
Police	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	30.0	30.0
Parks & Recreation	<u>12.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>12.0</u>	<u>12.0</u>	<u>12.0</u>	<u>13.0</u>	<u>13.0</u>	<u>14.0</u>
Total	68.0	70.0	69.0	69.0	68.0	68.0	68.0	69.0	69.0	69.0

Source: City of Mission, Kansas.

TABLE 19  
(UNAUDITED)

CITY OF MISSION, KANSAS  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN YEARS

<u>Function/Program</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Police										
Stations	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works										
Miles of streets	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7
Streetlights	845.0	845.0	845.0	805.0	805.0	805.0	850.0	850.0	850.0	850.0
Parks & Recreation										
Parks	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Park acreage	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Pools	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Tennis Courts	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Community Center	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

Source: City of Mission, Kansas.

<b>City of Mission</b>	Item Number:	6b.
<b>ACTION ITEM SUMMARY</b>	Date:	April 28, 2017
<b>Public Works</b>	From:	John Belger

Action items require a vote to recommend the item to full City Council for further action.

**RE:** Contract Award for Foxridge Drive Phase I

**RECOMMENDATION:** Approve the contract with Kansas Heavy Construction LLC for the improvements to Foxridge Drive (56th Street to 51st Street) in an amount not to exceed \$1,088,152.99 with a contingency/force account of \$108,815 for a total authorized project construction budget of \$1,196,967.99.

**DETAILS:** Foxridge Drive between 56th Street and 51st Street is a 32 foot wide minor collector serving multi-family residential, commercial, and industrial traffic. The existing pavement, curb, and stormwater infrastructure is in poor condition. Sidewalks are in fair condition but lack connectivity and are not compliant with ADA standards.

At the November 16th, 2016 meeting, the City Council adopted Resolution 972 which established the design concept for this project. Proposed improvements call for a 2" mill and overlay treatment, new curb, and replacement of stormwater infrastructure. Drive lanes will be reduced to 12 feet. The space gained will be used to construct sidewalks and accommodate upgraded street light infrastructure.

On April 28th, six (6) contractors submitted bids with Kansas Heavy Construction LLC being the lowest and most responsive bidder. Below is a table summarizing the bids received.

Kansas Heavy Construction LLC	\$1,088,152.99
Phoenix Concrete	\$1,090,351.20
Freeman	\$1,091,513.60
Amino Brothers	\$1,140,869.26
JM Fahey	\$1,281,435.30
Gunter	\$1,295,920.00

The contractor will have 90 working days to complete the project once the notice to proceed has been issued. Construction is anticipated to begin in June.

The project was identified in the City's Capital Improvement Program for construction in 2017,

Related Statute/City Ordinance:	N/A
Line Item Code/Description:	Street Sales Tax/Capital Improvement Fund
Available Budget:	\$725,000

<b>City of Mission</b>	Item Number:	6b.
<b>ACTION ITEM SUMMARY</b>	Date:	April 28, 2017
<b>Public Works</b>	From:	John Belger

Action items require a vote to recommend the item to full City Council for further action.

and will receive funding from the Johnson County CARS Program. A comparison of budget estimates and current budgets for design, construction and construction inspection associated with the project is provided below:

	Estimates	Current Budget
Design/Utility Relocation	\$ 134,113.00	\$ 69,464.00
Construction	\$ 1,390,566.90	\$ 1,088,152.99
Contingency/Force Account	\$ included above	\$ 108,815.00
Construction Inspection	\$ <u>63,095.74</u>	\$ <u>111,112.50</u>
 Total Project Costs	 \$ 1,587,775.64	 \$ 1,377,544.49
	CARS Eligible	\$ 1,308,080.49
	Est CARS Reim	\$ 654,040.25
	<b>Mission Share</b>	<b>\$ 723,504.24</b>
	<b>Total Costs</b>	

**CFAA CONSIDERATIONS/IMPACTS:** This project provides sidewalk connectivity, ADA improvements, and upgraded street lighting.

Related Statute/City Ordinance:	N/A
Line Item Code/Description:	Street Sales Tax/Capital Improvement Fund
Available Budget:	\$725,000

# CITY OF MISSION

---

KANSAS

**Invitation to Bid / Request for Proposals / Project Manual**

for

**FOXRIDGE DRIVE  
(56<sup>th</sup> St. to 51<sup>st</sup> ST.)**

**CARS PROJECT NO. 320001151**

Published: April 6, 2017

Proposals Due: April 28, 2017 - 2:00 PM



**002**

[www.drexeltech.com](http://www.drexeltech.com)

CITY OF MISSION  
SPECIFICATIONS  
CONTRACT DOCUMENTS

FOXRIDGE DRIVE (56th St. to 51st St.)

TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE TO PAGE (INCLUSIVE)</u>
Notice to Bidders	N-1 to N-2
Instructions to Bidders	I-1 to I-9
Bid	B-1 to B-4
Agreement	A-1 to A-3
Performance Bond	P-1 to P-2
Maintenance Bond	M-1 to M-2
Statutory Bond	SB-1 to SB-2
Labor and Material Payment Bond	L-1 to L-2
General Conditions – Table of Contents	G-i to G-ii
General Conditions	G-1 to G-36
Project Special Conditions – Table of Contents	PSC-1
Project Special Conditions	PSC-2 to PSC-10
Construction Plans and Documents	70 Sheets

CITY OF MISSION, KANSAS

NOTICE TO BIDDERS

Sealed bids for **FOXRIDGE DRIVE (56th St. to 51st St.)** will be received by the City of Mission, Kansas, at the office of the City Clerk, City Hall, 6090 Woodson Street, Mission, Kansas 66202 until 2:00 p.m. local time on **Friday April 28, 2017**. At that time all sealed bids will be transferred to the **City Council Chamber**, City Hall, where they will be publicly opened and read aloud. Any bid received after the designated closing time will be returned unopened.

All bids shall be submitted in sealed envelopes addressed to the City Clerk of Mission, Kansas, and marked "**FOXRIDGE DRIVE (56th St. to 51st St.)**".

**Copies of plans and specifications can be seen or purchased for a Non-Refundable fee on-line at [www.drexeltech.com](http://www.drexeltech.com) in their eDistribution plan room, additional assistance is available at [distribution@drexeltech.com](mailto:distribution@drexeltech.com). Information regarding this project can be found in the "Public Jobs" link on the website. Contractors desiring the Contract Documents for use in preparing bids may also obtain a set of such documents from Drexel Technologies; 10840 West 86<sup>th</sup> Street, Lenexa, KS 66214, telephone number is 913-371-4430. Bidding documents will be shipped only if the requesting party assumes responsibility for all related charges. Corporate, certified, or cashier's checks shall be made payable to Drexel Technologies, Inc.**

Proposers should specifically note the City of Mission prefers questions be submitted by email.

Neither the City nor consultant shall be responsible for the accuracy, completeness, or sufficiency of any bid documents obtained from any source other than the source indicated above. Obtaining copies of plans, specifications, bid documents and other contract documents from any other source(s) may result in obtaining incomplete and inaccurate information. Obtaining these documents from any source other than directly from the source listed herein may also result in failure to receive any addenda, corrections, or other revisions to these documents that may be issued.

Contractors should read and be fully familiar with all contract documents before submitting a bid. In submitting a bid, the bidder warrants that it has read the contract documents and is fully familiar therewith and that it has visited the site of the work to fully inform itself as to all existing conditions and limitations and shall include in its bid a sum to cover the cost of all items of the work.

Should a bidder find "defects" as defined in paragraph GC-3 of the General Conditions, it shall follow the procedures outlined in paragraph GC-3 to bring same to the attention of City. Changes necessitated thereby shall be in the form of addenda issued by the consultant.

All bidders shall verify that they have considered all written addenda. Neither the City nor the consultant shall be responsible for oral instructions.

Any written addenda issued during the time of bidding shall be covered and included in the bid. There will be no clarifications or exceptions allowed on the bid. Bids are for a total bid package, total contract price.

Bids shall be made upon the form provided in ink or typewritten. Numbers shall be stated both in writing and in figures; the signature shall be long hand; and the complete form shall be without alteration or erasure. On alternate items for which a bid is not submitted, a written indication of "no bid" on the bid form is required.

No oral, telegraphic, facsimile or telephonic bids or alterations will be considered.

The following items must be included in the sealed envelope with the bid:

- a. Bid
- b. 5% Bid Security--Bid Bond, Cashier's Check or Certified Check (See below.)

Each bidder shall file with its bid a bid bond, a cashier's check or a certified check drawn on any acceptable bank, made payable to the City of Mission, Kansas, in an amount of not less than five percent (5%) of the total bid, which shall be retained by the City of Mission until a contract for the project has been executed. Bid bonds will be returned to the unsuccessful bidders, with the exception of the second qualifying bidder, at such time as their bids are rejected. The bid deposit of the successful bidder and the second qualifying bidder will be returned when satisfactory bonds in an amount equal to 100% of the contract amount, required insurance certificates and other required documents shall have been furnished and the contract documents have been executed.

In the event the successful bidder is unable to execute the contract, for whatever reason, City may exercise its legal prerogatives, including, but not limited to, enforcement of its rights as to the bid security.

The City reserves the right to accept or reject any and all bids and to waive any technicalities or irregularities therein. Bids may be modified or withdrawn by written request of the bidder received in the office of the City Clerk, prior to the time and date for bid opening; provided, however, that no bidder may withdraw its bid for a period of thirty (30) days from the date set for the opening thereof. ALL BIDDERS AGREE THAT REJECTION SHALL CREATE NO LIABILITY ON THE PART OF THE CITY BECAUSE OF SUCH REJECTION. IT IS UNDERSTOOD BY ALL BIDDERS THAT AN UNSUCCESSFUL BIDDER HAS NO CAUSE OF ACTION AGAINST THE CITY FOR BID PREPARATION COSTS. THE FILING OF ANY BID IN RESPONSE TO THIS INVITATION SHALL CONSTITUTE AN AGREEMENT OF THE BIDDER TO THESE CONDITIONS.

A Pre-Bid Conference will be held at: Mission City Hall

Date & Time: Wednesday April 19, 2017 @ 2:00 P.M.



## INSTRUCTIONS TO BIDDERS

- IB-1. **BIDS:** All bids shall be made on the forms provided in this bound volume of contract documents and shall be in compliance with the Notice to Bidders. All appropriate blanks shall be filled in and shall be signed by the appropriate individual on behalf of him/herself or the entity submitting the bid. Each bid must be enclosed in a sealed envelope plainly marked "**BID FOR FOXRIDGE DRIVE (56th St. to 51st St.)**". As per the Notice to Bidders, bid shall be addressed to:

CITY OF MISSION, KANSAS  
Attention: City Clerk  
6090 Woodson Street,  
Mission, KS 66202

IB-2. **DEFINITIONS:**

- a. All definitions set forth in the General Conditions or in other contract documents are applicable to the Bidding Documents.
- b. "Alternative Bid" (or "Alternate") means an amount stated in the Bid to be added to or deducted from the amount of the Base Bid if the corresponding change in the work, as described in the Bidding Documents, is accepted.
- c. "Base Bid" means the sum stated in the Bid for which the Bidder offers to perform the work described in the Bidding Documents as the base, to which work may be added or from which work may be deleted for sums stated in Alternate Bids.
- d. "Bid" shall mean the offer or proposal of the Bidder submitted on the prescribed form setting forth the prices for the work to be performed (and the City reserves the right to reject any and all bids).
- e. "Bidder" shall mean any individual, partnership, corporation, association or other entity submitting a Bid for the work.
- f. "Bidding Documents" shall mean all documents related to a Bidder's submitting a Bid, including, but not limited to, the advertisement for Bids, if applicable, Instructions to Bidders, the Bid form, other sample bidding and contract forms and the proposed contract documents, including any addenda issued prior to receipt of Bids. At the City's option, Bidders may be required to complete and submit a prequalification statement.
- g. "City" means the City of Mission, Kansas.
- h. "Contractor" shall mean the entity entering into the contract for the performance of the work covered by the contract, together with its duly authorized agents or legal representatives.
- i. "Successful Bidder" means the person or entity who is determined and declared by the City to have submitted the lowest and best responsible Bid in conformity with the terms of the Bidding Documents.

- j. "Unit Price" means an amount stated in the Bid as a price per unit of measurement for materials or services as described in the Bidding Documents or in the proposed contract documents.

**IB-3. BIDDER'S REPRESENTATIONS: Each Bidder by making its Bid represents that:**

- a. It has read and understands the Bidding Documents, and its Bid is made in accordance therewith.
- b. It has visited the site, has familiarized itself with the local conditions under which the work is to be performed, has reviewed all published reports, inspections and other documents relating to the project and has correlated its observations with the requirements of the proposed contract documents.
- c. Its Bid is based upon the materials, systems and equipment required by the Bidding Documents without exception.
- d. It has familiarized itself with state, federal law and local ordinances, regulations, and permitting requirements which may affect cost and/or progress or performance of the work.

**IB-4. BIDDING DOCUMENTS: Copies of plans and specifications can be seen or purchased for a Non-Refundable fee on-line at [www.drexeltech.com](http://www.drexeltech.com) in their eDistribution plan room, additional assistance is available at [distribution@drexeltech.com](mailto:distribution@drexeltech.com). Information regarding this project can be found in the "Public Jobs" link on the website. Contractors desiring the Contract Documents for use in preparing bids may also obtain a set of such documents from Drexel Technologies; 10840 West 86<sup>th</sup> Street, Lenexa, KS 66214, telephone number is 913-371-4430. Bidding documents will be shipped only if the requesting party assumes responsibility for all related charges. Corporate, certified, or cashier's checks shall be made payable to Drexel Technologies, Inc**

Neither the City nor the consultant shall be responsible for the accuracy, completeness, or sufficiency of any Bidding Documents obtained from any source other than the source indicated in the Notice to Bidders. Obtaining copies of Bidding Documents from any other source(s) may result in obtaining incomplete and inaccurate information or result in failure to receive any addenda, corrections, or other revisions to these documents that may be issued.

Bidders shall use complete sets of Bidding Documents in preparing Bids; neither the City nor the consultant assumes any responsibility for errors or misinterpretations resulting from the use of incomplete sets of Bidding Documents.

The City in making copies of the Bidding Documents available on the above terms does so only for the purpose of obtaining Bids on the work and does not confer a license or grant for any other use.

**IB-5. DEFECTS IN BIDDING DOCUMENTS: Bidders shall promptly notify the City of any errors, omissions, discrepancies or inconsistencies (hereinafter "defects") which they may discover upon examination of the Bidding Documents or of the site and local conditions. Bidders will not be permitted to take advantage of any such defect.**

Bidders requiring clarification or interpretation of the Bidding Documents shall make a written request which shall reach the consultant at least seven days prior to the date for receipt of Bids.

Any interpretation, correction or change of the Bidding Documents will be made by Addendum. Interpretations, corrections or changes of the Bidding Documents made in any other manner will not be binding, and Bidders shall not rely upon such interpretations, corrections and changes.

- IB-6. SUBSTITUTIONS: The materials, products and equipment described in the Bidding Documents establish a standard of required function, dimension, appearance and quality to be met by any proposed substitution.

No substitution will be considered prior to receipt of Bids unless written request for approval has been received by the consultant at least seven (7) days prior to the date for receipt of Bids. Each such request shall include the name of the material or equipment for which it is to be substituted and a complete description of the proposed substitute including drawings, cuts, performance and test data and any other information necessary for an evaluation. A statement setting forth any changes in other materials, equipment or other work that incorporation of the substitute would require shall be included. The burden of proof of the merit of the proposed substitute is upon the Bidder. The consultant's decision of approval or disapproval of a proposed substitution shall be final.

If the consultant approves any proposed substitution prior to receipt of Bids, such approval will be set forth in a written addendum. Bidders shall not rely upon approvals made in any other manner.

No substitutions will be considered after the contract award unless specifically provided in the contract documents (see GC-61).

- IB-7. ADDENDA: Written addenda will be mailed or delivered to all who are known by the consultant to have received a complete set of Bidding Documents.

Copies of written addenda will be made available for inspection wherever Bidding Documents are on file for that purpose.

No written addenda will be issued later than four (4) days prior to the date for receipt of Bids except an addendum withdrawing the request for Bids or one which includes postponement of the date for receipt of Bids.

Each Bidder shall ascertain prior to submitting its Bid that it has received all written addenda issued, and it shall acknowledge its receipt in its Bid.

- IB-8. INSURANCE:

- a. General: The Contractor shall secure and maintain, throughout the duration of the agreement, insurance (on an occurrence basis unless otherwise agreed to) of such types and in at least such amounts as required herein. Contractor shall provide certificates of insurance and renewals thereof on forms provided by the City or on forms acceptable to the City. The City shall be notified by receipt of

written notice from the insurer or the Contractor at least thirty (30) days prior to material modification or cancellation of any policy listed on the Certificate.

Bidders are referred to Article GC-38 of the General Conditions for additional insurance information.

- b. Notice of Claim Reduction of Policy Limits: The Contractor, upon receipt of notice of any claim in connection with the agreement, shall promptly notify the City, providing full details thereof, including an estimate of the amount of loss or liability.

The Contractor shall monitor and promptly notify the City of any reduction in limits of protection afforded under any policy listed in the Certificate (or otherwise required by the contract documents) if the Contractor's limits of protection shall have been impaired or reduced to such extent that the limits fall below the minimum amounts required herein. The Contractor shall promptly reinstate the original limits of liability required hereunder and shall furnish evidence thereof to the City.

- c. Commercial General Liability:

Limits –

General Aggregate:	\$2,000,000
Products / Completed Operations Aggregate:	\$2,000,000
Personal & Advertising Injury:	\$1,000,000
Each Occurrence:	\$1,000,000

Policy MUST include the following conditions:

1. Pollution Liability (Applicable only to contracts involving pollutants such as asbestos & lead abatement, sludge or other waste abatement, etc.)
2. **NAME CITY OF MISSION AS "ADDITIONAL INSURED"**

- d. Automobile Liability: Policy shall protect the Contractor against claims for bodily injury and/or property damage arising from the ownership or use of any owned, hired and/or non-owned vehicle.

Limits (Same as Commercial General Liability) -

Combined Single Limits, Bodily Injury and Property Damage - Each Accident:

Policy MUST include the following condition:

**NAME CITY OF MISSION AS "ADDITIONAL INSURED"**

- e. Umbrella Liability: The Umbrella / Excess Liability must be at least as broad as the underlying general liability and automobile liability policies.

Limits –

Each Occurrence	\$1,000,000
General Aggregate	\$1,000,000

- f. Workers' Compensation: This insurance shall protect the Contractor against all claims under applicable state workers' compensation laws. The Contractor shall also be protected against claims for injury, disease or death of employees which, for any reason, may not fall within the provisions of workers' compensation law. The policy limits shall not be less than the following:

Workers' Compensation:	Statutory
Employer's Liability:	
Bodily Injury by Accident	\$100,000 each accident
Bodily Injury by Disease	\$500,000 policy limit
Bodily Injury by Disease	\$100,000 each employee

- g. Owner's Protective Liability: The Contractor shall take out, pay for and deliver to the City, an Owner's Protective Liability insurance policy written on an occurrence basis and naming the City as named insured. The policy shall be maintained during the life of the agreement. Limits of protection shall be at least **\$1,000,000** Combined Single Limits, Bodily Injury and Property Damage, and shall contain no exclusion relative to any function performed by the City or its employees and agents in connection with the project.

- h. Industry Ratings: The City will only accept coverage from an insurance carrier who offers proof that it:

1. Is authorized to do business in the State of Kansas;
2. Carries a Best's policy holder rating of A- or better; and
3. Carries at least a Class VIII financial rating, or
4. Is a company mutually agreed upon by the City and Contractor.

- i. Subcontractors' Insurance: If a part of the Contract is to be sublet, the Contractor shall either:

1. Cover all subcontractors in its insurance policies, or
2. Require each subcontractor not so covered to secure insurance which will protect subcontractor against all applicable hazards or risks of loss as and in the minimum amounts designated.

Whichever option is chosen, contractor shall indemnify and hold harmless the City as to any and all damages, claims or losses, including attorney's fees, arising out of the acts or omissions of its subcontractors.

- j. Railroad Protective Liability: Additional requirement applicable when working on railroad property.

Named Insured:	Applicable Railroad
Limits – Bodily Injury & Property Damage:	Per Railroad Requirements

- k. Aircraft Liability: Additional requirement applicable for aerial photograph or contract involving any use of aircraft.

Limits- Damage:	Single Limit Bodily Injury; Including Passengers; and Property Damage:
	\$1,000,000 Each Occurrence

Coverage must include all Owned, Hired and Non-Owned Aircraft.

Policy MUST include the following condition:

**NAME CITY OF MISSION AS "ADDITIONAL INSURED" ON THE HIRED AND NON-OWNED AIRCRAFT LIABILITY.**

- I. Contractor Property Insurance ("Builder's Risk"): [Additional requirement when constructing a building.] Unless otherwise provided in the contract documents, Contractor shall procure and maintain property insurance from insurance companies authorized to do business in the State of Kansas upon the entire project to the full insurable value of the project, including professional fees, overtime premiums and all other expenses incurred to replace or repair the insured property. The property insurance obtained by Contractor shall include as additional insured's the interests of City, Contractor, design consultants, subcontractor and sub-subcontractors, and shall insure against the risk of direct physical loss including but not limited to fire and extended coverage, theft, vandalism, malicious mischief, collapse, flood, earthquake, debris removal and other perils or causes of loss as called for in the contract documents. The property insurance shall include physical loss or damage to the work, including materials and equipment in transit, at the site or at another location as may be indicated in Contractor's application for payment and approved by City. All deductibles are the responsibility of the Contractor.
  1. Unless the contract documents provide otherwise, Contractor shall procure and maintain boiler and machinery insurance that will include the interests of City, Contractor, design consultants, subcontractors and sub-subcontractors.
  2. Prior to commencing any work, Contractor shall provide City with certificates evidencing that (1) all Contractor's insurance obligations required by the contract documents are in full force and in effect and will remain in effect until Contractor has completed all of the work and has received final payment from City and (2) no insurance coverage will be canceled, renewal refused, or materially changed unless at least thirty (30) days prior written notice is given to City. Contractor's property insurance shall not lapse or be canceled if City occupies a portion of the work. Contractor shall provide City with the necessary endorsements from the insurance company prior to occupying a portion of the work.
  3. Any loss covered under Contractor's property insurance shall be adjusted with City and Contractor and made payable to both of them as trustees for the insured's as their interests may appear, subject to any applicable mortgage clause. All insurance proceeds received as a result of any loss will be placed in a separate account and distributed in accordance with such agreement as the interested parties may reach. Any disagreement concerning the distribution of any proceeds will be resolved in accordance with Article II of the Agreement.
  4. City and Contractor waive against each other and City's separate contractors, design consultants, subcontractors, agents and employees of each and all of them, all damages covered by property insurance provided herein, except such rights as they may have to the proceeds of such insurance. Contractor and City shall, where appropriate, require

similar waivers of subrogation from City's separate contractors, design consultants and subcontractors and shall require each of them to include similar waivers in their contracts.

IB-9. BID SECURITY: Each Bid shall be accompanied by a bid bond or a certified cashier's check on an acceptable bank, made payable, without condition, to the City of Mission, Kansas, (hereinafter "City") in an amount of not less than five percent (5%) of the total Bid. In addition to other legal remedies, the amount of said bid security may be retained by and forfeited to the City as liquidated damages if such Bid is accepted and the Successful Bidder fails to enter into an agreement in the form prescribed, within the time specified in the notice of award by the City; provided, however, that the City shall not necessarily be limited in protecting its legal rights to enforcement of its rights under the bid security. Deposits will be returned to unsuccessful Bidders, with the exception of the second qualifying Bidder, at such time as their Bids are rejected. The Bid deposit of the Successful Bidder and the second qualifying Bidder will be returned when satisfactory insurance certificates, performance bond and statutory or labor and material payment bond in an amount equal to 100% of the agreement and other documents required by the General Conditions have been furnished and the contract documents have been executed.

IB-10. TAXES: It is the intent of the City to supply the Contractor with a Project Exemption Certificate for use in purchasing materials and supplies used on the project. The Contractor shall, in preparing its Bid, omit from its computed costs all sales and compensation taxes. Upon issuance of a Kansas tax exemption number, two (2) copies of the Project Exemption Certificate (Form PR-74a) will be forwarded to the Contractor. Upon completion of the project, the City will provide the State of Kansas with the project completion date and the State will issue a Project Completion Certification. This will be forwarded to the Contractor who must sign and return it to the City. All invoices must be retained by the Contractor for a period of five (5) years and are subject to audit by the Kansas Department of Revenue. Final payment will not be made to the Contractor until the City has received the Project Completion Certification from the Contractor along with a Consent of Surety Company to Final Payment.

IB-11. LIQUIDATED DAMAGES: In case of failure on the part of the Contractor to effect completion within the time specified, the City shall have the right to deduct from the total compensation otherwise due the Contractor as liquidated damages based on the full Bid price of the agreement, fixed and agreed to in advance, according to the following schedule:

<u>Contract Amount</u>		<u>Liquidated Damages</u>
\$0	to \$50,000	\$250.00
\$50,000	to \$100,000	\$400.00
\$100,000	to \$500,000	\$800.00
\$500,000	to \$1,000,000	\$1,000.00
\$1,000,000	to \$2,000,000	\$1,750.00
\$2,000,000	to \$5,000,000	\$2,500.00
\$5,000,000	to \$10,000,000	\$3,500.00
\$10,000,000	to \$20,000,000	\$5,500.00
\$20,000,000	and up	\$6,000.00

for each twenty-four (24) hour calendar day, including Sundays and holidays, the work remains incomplete over the specified completion time. **(THE CITY RESERVES THE**

**RIGHT TO ADJUST THE SCHEDULE OF LIQUIDATED DAMAGES, PRIOR TO ADVERTISING FOR BIDS, BASED ON THE SCOPE AND URGENCY OF THE PROJECT.)**

In the event moneys being retained by the City shall not be sufficient to cover the amount of any liquidated damages, City may sue for and recover compensation for damages for nonperformance of the contract at the time stipulated herein and provided for.

IB-12. MODIFICATION OR WITHDRAWAL OF BIDS: Bids may be modified or withdrawn by written request of the Bidder received in the office of the City Clerk, prior to the time and date for Bid opening. No Bidder may withdraw its Bid for a period of thirty (30) days from the date set for the opening thereof.

IB-13. ACCEPTANCE AND REJECTION OF BIDS AND AWARD OF CONTRACT: The contract will be awarded to the lowest and best, responsible Bidder as determined by the City.

The City reserves the right to reject any and all Bids; to waive any and all irregularities and informalities; to negotiate contract terms with the Successful Bidder; and the right to disregard all nonconforming, non-responsive or conditional Bids.

In evaluating Bids, the City may consider the qualification of Bidders, whether or not the Bids comply with the prescribed requirements, and alternates and Unit Prices if requested in the Bid forms. The City reserves the right to reject the Bid of any Bidder who does not pass the evaluation to the City's satisfaction.

IB-14. BONDS: The Contractor to whom the work is awarded will be required to furnish a Performance Bond, Maintenance Bond, and a Statutory or Labor and Material Payment Bond in the forms hereinafter provided in an amount equal to 100 percent (100%) of the amount of the contract to be awarded in each case in addition to any other bonds as may be required by the contract documents. With each bond there shall be filed with the City one copy of "Power of Attorney" certified to include the date of the bonds.

IB-15. INDEMNIFICATION: The Contractor shall be required to indemnify and hold the City harmless as set forth in Article GC-33 of the General Conditions.

IB-16. BID PREFERENCE: Existing State law (K.S.A. 75-3740a) requires that, to the extent permitted by federal law and regulations, the City, when letting contracts for bids, must require any Successful Bidder-Contractor domiciled outside the state of Kansas to submit a Bid the same percent less than the lowest bid submitted by a responsible Kansas contractor as would be required of such Kansas domiciled contractor to succeed over the bidding Contractor domiciled outside Kansas on a like contract let in the foreign Bidder's domiciliary state. All Bids are received on this condition, and if it is determined by the City that the apparent lowest and best Bidder is a foreign domiciled contractor, such contractor shall be awarded the Contract only if such Contractor's Bid complies with this state law requirement.

All Bidders domiciled outside of the State of Kansas may be requested to furnish the City with a copy of their state's preferential bidding statutes, if any.



- IB-17. NON-DISCRIMINATION, AFFIRMATIVE ACTION AND SEXUAL HARASSMENT: The Contractor shall comply with Article GC-68 of the General Conditions.
- IB-18. APPOINTMENT OF SERVICE AGENT: Kansas Statutes Annotated 16-113 requires that non-resident Contractors appoint an agent for the service of process in Kansas. The executed appointment must then be filed with the Secretary of State, Topeka, Kansas. Any Successful Bidder-Contractor domiciled outside the State of Kansas must comply with these statutory requirements.
- IB-19. SUBCONTRACTING: As provided in Article GC-36, the Contractor may utilize the services of subcontractors on those parts of the work which, under normal contracting practices, are performed by subcontractors.
- IB-20. CONFLICT OF INTEREST: 31 USCS Section 1352 requires all subgrantees, Contractors, subcontractors and consultants who receive federal funds via the City to certify that they will not use federal funds to pay any person for influencing or attempting to influence a federal agency or Congress in connection with the award of any federal contract, grant, loan or cooperative agreements.

In addition, contract applicants, recipients and subrecipients must file a form disclosing any expenditures they make for lobbying out of non-federal funds during the agreement period. Necessary forms are available from the City Engineer and should be returned to the City with other contract documents. It is the responsibility of the general Contractor to obtain executed forms from any subcontractors who fall within the provisions of the Code and to provide the City with the same.

BID

**FOXRIDGE DRIVE (56th St. to 51st St.)**

TO: CITY OF MISSION,  
JOHNSON COUNTY, KANSAS

Neither the City nor Consultant shall be responsible for the accuracy, completeness, or sufficiency of any bid documents obtained from any source other than the source indicated in the Notice to Bidders. Obtaining copies of plans, specifications, bid documents and other contract documents from any other source(s) may result in obtaining incomplete and inaccurate information. Obtaining these documents from any source other than directly from the source listed in the Notice to Bidders may also result in failure to receive any addenda, corrections, or other revisions to these documents that may be issued.

The undersigned bidder hereby proposes to mobilize and furnish all materials, supplies, transportation, tools, equipment and plant, perform all necessary labor and construct, install and complete all work stipulated in, required by, and in conformity with the proposed contract documents (including all documents referred to therein) and any and all addenda thereto, for and in consideration of prices as follows:



POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 215644

Certificate No. 007026924

KNOW ALL MEN BY THESE PRESENTS: That Farmington Casualty Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company are corporations duly organized under the laws of the State of Connecticut, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc., is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

David S. Salavitch

of the City of Lee's Summit, State of Missouri, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 27th day of October, 2016.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut
City of Hartford ss.

By: Robert L. Raney, Senior Vice President

On this the 27th day of October, 2016, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal. My Commission expires the 30th day of June, 2021.



Marie C. Tetreault
Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, which resolutions are now in full force and effect, reading as follows:

**RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

**FURTHER RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

**FURTHER RESOLVED**, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

**FURTHER RESOLVED**, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kevin E. Hughes, the undersigned, Assistant Secretary, of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 28 day of April, 2012

  
Kevin E. Hughes, Assistant Secretary



To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at [www.travelersbond.com](http://www.travelersbond.com). Please refer to the Attorney-In-Fact number, the above-named individuals and the details of the bond to which the power is attached.

# AIA Document A310™ – 2010

## Bid Bond

**CONTRACTOR:**

(Name, legal status and address)

Kansas Heavy Construction, LLC  
PO Box 860603  
Shawnee, KS 66286

**SURETY:**

(Name, legal status and principal place of business)

Travelers Casualty and Surety Company  
of America  
7465 W. 132nd St.  
Overland Park, KS 66213

**OWNER:**

(Name, legal status and address)

City of Mission, KS  
6090 Woodson

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

**BOND AMOUNT:** Five percent (5%) of amount bid

**PROJECT:**

Foxridge Drive 56th To 51st St.  
CARS project no. 320001151

The Contractor and Surety are bound to the Owner in the amount set forth above, for the payment of which the Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, as provided herein. The conditions of this Bond are such that if the Owner accepts the bid of the Contractor within the time specified in the bid documents, or within such time period as may be agreed to by the Owner and Contractor, and the Contractor either (1) enters into a contract with the Owner in accordance with the terms of such bid, and gives such bond or bonds as may be specified in the bidding or Contract Documents, with a surety admitted in the jurisdiction of the Project and otherwise acceptable to the Owner, for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof; or (2) pays to the Owner the difference, not to exceed the amount of this Bond, between the amount specified in said bid and such larger amount for which the Owner may in good faith contract with another party to perform the work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect. The Surety hereby waives any notice of an agreement between the Owner and Contractor to extend the time in which the Owner may accept the bid. Waiver of notice by the Surety shall not apply to any extension exceeding sixty (60) days in the aggregate beyond the time for acceptance of bids specified in the bid documents, and the Owner and Contractor shall obtain the Surety's consent for an extension beyond sixty (60) days.

If this Bond is issued in connection with a subcontractor's bid to a Contractor, the term Contractor in this Bond shall be deemed to be Subcontractor and the term Owner shall be deemed to be Contractor.

When this Bond has been furnished to comply with a statutory or other legal requirement in the location of the Project, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. When so furnished, the intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

Signed and sealed this 28th day of April, 2017

\_\_\_\_\_  
(Witness)

\_\_\_\_\_  
(Principal) (Seal)  
MANAGING MEMBER  
(Title)

\_\_\_\_\_  
(Witness)

\_\_\_\_\_  
(Surety) (Seal)  
Attorney in fact, David S. Salavitch  
(Title)

Init.

ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST
1	MOBILIZATION	LS	1	400
2	CONTRACTOR STAKING	LS	1	950
3	REMOVAL OF IMPROVEMENTS	LS	1	15,000
4	EXCAVATION AND GRADING	CY	1969	25.
5	VARIABLE MILLING DEPTH	SY	10453	2.
6	ASPHALTIC CONCRETE STREET REPAIR	SY	105	59.
7	HMA SURFACE (SUPERPAVE)	TON	1508	80.
8	PLACE 5' CONCRETE SIDEWALK	SF	17205	4.
9	PLACE 6' CONCRETE SIDEWALK	SF	5320	4.
10	INSTALL ADA RAMP	EACH	2	1200
11	PLACE TYPE B CONCRETE CURB AND GUTTER	LF	7724	19.
12	PLACE TYPE C CONCRETE CURB AND GUTTER	LF	870	19.
13	PLACE CONCRETE COMMERCIAL DRIVE	SY	1560	63
14	CURB INLET	EACH	10	460
15	18" RCP	LF	306.6	65.
16	24" RCP	LF	63.4	100
17	36" RCP	LF	85.6	141
18	END SECTION	EACH	6	1,100
19	63" DIAMETER SNAP-TITE	LF	49.4	60
20	RIP-RAP	SY	10.4	12
21	SOD	SY	6348	5.
22	EROSION CONTROL	LS	1	250
23	SIGN	EACH	60	115
24	SIGN POST	EACH	23	115
25	PAVEMENT MARKING-THERMOPLASTIC-SOLID YELLOW LINE (4")	LF	7140	.7
26	PAVEMENT MARKING- PREFORMED THERMOPLASTIC- SOLID WHITE LINE (24")	LF	90	15.
27	PAVEMENT MARKING- PREFORMED THERMOPLASTIC- SOLID WHITE SHARROW SYMBOL	EACH	32	31.
28	TRAFFIC CONTROL	LS	1	110
29	STREET LIGHTING	LS	1	125
30	PAVED DITCH LINING	SY	45.2	70
31	TEMPORARY SURFACING MATERIAL (AB-3)	CY	286	45
32	REPLACE GUARDRAIL	LF	53	180

TOTAL BID \$ 1,088,150

Remainder of page intentionally left blank.

ITEM NO.	ITEM DESCRIPTION	UNIT	QUANTITY	UNIT COST \$	COST \$
1	MOBILIZATION	LS	1		
2	CONTRACTOR STAKING	LS	1		
3	REMOVAL OF IMPROVEMENTS	LS	1		
4	EXCAVATION AND GRADING	CY	1969		
5	VARIABLE MILLING DEPTH	SY	10453		
6	ASPHALTIC CONCRETE STREET REPAIR	SY	105		
7	HMA SURFACE (SUPERPAVE)	TON	1508		
8	PLACE 5' CONCRETE SIDEWALK	SF	17205		
9	PLACE 6' CONCRETE SIDEWALK	SF	5320		
10	INSTALL ADA RAMP	EACH	2		
11	PLACE TYPE B CONCRETE CURB AND GUTTER	LF	7724		
12	PLACE TYPE C CONCRETE CURB AND GUTTER	LF	870		
13	PLACE CONCRETE COMMERCIAL DRIVE	SY	1560		
14	CURB INLET	EACH	10		
15	18" RCP	LF	306.6		
16	24" RCP	LF	63.4		
17	36" RCP	LF	85.6		
18	END SECTION	EACH	6		
19	63" DIAMETER SNAP-TITE	LF	49.4		
20	RIP-RAP	SY	10.4		
21	SOD	SY	6348		
22	EROSION CONTROL	LS	1		
23	SIGN	EACH	60		
24	SIGN POST	EACH	23		
25	PAVEMENT MARKING-THERMOPLASTIC-SOLID YELLOW LINE (4")	LF	7140		
26	PAVEMENT MARKING- PREFORMED THERMOPLASTIC- SOLID WHITE LINE (24")	LF	90		
27	PAVEMENT MARKING- PREFORMED THERMOPLASTIC- SOLID WHITE SHARROW SYMBOL	EACH	32		
28	TRAFFIC CONTROL	LS	1		
29	STREET LIGHTING	LS	1		
30	FLASHING BEACON	EACH	1		
31	TEMPORARY SURFACING MATERIAL (AB-3)	CY	286		

TOTAL BID \$ \_\_\_\_\_

*Remainder of page intentionally left blank.*

1. The undersigned further agrees to begin upon the date stated in the Notice to Proceed and to complete the work within 90 working days, subject to the conditions set forth in paragraph SC-19, CONSTRUCTION TIMELINE AND LIMITATIONS, of the Project Special Conditions.

The undersigned also declares that it understands that if not preset by the City the time to begin construction and to complete the work will be one factor considered in determining the lowest and best responsible bidder.

The undersigned also declares that he/she understands that liquidated damages based on the full bid price of the contract shall be assessed against Contractor, as stipulated liquidated damages and not as a penalty, in an amount as set forth in paragraph GC-46 of the General Conditions for each and every calendar day the work remains incomplete over the specified completion time(s).

2. In submitting this bid, the undersigned declares that it is of lawful age and executed the accompanying bid on behalf of the bidder therein named, and that it had lawful authority so to do. The undersigned further declares that it has not directly or indirectly entered into any agreement, expressed or implied, with any bidder or bidders, having for its object the controlling of the price or amount of such bid or any bids, the limiting of the bid or bidders, the parceling or farming out to any bidder or bidders, or other persons, of any part of the contract or any part of the subject matter of the bid or bids or of the profits thereof, and that it has not and will not divulge the sealed bid to any person whomsoever, except those having a partnership or other financial interest with bidder in said bid or bids, until after sealed bid or bids are opened.
3. The undersigned further declares that it has carefully examined the Notice to Bidders, Instructions to Bidders and other contract documents, and that it has inspected the actual location of the work, together with the local sources of supply, and has satisfied itself as to all conditions and quantities, and understands that in signing this Bid it waives all right to plead any misunderstanding regarding the same.
4. The undersigned hereby agrees to furnish the required bonds and insurance certificates and execute an agreement within ten (10) calendar days from and after notice of the award of the contract, and failure of the bidder to do so shall constitute a default, and the City may thereafter take such steps to protect its legal rights as it deems in its best interest, including, but not limited to, enforcement of its rights as to bid security.
5. It is understood that the City will pay in a prompt and timely manner pay estimates when submitted and approved by the Architect/Engineer and further approved by the City staff coordinator for the project, all as provided in the contract documents.
6. Undersigned acknowledges receipt of the Plans and Specifications for the project including the following addenda (complete) #1 4-24-17; #2 4-25-17



Enclosed is a certified check, cashier's check or bid bond in the amount of

5%  
DOLLARS (\$) which the undersigned agrees is subject to being forfeited to and becoming the property of the City as liquidated damages and not as a penalty, together with other legal remedies the City may choose to invoke, all as set forth in the Instructions to Bidders Section IB-9, should this Bid be accepted and the contract be awarded to this bidder and it should fail to enter into an agreement in the form prescribed and to furnish the required insurance, bonds and other required documents within ten (10) calendar days as above stipulated, otherwise the bid security shall be returned to the undersigned upon signing of the agreement and delivery of the approved bonds and other required documents to the City of Mission, Kansas.

DATED in TONGANOXIE, KS this 28TH day of APRIL, 2015.

(SEAL)

KANSAS HEAVY CONSTRUCTION, LLC  
Contractor

Tom Giefer  
Signature

TOM GIEFER  
Printed Name

MANAGING MEMBER  
Title

P.O. Box 860603  
Street Address or P.O. Box

SHAWNEE, KS 66286  
City, State, Zip

913-845-2121  
Telephone Number

913-845-2813  
Fax Number

CITY OF MISSION, KANSAS

AGREEMENT BETWEEN  
CITY OF MISSION, KANSAS  
AND CONTRACTOR

**FOXRIDGE DRIVE (56th St. to 51st St.)**

THIS AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
by and between the City of Mission, Kansas, hereinafter the "City", and \_\_\_\_\_  
hereinafter the "Contractor".

WITNESSETH:

WHEREAS, the City has caused to be prepared, in accordance with the law, Notice to Bidders, Instructions to Bidders, Bid, this Agreement, General Conditions, Project Special Provisions, Plans, Specifications and other Contract Documents, as defined in the General Conditions, for the work herein described, and has approved and adopted these said Contract Documents and has caused to be published, in the manner and for the time required by law, an advertisement inviting sealed Bids for furnishing construction materials, labor, tools, equipment and transportation necessary for, and in connection with, the construction of public improvements in accordance with the terms of this Agreement; and

WHEREAS, the Contractor, in response to the advertisement, has submitted to the City, in the manner and at the time specified, a sealed Bid in accordance with the terms of this Agreement; and

WHEREAS, the City, in the manner prescribed by law, has publicly opened, examined and canvassed the Bids submitted, and as a result of this canvass has, in accordance with the law, determined and declared the Contractor to be the lowest and best responsible bidder for the construction of the public improvements, and has duly awarded to the Contractor a contract therefor upon the terms and conditions set forth in this Agreement and for the sum or sums named in the Bid attached to and made a part of this Agreement.

NOW, THEREFORE, in consideration of the compensation to be paid the Contractor, and of the mutual agreements herein contained, the parties hereto have agreed, and hereby agree, the City for itself and its successors, and the Contractor for itself, himself/herself or themselves, its, his/her or their successors and assigns, or its, his/her or their executors and administrators, as follows:

ARTICLE I. The Contractor will furnish at its own cost and expense all labor, tools, equipment, materials and transportation required to construct and complete the work as designated, described and required by the Contract Documents, to wit: **FOXRIDGE DRIVE (56th St. to 51st St.)** all in accordance with the Notice to Bidders, Instructions to Bidders, Bid, this Agreement, General Conditions, Project Special Provisions, Plans, Specifications and other Contract Documents as defined in paragraph GC-1 of the General Conditions of the Contract for Construction, on file with the City Clerk of Mission, Kansas, all of which Contract Documents form the Contract, and are as fully a part hereof as if repeated verbatim herein; all work to be done in a good, substantial and workmanlike manner to the entire satisfaction of the City, and in accordance with the laws of the City, the State of Kansas and the United States of America. All

terms used herein shall have the meanings ascribed to them in the General Conditions unless otherwise specified.

ARTICLE II. The City shall pay to the Contractor for the performance of the work embraced in this Contract, and the Contractor will accept in full compensation therefor, the sum of \_\_\_\_\_

DOLLARS (\$ \_\_\_\_\_) (subject to adjustment as provided by the Contract Documents) for all work covered by and included in the Contract award and designated in the foregoing Article I, payment thereof to be made in cash or its equivalent and in the manner provided in the Contract Documents.

ARTICLE III. The Contractor shall commence work upon the date stated in the Notice to Proceed, and will complete all work covered by this Contract within 90 working days subject to the conditions set forth in paragraph SC-19, CONSTRUCTION TIMELINE AND LIMITATIONS, of the Project Special Conditions. Liquidated damages based on the full bid price of the Contract shall be assessed against Contractor, as stipulated liquidated damages and not as a penalty, in an amount as set forth in paragraph GC-46 of the General Conditions for each and every calendar day the work remains incomplete over the specified completion time(s) stated above.

ARTICLE IV. The Contractor shall not subcontract, sell, transfer, assign or otherwise dispose of the Contract or any portion thereof without previous written consent of the City. In case such consent is given, the Contractor shall be permitted to subcontract a portion thereof, but shall self-perform not less than forty percent (40%) of the total Contract Price based upon the unit prices within the Bid submitted to the City by the Contractor. No subcontracts, or other transfer of Contract, shall release the Contractor of its liability under the Contract and Bonds applicable thereto.

ARTICLE V. Contractor specifically acknowledges and confirms that: (1) it has visited the site, made all inspections it deems appropriate and has read and fully understands the Contract Documents, including all obligations and responsibilities undertaken by it as specified herein and in the other Contract Documents and knowingly accepts same; (2) it has furnished copies of all Contract Documents to its insurance carrier(s) and its surety(ies); and (3) its insurance carrier(s) and surety(ies) agree to be bound as specified herein, in the Contract Documents and in the insurance policy(ies) and bonds as to liability and surety coverage.

ARTICLE VI. It is specifically agreed between the parties executing this Agreement that the Contract Documents are not intended to create any third party beneficiary relationship nor to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement. The duties, obligations and responsibilities of the parties to this Agreement with respect to third parties shall remain as imposed by law.

ARTICLE VII. This Agreement, together with the other Contract Documents, constitutes the entire agreement between the parties and supersedes all prior agreements, whether oral or written, covering the same subject matter. This Agreement may not be modified or amended except as provided herein or in the other Contract Documents.

ARTICLE VIII. This Agreement is entered into, under and pursuant to, and is to be construed and enforceable in accordance with, the laws of the State of Kansas.

ARTICLE IX. Should any provision of this Agreement or the other Contract Documents be determined to be void, invalid, unenforceable or illegal for whatever reason, such provision(s) shall be null and void; provided, however, that the remaining provisions of this Agreement

and/or the other Contract Documents shall be unaffected thereby and shall continue to be valid and enforceable.

IN WITNESS WHEREOF, the City of Mission, Kansas, has caused this Agreement to be executed on its behalf, thereunto duly authorized, and the said Contractor has executed three (3) counterparts of this Contract in the prescribed form and manner, the day and year first above written.

CITY OF MISSION, KANSAS

ATTEST:

By \_\_\_\_\_  
Steve Schowengerdt  
Mayor

\_\_\_\_\_  
Martha Sumrall  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
David Martin  
City Attorney

\_\_\_\_\_  
Contractor

(SEAL)

By \_\_\_\_\_  
Title President

***(If the Contract is not executed by the president of the corporation or general partner of the partnership, please provide documentation which authorizes the signatory to bind the corporation or partnership. If a corporation, Contractor shall furnish City a current certificate of good standing, dated within ten (10) days of the date of this Contract.)***

CITY OF MISSION, KANSAS

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned \_\_\_\_\_, of \_\_\_\_\_ as principal, hereinafter referred to as the "Contractor," and \_\_\_\_\_, a corporation organized under the laws of the State of \_\_\_\_\_ and authorized to transact business in the State of Kansas, as surety, are held and firmly bound unto the City of Mission, Kansas, hereinafter referred to as "City," in the penal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), lawful money of the United States of America, for the payment of which sum well and truly to be made we bind ourselves, and our heirs, executors, administrators, successors and assigns, jointly and severally by these presents:

THE CONDITION OF THE FOREGOING OBLIGATION IS SUCH THAT:

WHEREAS, the above bonded Contractor, has on the \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_, executed a written Agreement with the aforesaid City for furnishing in a good, substantial and workmanlike manner all construction, labor, materials, equipment, tools, transportation, superintendence and other facilities and accessories for **FOX RIDGE DRIVE (56th St. to 51st St.)** designated, defined and described in the Agreement and in accordance with the Contract Documents to include the General Conditions, Project Special Provisions, Specifications, Plans and other Contract Documents therefor; a copy of the Agreement being attached hereto and made a part hereof.

NOW, THEREFORE, if said Contractor shall in all particulars promptly and faithfully perform each and every covenant, condition, and part of the Agreement, and the General Conditions, Project Special Provisions, Specifications, Plans and other Contract Documents thereto attached or by reference made a part thereof, according to the true intent and meaning in each case, upon written acceptance by the City of the improvement herein described in substantial compliance with the Contract Documents and upon the effective date of the Maintenance Bond for the improvement then this obligation shall be and become null and void.

PROVIDED, that said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Agreement or the Work to be performed thereunder or the General Conditions, Project Special Provisions, Specifications, Plans and other Contract Documents accompanying same shall in any way affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Agreement or to the Work or to the Specifications, Plans and other Contract Documents.

PROVIDED, FURTHER, that it is expressly agreed that the bond shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon amendment to the Agreement not increasing the contract price more than 50 percent, so as to bind the Contractor and the Surety to the full and faithful performance of the Agreement so amended. The term "amendment," wherever used in this bond, and whether referring to this bond or the Agreement, shall include any alteration, addition, extension, or modification of any character whatsoever.

Whenever Contractor is declared by City to be in default under the Contract Documents, the Surety may promptly remedy the default or shall within fourteen (14) days from the date of notice from the City:

1. Commence completing the Work of the Agreement in accordance with its terms and conditions. However, Surety may not use the defaulting Contractor, or any legal reformation of the defaulting Contractor, to complete the Work and the Surety may not use any of the subcontractors of the defaulting Contractor to complete the Work without the written consent of the City; or
2. Commence the process of obtaining a bid or bids for completing the Work of the Agreement in accordance with its terms and conditions, and upon determination by the City and the surety jointly of the lowest and best responsive, responsible bidder, arrange for an Agreement between such bidder and the City, and make available as work progresses sufficient funds to pay the cost of completion less the balance of the Contract Price, including other costs and damages for which the surety may be liable hereunder, which sum shall not exceed the amount set forth in the first paragraph hereof. The term "balance of the Contract Price," as used in this paragraph, shall mean the total amount payable by City to Contractor under the Agreement and any amendments thereto, less the amount properly paid by City to Contractor. No right of action shall accrue on this bond to or for the use of any person or corporation other than the City or successors of the City.

IN TESTIMONY WHEREOF, said Contractor has hereunto set his/her hand, and said surety has caused these presents to be executed in its name; and its corporate seal to be hereunto affixed by its attorney-in-fact duly authorized thereunto so to do at \_\_\_\_\_, \_\_\_\_\_ on this, the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Contractor/Principal

ATTEST: By \_\_\_\_\_ (SEAL)

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Title

\_\_\_\_\_  
Surety Company

By \_\_\_\_\_ (SEAL)  
Attorney-in-Fact

NOTE:

1. Date of bond must not be prior to date of contract.
2. If Contractor is partnership, all partners should execute bond.
3. Surety companies executing bonds must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the state of Kansas.
4. Accompany this bond with Attorney-in-Fact's Authority from the surety company certified to include the date of the bond.

CITY OF MISSION, KANSAS

MAINTENANCE BOND

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned \_\_\_\_\_ of \_\_\_\_\_ as principal, hereinafter referred to as the "Contractor," and \_\_\_\_\_, hereinafter referred to as the "Surety", a corporation organized under the laws of the State of \_\_\_\_\_ and authorized to transact business in the State of Kansas, as surety, are held and firmly bound unto the City of Mission, Kansas, hereinafter referred to as "City," in the penal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), lawful money of the United States of America, for the payment of which sum well and truly to be made we bind ourselves, and our heirs, executors, administrators, successors and assigns, jointly and severally by these presents:

THE CONDITION OF THE FOREGOING OBLIGATION IS SUCH THAT:

WHEREAS, the above bonded Contractor, has on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, executed a written Agreement with the aforesaid City for furnishing in a good, substantial and workmanlike manner all construction, labor, materials, equipment, tools, transportation, superintendence and other facilities and accessories for **FOXRIDGE DRIVE (56th St. to 51st St.)**, hereinafter referred to as the "Improvement", designated, defined and described in the Agreement and the Contract Documents, and in accordance with the Specifications and Plans and other Contract Documents therefor; a copy of the Agreement being attached hereto and made a part hereof.

NOW, THEREFORE, upon acceptance of the Improvement by the City in substantial compliance with the Contract Documents, if said Improvement endures without defect or need of repair or maintenance for a period of two (2) years from the date of final acceptance, then this obligation shall be and become null and void.

If the Improvement requires repairs or maintenance within such two (2) year period then this obligation shall remain in full force and effect and Contractor and the Surety shall be responsible for the prompt payment of the penal sum to the City for such repairs and/or maintenance including any incidental costs associated therewith, including but not limited to the costs of consultants and/or engineering investigations, testing, analysis and any other costs incurred to determine the cause of the defect and/or the necessary repair or maintenance and attorney fees incurred in collection of this Maintenance Bond.

PROVIDED, that said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Agreement or the Work to be performed thereunder or the Specifications, Plans and other Contract Documents accompanying same shall in any way affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Agreement or to the Work or to the Specifications, Plans and other Contract Documents.

PROVIDED, FURTHER, that it is expressly agreed that the bond shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon amendment to the Agreement not increasing the contract price more than 50 percent, so as to bind the Contractor and the Surety to the full and faithful performance of the Agreement so amended. The term "amendment," wherever used in this bond, and whether referring to this bond or the Agreement, shall include any alteration, addition, extension, or modification of any character whatsoever.

IN TESTIMONY WHEREOF, said Contractor has hereunto set his/her hand, and said surety has caused these presents to be executed in its name; and its corporate seal to be hereunto affixed by its attorney-in-fact duly authorized thereunto so to do at \_\_\_\_\_ on this, the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Contractor/Principal

ATTEST:  
(SEAL)

By \_\_\_\_\_  
Print Name: \_\_\_\_\_

\_\_\_\_\_  
Title

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Surety Company

(SEAL)

By \_\_\_\_\_  
Attorney-in-Fact

NOTE:

1. Date of bond must not be prior to date of contract.
2. If Contractor is partnership, all partners should execute bond.
3. Surety companies executing bonds must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the state of Kansas.
4. Accompany this bond with Attorney-in-Fact's Authority from the surety company certified to include the date of the bond.



CITY OF MISSION, KANSAS

STATUTORY BOND

**FOXRIDGE DRIVE (56th St. to 51st St.)**

KNOW ALL MEN BY THESE PRESENTS, that we \_\_\_\_\_  
\_\_\_\_\_ as Contractor and principal, and \_\_\_\_\_  
\_\_\_\_\_ a corporation organized under the laws of the State of \_\_\_\_\_  
\_\_\_\_\_ and authorized to transact business in the State of Kansas, as surety, are held and firmly bound  
unto the State of Kansas, in the penal sum of \_\_\_\_\_  
\_\_\_\_\_ Dollars (\$ \_\_\_\_\_) lawful money of the United States of  
America, for the payment of which sum well and truly to be made, we bind ourselves, and our heirs,  
executors, administrators, successors, and assigns, jointly and severally, firmly by these presents:

THE CONDITION OF THE FOREGOING OBLIGATION IS SUCH THAT:

WHEREAS, the said Contractor has on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, entered into an  
Agreement with the City of Mission, Kansas, a copy of which is attached hereto and incorporated herein  
for furnishing all tools, equipment, materials, transportation and supplies, performing all labor, and  
constructing public improvements described in the Agreement and the Contract Documents, all in  
accordance with Provisions, Specifications, Plans and other Contract Documents on file in the office of  
the City Clerk of the City of Mission, Kansas.

NOW, THEREFORE, if the Contractor or the subcontractors of the Contractor shall pay all indebtedness  
incurred for supplies, materials, transportation or labor furnished, or equipment used or consumed in  
connection with or in or about the construction or making of the improvements described in the  
above-mentioned Contract Documents, then this obligation shall be void; otherwise, it shall remain in full  
force and effect.

The said Surety, for value received, hereby stipulates and agrees that no change, extension of time,  
alteration or addition to the terms of the Agreement and the Contract Documents to the work to be  
performed thereunder, or the Provisions, Plans and Specifications accompanying the same, shall in any  
way affect its obligation on this bond, and it does hereby waive notice of any such change, extension of  
time alteration or addition to the terms of the Agreement, Contract Documents or to the Plans and  
Specifications.

PROVIDED, that it is expressly agreed that this bond shall be deemed amended automatically and  
immediately, without formal and separate amendments hereto, upon amendment to the Agreement not  
increasing the contract price more than 50 percent, so as to bind the Contractor and the Surety to the full  
and faithful performance of the Agreement as so amended. The term "amendment," wherever used in  
this bond and whether referring to this bond or the Agreement shall include any alteration, addition,  
extension or modification of any character whatsoever.

The said Surety further agrees that any person to whom there is due any sum for labor furnished,  
transportation, materials, equipment or supplies used or consumed in connection with or in or about the  
construction of said public improvement, as hereinbefore stated or said person's assigns, may bring  
action on this bond for the recovery of said indebtedness within six (6) months from the completion of said  
public improvement.

IN TESTIMONY WHEREOF, the said Contractor has hereunto set his/her hand, and the said surety has caused these presents to be executed in its name, and its corporate seal to be hereunto affixed, by its attorney-in-fact duly authorized thereunto so to do, at \_\_\_\_\_ on this, the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Contractor/Principal

ATTEST:

\_\_\_\_\_  
Secretary

By \_\_\_\_\_ (SEAL)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Surety Company

By \_\_\_\_\_ (SEAL)  
Attorney-in-Fact

NOTE:

1. A Statutory Bond is required only in connection with a Contract exceeding one hundred thousand dollars (\$100,000.00) in accordance with K.S.A. 60-1111 as amended.
2. Contractor shall be responsible for seeing to it that this Statutory Bond is filed with the Clerk of the District Court for Johnson County, Kansas.
3. Date on bond must not be prior to date of contract.
4. If Contractor is partnership, all partners should execute bond.
5. Surety companies executing bonds must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the state of Kansas.
6. Accompany this bond with Attorney-in-Fact's Authority from the surety company certified to include the date of the bond.

CITY OF MISSION, KANSAS

LABOR AND MATERIAL PAYMENT BOND

FOXRIDGE DRIVE (56th St. to 51st St.)

KNOW ALL MEN BY THESE PRESENTS, that we \_\_\_\_\_ as Contractor and principal, and \_\_\_\_\_, a corporation organized under the laws of the State of \_\_\_\_\_ and authorized to transact business in the State of Kansas, as surety, are held and firmly bound unto the City of Mission, Kansas in the penal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) lawful money of the United States of America, for the payment of which sum well and truly to be made, we bind ourselves, and our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents:

THE CONDITION OF THE FOREGOING OBLIGATION IS SUCH THAT:

WHEREAS, the said Contractor has on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, entered into an Agreement with the City of Mission, Kansas, a copy of which is attached hereto and incorporated herein for furnishing all tools, equipment, materials, transportation and supplies, performing all labor, and constructing public improvements described in the Agreement and the Contract Documents, all in accordance with Provisions, Specifications, Plans and other Contract Documents on file in the office of the City Clerk of the City of Mission, Kansas.

NOW, THEREFORE, if the Contractor or the subcontractors of the Contractor shall pay all indebtedness incurred for supplies, materials, transportation or labor furnished, or equipment used or consumed in connection with or in or about the construction or making of the improvements described in the above-mentioned Contract Documents, then this obligation shall be void; otherwise, it shall remain in full force and effect.

The said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Agreement and the Contract Documents to the work to be performed thereunder, or the Plans and Specifications accompanying the same, shall in any way affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Agreement, Contract Documents or to the Plans and Specifications.

PROVIDED, that it is expressly agreed that this bond shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon amendment to the Agreement not increasing the contract price more than 50 percent, so as to bind the Contractor and the Surety to the full and faithful performance of the Agreement as so amended. The term "amendment," wherever used in this bond and whether referring to this bond or the Agreement shall include any alteration, addition, extension or modification of any character whatsoever.

IN TESTIMONY WHEREOF, the said Contractor has hereunto set his/her hand, and the said surety has caused these presents to be executed in its name, and its corporate seal to be hereunto affixed, by its attorney-in-fact duly authorized thereunto so to do, at \_\_\_\_\_ on this, the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

ATTEST:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Contractor/Principal

By \_\_\_\_\_  
(SEAL)

\_\_\_\_\_  
Surety Company

By \_\_\_\_\_ (SEAL)  
Attorney-in-Fact

NOTE:

1. A Labor and Material Payment Bond is required only in connection with a Contract which does not exceed one hundred thousand dollars (\$100,000.00).
2. Date on bond must not be prior to date of contract.
3. If Contractor is partnership, all partners should execute bond.
4. Surety companies executing bonds must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the state of Kansas.
5. Accompany this bond with Attorney-in-Fact's Authority from the surety company certified to include the date of the bond.

**FOXRIDGE DRIVE (56th St. to 51st St.)**

TABLE OF CONTENTS  
FOR  
GENERAL CONDITIONS

ARTICLE SUBJECT	PAGE
GC-1 CONTRACT DOCUMENTS/CONTRACT FOR CONSTRUCTION .....	1
GC-2 DEFINITIONS .....	1
GC-3 DEFECTS IN CONTRACT DOCUMENTS .....	5
GC-4 BID .....	5
GC-5 COPIES OF THE CONTRACT .....	5
GC-6 SCOPE, NATURE AND INTENT OF PLANS AND SPECIFICATIONS .....	5
GC-7 BEGINNING, PROGRESS AND TIME OF COMPLETION OF WORK .....	6
GC-8 SHOP DRAWINGS .....	7
GC-9 CONTRACTOR'S RESPONSIBILITIES AS TO AMBIGUITIES .....	7
GC-10 CONCEALED CONDITIONS .....	8
GC-11 CONTRACTOR TO FURNISH STAKES AND HELP .....	8
GC-12 PRESERVATION OF MONUMENTS AND STAKES .....	8
GC-13 PERMITS AND NOTICES .....	8
GC-14 GENERAL ADMINISTRATION OF THE CONTRACT .....	9
GC-15 CONTRACTOR'S EMPLOYEES .....	9
GC-16 SAMPLES .....	10
GC-17 PROTECTION AND MAINTENANCE OF PUBLIC AND PRIVATE PROPERTY; LIABILITY .....	10
GC-18 WORK IN OR ACROSS STREET OR HIGHWAY RIGHT-OF-WAY .....	12
GC-19 MAINTENANCE OF TRAFFIC .....	12
GC-20 NOISE CONTROL .....	12
GC-21 DUST CONTROL .....	12
GC-22 INSPECTION OF WORK .....	12
GC-23 SUPERINTENDENCE AND SUPERVISION .....	13
GC-24 CONTRACTOR'S OFFICE AT SITE OF WORK .....	14
GC-25 CHANGES IN THE WORK .....	14
GC-26 DEDUCTIONS FOR UNCORRECTED WORK .....	16
GC-27 DELAYS AND EXTENSION OF TIME .....	16
GC-28 WORK STOPPAGES .....	17
GC-29 PATENT LIABILITY CLAUSE .....	18
GC-30 INDEPENDENT CONTRACTOR .....	18
GC-31 SEPARATE CONTRACTS .....	18
GC-32 RELATIONS WITH OTHER CONTRACTORS .....	18
GC-33 INDEMNITY .....	19
GC-34 PROTECTION OF PROPERTY/LIABILITY .....	20
GC-35 PROVISION FOR EMERGENCIES .....	20
GC-36 ASSIGNMENT AND SUBLETTING OF CONTRACT .....	21
GC-37 DISPUTE RESOLUTION .....	22
GC-38 INSURANCE .....	22
GC-39 AUTHORITY AND DUTY OF THE CONSULTING ENGINEER .....	23
GC-40 CORRECTION OF LABOR, ETC. - BEFORE FINAL PAYMENT .....	24
GC-41 CORRECTION OF LABOR, ETC. - AFTER FINAL PAYMENT .....	24
GC-42 RIGHT OF CITY TO TERMINATE CONTRACT .....	25

GC-43 CITY'S RIGHT TO DO WORK.....	26
GC-44 PAYMENTS .....	26
GC-45 PAYMENTS WITHHELD .....	27
GC-46 LIQUIDATED DAMAGES .....	27
GC-47 BONDS .....	28
GC-48 EASEMENTS AND RIGHTS-OF-WAY .....	28
GC-49 UTILITIES .....	29
GC-50 USE OF PREMISES .....	29
GC-51 ALLOWANCES.....	29
GC-52 CUTTING, PATCHING AND DIGGING .....	29
GC-53 CLEANING UP .....	30
GC-54 TEMPORARY FACILITIES .....	30
GC-55 SANITARY REGULATIONS AND WATER .....	30
GC-56 COMPLIANCE WITH LAWS.....	30
GC-57 UNFAVORABLE CONSTRUCTION CONDITIONS .....	31
GC-58 CONTRACTOR'S RISK.....	31
GC-59 SAFETY RULES.....	31
GC-60 WEEKENDS, HOLIDAY AND NIGHT WORK .....	32
GC-61 APPROVAL OF EQUALS.....	32
GC-62 TEST OF MATERIALS OFFERED BY CONTRACTOR.....	32
GC-63 TESTING OF COMPLETED WORK.....	32
GC-64 BORROW AND WASTE AREAS.....	33
GC-65 PARKING AREAS, DRIVES AND WALKS .....	33
GC-66 STREET SIGNS AND TRAFFIC AIDS .....	33
GC-67 PLACING WORK IN SERVICE/PARTIAL UTILIZATION .....	33
GC-68 NON-DISCRIMINATION/OTHER LAWS .....	33
GC-69 FEDERAL LOBBYING ACTIVITIES .....	34
GC-70 RECORDS.....	34
GC-71 TITLES, SUBHEADS AND CAPITALIZATION .....	34
GC-72 NO WAIVER OF RIGHTS.....	35
GC-73 SEVERABILITY .....	35
GC-74 GOVERNING LAW .....	35
GC-75 VENUE .....	35

GENERAL CONDITIONS  
OF THE CONTRACT FOR CONSTRUCTION

GC-1 CONTRACT DOCUMENTS/CONTRACT FOR CONSTRUCTION

The Contract Documents are complementary, and what is called for by any one shall be as binding as if called for by all. The intention of the Contract Documents is to include all construction, labor, materials, tools, equipment and transportation necessary for the workmanlike construction of the Project in accordance with the Contract Documents.

The Contract Documents shall consist of (but not necessarily be limited to) the Agreement between the City and Contractor (sometimes referred to herein as the "Agreement"), these General Conditions, the Project Special Provisions, the Plans, the Specifications, all addenda issued prior to and all modifications issued after execution of the Contract (modifications consisting of written amendments to the Contract signed by both parties, Change Orders, written interpretations issued by the Consulting Engineer, written orders for minor changes in the Work issued by the Consulting Engineer and changes in the Work identified in Article GC-25), drawings and data which may be furnished by the Contractor and approved by the City, additional drawings which may be furnished by the Architect/Engineer which the Consulting Engineer deems necessary to make clear the intent of the Contract Documents (and, in particular, the Specifications), and the Bidding Documents. It is understood that the Work shall be carried out and the Project shall be constructed fully in accordance with the Contract Documents.

It is expressly understood and agreed that the bound volume of Contract Documents, any plans, schedules and other drawings herein referred to, and data which may be furnished by the Engineer as are necessary to make clear the intent of the Specifications and Plans, are each and all included in this Contract and the Work shall be done fully in accordance therewith.

If there is any conflict or discrepancy between the Agreement between the City and Contractor and these General Conditions or between the Agreement between City and Contractor and any other of the Contract Documents, the Agreement between City and Contractor shall prevail. If there is any discrepancy between the General Conditions and any other Contract Documents other than the Agreement between City and Contractor, the General Conditions shall prevail, unless such discrepancy is between the General Conditions and the Project Special Provisions, if any, in which case the Project Special Provisions shall prevail. The Contract Documents supersede all previous agreements and understandings between the parties, which previous agreements and understandings are of no further force and effect.

The Contract Documents as enumerated herein form the Contract for construction. The Contract may not be amended or modified except by a modification as hereinabove defined. These Contract Documents do not, nor shall they be construed to, create any contractual relationship of any kind between the City and any Subcontractor or remote tier Subcontractor.

All time limits stated in the Contract Documents are of the essence of the Contract.

GC-2 DEFINITIONS

Whenever any word or expression defined herein, or pronoun used in its stead, occurs in these Contract Documents, it shall have and is mutually understood to have the meaning herein given. Work described in words which so applied have a well-known technical or trade meaning shall be held to refer to such recognized standards.

1. "Bid" shall mean the offer or proposal of the Bidder submitted on the prescribed form setting forth the prices for the Work to be performed (and the City reserves the right to reject any and all bids).

2. "Bidder" shall mean any individual, partnership, corporation, association or other entity submitting a Bid for the Work.

3. "Bidding Documents" shall mean all documents related to a Bidder's submitting a Bid, including, but not limited to, the advertisement for Bids, if applicable, Instructions to Bidders, the Bid form, other sample bidding and contract forms and the proposed Contract Documents, including any addenda issued prior to receipt of Bids. At the City's option, Bidders may be required to complete and submit a prequalification statement.

4. "Bonds" shall mean the Bid, Performance, Maintenance, and Statutory or Labor and Material Payment Bond, together with such other instruments of security as may be required by the Contract Documents.

5. "Change Order" is a written order issued after the Agreement is executed by which the City, the Consulting Engineer and the Contractor agree to construct additional items of work, to modify the Contract Time, or, in lump sum contracts, to change the character and scope of Work shown on the Contract Plans, or as otherwise provided in Article GC-25. Change Orders must be signed by the City and the Contractor to be binding.

6. "City" shall mean the City of Mission, Kansas.

7. "Consultant" or "Consulting Engineer" shall mean the individual, firm or entity designated in the Contract Documents which has been employed by the City for the performance of professional engineering services in connection with the Project; or shall mean the City if the City acts as its own Engineer.

8. "Contract" and "Contract Documents" shall have the meaning ascribed to them in Article GC-1, such terms sometimes being used interchangeably.

9. "Contract Price" shall be the amount identified in the Agreement between City and Contractor as the total amount due Contractor for total completion of the Work as per the Contract Documents. Where the Contract provides that all or a part of the Work is to be Unit Price Work the Contract Price shall initially be deemed to include for all Unit Price Work an amount equal to the sum of the established unit prices for each separately identified item of Unit Price Work multiplied by the estimated quantity of each item required for the Work. It is understood and agreed that estimated quantities of items for Unit Price Work are not guaranteed and are solely for the purpose of comparison of bids and determining an initial Contract Price. Determinations of actual quantities and classifications of Unit Price Work shall be made by the Consulting Engineer. Each unit price shall be deemed to include Contractor's overhead and profit for each separately identified item.

10. "Contract Time" shall be the number of calendar days stated in the Contract Documents for the completion of the Work or shall be a date certain if so designated in the Contract Documents.

11. "Contractor" shall mean the entity entering into the Contract for the performance of the Work covered by this Contract, together with its duly authorized agents or legal representatives. (For purposes of indemnification, see GC-33 for definition of "Contractor".)



12. "Defective Work" shall mean Work which is unsatisfactory, faulty or deficient, or not in conformity with the Contract Documents. It shall also include Work damaged prior to approval of final payment unless responsibility for such damage shall have been expressly assumed by the City at substantial completion.

13. "Effective Date of the Agreement" shall mean the date indicated in the Agreement on which it becomes effective, but, if no such date is indicated, it shall mean the date on which the Agreement is signed and delivered by the City to the Contractor. For this purpose, delivery shall be accomplished by either hand-delivery to the Contractor or placing a copy in the mail, first class, postage prepaid.

14. "Field Order" shall mean a written order issued by the Consulting Engineer which orders minor changes in the Work in accordance with Article GC-25 but which does not involve a change in the Contract Price or Contract Time.

15. "Final Acceptance" shall mean the date when the Consulting Engineer accepts in writing that the construction of the Project is complete in accordance with the Contract Documents such that the entire project can be utilized for the purposes for which it is intended and Contractor is entitled to final payment.

16. "General Requirements" shall mean those provisions of the Specifications which apply to the entire Work.

17. "Inspector" shall mean the engineering or technical inspector or inspectors duly authorized by the Consulting Engineer or the City.

18. "Notice of Award" shall mean the written notice by the City to the apparent successful Bidder stating that upon compliance with the conditions precedent enumerated therein, within the time specified, the City will sign and deliver the Agreement.

19. "Notice to Proceed" shall mean the written notice by the City to the Contractor fixing the date on which the Contract Time is to commence and on which the Contractor shall start to perform its obligations under the Contract Documents. Without the prior express written consent of the City, Contractor shall do no Work until the date set forth in the Notice to Proceed.

20. "Partial Utilization" shall mean placing a portion of the Work to be provided under the Contract Documents to the use intended by the City.

21. "Pay Estimate No. \_\_\_\_\_" or "Final Pay Estimate" shall mean the form to be used by the Contractor in requesting progress and final payments, including supporting documentation required by the Contract Documents.

22. "Plans" or "the Plans" shall mean and include all drawings which may have been prepared by the City and/or the Consulting Engineer on the City's behalf as a basis for Bids, all drawings (other than Shop Drawings, as defined in Definition No. 23, below.) submitted by the successful Bidder with its Bid or by the Contractor to the City, if and when approved by the Consulting Engineer, and all drawings submitted by the City to the Contractor during the progress of the Work, all of which show the character and scope of the Work to be performed.

23. "Shop Drawings" shall mean all drawings, diagrams, illustrations, schedules and other data which are specifically prepared by the Contractor, a Subcontractor, manufacturer, fabricator, supplier or distributor to illustrate some portion of the Work and all illustrations,

brochures, standard schedules, performance charts, instructions, diagrams and other information prepared by a manufacturer, fabricator, supplier or distributor and submitted by the Contractor to illustrate material or equipment for some portion of the Work.

24. "Specifications" shall mean those portions of the Contract Documents consisting of written technical descriptions of materials, equipment, construction methods, standards and workmanship as applied to the Work and certain administrative details applicable thereto. They may include, but not necessarily be limited to:

- (1) design specifications, e.g. measurements, tolerances, materials, inspection requirements and other information relative to the Work;
- (2) performance specifications, e.g., performance characteristics required, if any;
- (3) purchase description specifications, e.g. products or equipment required by manufacturer, trade name and/or type; provided, however, equivalent alternatives (including aesthetics, warranty and manufacturer reputation) may be substituted upon written request and written approval therefore by the City in accordance with Article GC-61;
- (4) such other information deemed appropriate by the City for inclusion in the Specifications for the proper construction of the Project.

25. "Subcontractor" shall mean an individual, firm or corporation having a direct contract with the Contractor or with another Subcontractor for the performance of a part of the Work.

26. "The Work" or "The Project" (used interchangeably) shall mean the work to be done necessary to complete the construction required of the Contractor by the Contract Documents, and includes all construction, labor, materials, tools, equipment and transportation necessary to produce such construction in accordance with the Contract Documents.

27. "Underground Facilities" shall mean all pipelines, conduits, ducts, cables, wires, manholes, vaults, tanks, tunnels or other such facilities or attachments, and any encasements containing such facilities which have been installed underground to furnish services or materials including, but not limited to, electricity, gases, steam, liquid petroleum products, telephone or other communications, cable television, sewage and drainage removal, traffic or other control systems or water.

28. "Unit Price Work" shall mean Work to be paid for on the basis of unit prices (quantity variations).

29. Whenever in these Contract Documents the words "as ordered," "as directed," "as required," "as permitted," "as allowed," or words or phrases of like import are used, it is understood that the order, direction, requirement, permission or allowance of the City and/or the Consulting Engineer is intended.

30. Whenever any statement is made in the Contract Documents containing the expression "it is understood and agreed," or an expression of like import, such expression means the mutual understanding and agreement of the parties hereto.

31. The words "approved," "reasonable," "suitable," "acceptable," "properly," "satisfactory," or words of like effect in import, unless otherwise particularly specified herein, shall mean approved, reasonable, suitable, acceptable, proper or satisfactory in the judgment of the City and/or the Consulting Engineer.

#### GC-3 DEFECTS IN CONTRACT DOCUMENTS

If Contractor has reasonable cause such that it should, in the exercise of ordinary care of someone in its position, know that any errors, omissions, discrepancies or inconsistencies (hereinafter "defects") appear in the Contract Documents, including, but not limited to, the Plans, Specifications and other documents or the Work, Contractor shall, notify the Consulting Engineer in writing of such defects. Contractor shall remedy any such defects whether or not disclosed to the Consulting Engineer without any increase in the cost of the Work. The Contract Documents shall be appended to all contracts between the Contractor and any Subcontractor or any more remote tier Subcontractor, and such Subcontractors and remote tier Subcontractors shall, likewise, notify the Contractor in writing of any defects therein, and it shall be the obligation of the Contractor to remedy same as if Contractor had discovered such defects itself. The Contractor will not be permitted to take advantage of any such defect.

#### GC-4 BID

The Contractor acknowledges and agrees that the unit prices and/or lump sum prices shown in the Bid contemplate the construction of all facilities, complete, and in conformance with the Plans and Specifications. Any item or items required in construction for which a specific unit price and/or lump sum price is not provided shall be included in the price for the closest applicable items.

#### GC-5 COPIES OF THE CONTRACT

Unless otherwise provided in the Contract Documents, City will furnish to Contractor a maximum of five (5) copies of the Contract Documents, free of charge, necessary for the execution of the Work.

Sufficient copies of the Bidding Documents, Bonds and Agreement between City and Contractor shall be prepared, each containing an exact copy of the Contractor's Bid as submitted, the Bonds properly executed and the Contract signed by both parties hereto. These executed counterparts shall be filed with the City, Contractor and the surety company executing the Bonds. The original Bid submitted by the Contractor will be retained by the City.

Contractor shall keep, and make available to City at the Project site, one copy of all Contract Documents for the Work at the Project site, in good order and legibly marked to reflect actual construction. Contractor shall also maintain at the site all approved samples and a print of all approved Shop Drawings. Such Documents, samples and Shop Drawings shall be turned over to the City at the completion of the Work if requested by the City.

Contract Documents are the property of the City, and none of the Contract Documents are to be used on other work by Contractor. At City's request, all Contract Documents shall be returned to the City with the exception of one record set for Contractor. All models and calculations are the property of City.

#### GC-6 SCOPE, NATURE AND INTENT OF PLANS AND SPECIFICATIONS

The Plans and Specifications are intended to complement, but not necessarily duplicate each other. Together they shall constitute one complete set of the Plans and Specifications, and any Work exhibited in one but not in the other shall be executed just as if it had been set forth in both in order that the Work shall be completed according to the complete design or designs as decided and determined by the Consulting Engineer.

Should anything be omitted from the Plans and Specifications which is necessary to a clear understanding of the Work, or should it appear that various instructions are in conflict, or in the event the Plans and Specifications are silent as to any detail, then it shall be the duty of the Contractor to secure written instructions from the Consulting Engineer before proceeding with the construction affected by such omissions, discrepancies or silence. In accordance with Article GC-3, Contractor's failure to bring any such matter to the attention of the Consulting Engineer shall be at the Contractor's peril, and there shall be no compensation for extra work necessitated thereby.

Dimensions and elevations shown on the Plans shall be accurately followed, even though they may differ from scaled measurements. No Work shown on the Plans, the dimensions of which are not indicated, shall be executed until the required dimensions have been obtained from the Consulting Engineer. Contractor shall be responsible for verification of all locations, dimensions and elevations in the field (including, but not limited to verification of location of Underground Facilities and utilities) and shall verify all field dimensions shown on the Contract Documents.

All Work performed under this Contract shall be done to the lines, grades, and elevations shown on the Plans. The Contractor shall keep the Consulting Engineer informed, a reasonable time in advance of the times and places at which it wishes to do Work, in order that lines and grades may be furnished and necessary measurements for record and payment may be made with the minimum of inconvenience and delay to the Consulting Engineer and the Contractor.

Any Work done without being properly located and established by base lines, offset stakes, bench marks, or other basic reference points may be ordered removed and replaced at the Contractor's cost and expense.

Contractor, together with its Subcontractors, shall carefully examine the Plans and Specifications for any interferences with the Work and clearances that may be required. Contractor shall be responsible for the proper fitting of materials and equipment without substantial alterations. Contractor shall be responsible for eliminating interferences without additional cost to City. If departures from the Plans and Specifications, or other Contract Documents, are deemed necessary by Contractor, details of such departures and reasons therefore shall be submitted to Consulting Engineer, with drawings (if Consulting Engineer determines that drawings are necessary), for approval as soon as practical. No such departure shall be made except at the peril of the Contractor without the prior written approval of the Consulting Engineer.

#### GC-7 BEGINNING, PROGRESS AND TIME OF COMPLETION OF WORK

After being awarded the Contract, the Contractor shall immediately prepare and submit for approval by the City Engineer a construction schedule giving the dates on which it expects to start and to complete separate portions of the Work, which schedule shall be strictly adhered to unless agreed to in writing by all parties or modified by any extension or extensions of time as hereinafter provided. The schedule shall be submitted before the Notice to Proceed is issued. No Work on this Contract shall begin until said schedule is approved. The City reserves the right to adjust the Contractor's schedule to coordinate with any other projects in the same area.

The Contractor shall, within ten (10) days after being instructed to do so in the written "Notice to Proceed" from the City, commence the Work to be done under this Contract; and the rate of progress shall be such that the Work shall have been completed in accordance with the terms of the Contract on or before the termination of the construction period contractually specified, subject to any extension or extensions of such time made as hereinafter provided.

The Contractor shall submit monthly progress reports and schedules. The progress report shall summarize Work completed, identify any weather and/or utility delays encountered, and indicate Work anticipated for the upcoming month. The schedule will be detailed indicating how the remaining Work will be completed within the stated deadlines (the remaining Work shall include identifying/incorporating utility relocation work with the project-related construction work). The progress report and schedule will be required before payment of monthly pay estimates.

If requested, a weekly construction schedule shall be submitted to the City and approved by the City Engineer. Modifications and/or revisions to the schedule shall have twenty-four (24) hour notice with approval by the City Engineer.

#### GC-8 SHOP DRAWINGS

Contractor shall review, approve, and submit, with such promptness as to cause no delay in its own Work or in that of any Subcontractor or other Contractor, three (3) copies of all shop, fabrication, assembly, foundation and other drawings and schedules required by the Specifications, including, but not limited to: (1) drawings of equipment and devices offered by the Contractor for approval of the Consulting Engineer in sufficient detail to adequately show the construction and operation thereof; (2) drawings showing essential details of any change in design of construction proposed, for consideration by the Consulting Engineer, by the Contractor in lieu of the design or arrangement required by the Contract Documents, or any item of extra work there under; (3) all required wiring and piping layouts; and (4) structural and reinforcing fabrication drawings. All submittals, regardless of origin, shall be stamped with the approval of the Contractor and identified with the name and number of this Contract, Contractor's name and references to applicable specification paragraphs and Contract drawings. Each submittal shall indicate the intended use of the item in the Work. Contractor's stamp of approval is representation to the Consulting Engineer, that the Contractor accepts full responsibility for determining and verifying all quantities, dimensions, field construction criteria, materials, and similar data, and that he has reviewed or coordinated each submittal with the requirements of the Work and the Contract Documents. All deviations from the Contract Documents shall be identified on each submittal and shall be tabulated in the Contractor's letter of transmittal. Such submittals shall, as pertinent to the deviation, indicate essential details of all changes proposed by Contractor (including modifications to other facilities that may be a result of each deviation).

The Consulting Engineer shall review the Shop Drawings for conformance with the design concept of the Work and information as given in the Contract Documents. The Contractor is not relieved of responsibility for any deviation from the requirements of the Contract Documents by the Consulting Engineer's approval of the Shop Drawings, product data, or samples. The Contractor is not relieved from responsibility for errors or omissions in Shop Drawings by the Engineer's approval thereof. The Consulting Engineer shall respond to, accept or reject such submissions within a reasonable time after receipt thereof. Contractor shall make such revisions as deemed necessary. On Final Acceptance, the Consulting Engineer shall be furnished with a total of five (5) copies of each drawing as finally approved, such number to include any copies of preliminary or revised drawings which are approved as submitted. No Work shall be performed in connection with the fabrication or manufacture of material or

equipment shown by any drawing thereof, nor shall any accessory, appurtenance or device not fabricated or manufactured by the Contractor or its Subcontractors be purchased, until the drawing or drawings therefore have been approved as stipulated, except at the Contractor's own risk and responsibility.

#### GC-9 CONTRACTOR'S RESPONSIBILITIES AS TO AMBIGUITIES

If there is any ambiguity in Consulting Engineer's drawings or instructions, Contractor shall ask the Consulting Engineer for clarification. Upon written request of Contractor, the Consulting Engineer shall furnish, with reasonable promptness, additional instructions by means of drawings, Specifications or other information necessary for the proper execution of the Work. The Work shall be executed in conformity therewith, and, in accordance with Article GC-3, Contractor shall do no Work without proper instructions except at its peril. Nothing herein to the contrary shall affect Contractor's responsibilities with regard to defects as set forth in Article GC-3.

#### GC-10 CONCEALED CONDITIONS

The Contractor understands that the City does not warrant that the various and sundry materials and information, including, for example, soil tests, bore reports, utility locations and other such data and as-builts in the case of renovation of or addition to existing facilities, reflect actual conditions. The Contractor warrants that it has examined the site and conducted such tests and examinations as it deems necessary. That being the case, should concealed conditions encountered in the performance of the Work below the ground or should concealed or unknown conditions in an existing structure be at variance with the conditions indicated by the Contract Documents, or should unknown physical conditions below the surface of the ground or should concealed or unknown conditions in an existing structure of an unusual nature, differing materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in this Contract, be encountered, there shall be no adjustment in the Contract Price for any extra work necessitated thereby, although, if necessary, the Contract Time may be adjusted.

#### GC-11 CONTRACTOR TO FURNISH STAKES AND HELP

The Contractor, unless otherwise instructed, shall stake the Work and shall furnish, without charge, competent people from its force and such tools, stakes, and other materials as required in properly staking out the Work, in making measurements and surveys and in establishing temporary or permanent reference marks in connection with said Work. The stakes furnished for the staking of the Work shall be of such type, size and quality as to be acceptable to the Consulting Engineer.

#### GC-12 PRESERVATION OF MONUMENTS AND STAKES

The Contractor shall carefully preserve all monuments, property corners, bench marks, reference points and stakes, and in case of destruction of the same, will be responsible for proper replacement and for any mistakes or loss of time that may be caused by their unnecessary loss or disturbance. In the event that the loss of stakes, etc., causes a delay in the Work, the Contractor shall have no claim for damages or extensions of time. In the case of any permanent monuments, property corners or bench marks which must of necessity be removed or disturbed in the construction of the Work, the Contractor shall carefully protect and preserve the same until they can be properly referenced for relocation. The Contractor shall furnish at its own expense such materials, surveyors and assistance as are necessary for the proper

replacement of monuments, property corners or bench marks that have been moved or destroyed.

#### GC-13 PERMITS AND NOTICES

(a) All permits and licenses shall be secured and paid for by Contractor, unless otherwise specified.

(b) Contractor shall give all notices required by and all Work shall be done in accordance with all applicable federal and state laws, City and County laws and ordinances, building codes and rules and regulations bearing on the conduct of the Work.

(c) Contractor shall notify all affected utilities of the Work and coordinate with the utilities to avoid interruption of utility service and damage to utility lines and property. This notice requirement shall also apply as to the owner/operator of any affected Underground Facility. Any project delay, damages or increase in construction costs due to utility relocation delays shall be at the Contractor's risk.

#### GC-14 GENERAL ADMINISTRATION OF THE CONTRACT

(a) Unless otherwise stipulated, Contractor shall provide and initially pay for all Work (including labor, transportation, tools, equipment, machinery, plant and appliances) necessary in producing the results called for by the Contract Documents.

(b) Unless otherwise specified, all supplies, materials, equipment and other facilities are guaranteed to be new and all Work shall be of good quality and workmanship and free from defects or fault. Contractor shall, if required, furnish satisfactory evidence as to the kind and quality of the Work.

(c) The Contractor shall be solely responsible for and have complete control and charge of construction means, methods, techniques, sequences and procedures, and for safety precautions and programs in connection with the Work. The City shall not be responsible for nor have control or charge over the acts or omissions of the Contractor, Subcontractors, or any of their agents or employees, or any other persons performing any of the Work.

(d) The Contractor shall, in addition to the schedule required by Article GC-7, give to the Consulting Engineer full information in advance as to its plans for carrying on any part of the Work. If at any time before the beginning or during the progress of the Work, any part of the Contractor's plant or equipment or any of its methods of executing the Work, appear to the Consulting Engineer to be unsafe, inefficient or inadequate to ensure the required quality or rate of progress of the Work, the Consulting Engineer may order the Contractor to increase or improve its facilities or methods, and the Contractor shall promptly comply with such orders; but neither compliance with such orders nor failure of the Consulting Engineer to issue such orders shall relieve the Contractor from its obligation to secure the degree of safety, the quality of Work and the rate of progress required by the Contract.

(e) The approval by the Consulting Engineer of any plan, schedule or method of work proposed by the Contractor shall not relieve the Contractor of any responsibility therefore, and such approval shall not be considered as an assumption by the City, or any officer, agent or employee thereof, of any risk or liability, and the Contractor shall have no claim under this Contract on account of the failure or inefficiency of any plan or method so approved. Such approval shall be considered and shall mean that the Consulting Engineer has no objection to

the Contractor's use or adoption, at the Contractor's own risk and responsibility, of the plan or method so proposed by the Contractor.

(f) Any plan or method of Work suggested by the Consulting Engineer or the City, to the Contractor, but not specified or required, if adopted or followed by the Contractor in whole or in part, shall be used at the risk and responsibility of the Contractor, and the Consulting Engineer and the City will assume no responsibility therefor.

#### GC-15 CONTRACTOR'S EMPLOYEES

(a) Contractor shall at all times enforce strict discipline and good order among its employees and shall not employ on the Work any unfit person or anyone not skilled in the Work assigned to him.

(b) Contractor shall be responsible for compliance with all state and federal laws, if applicable, pertaining to wages, hours and benefits for workers employed to carry out the Work.

#### GC-16 SAMPLES

Contractor shall furnish for approval samples if directed by the Consulting Engineer or the Contract Documents. The Work shall be in accordance with approved samples.

#### GC-17 PROTECTION AND MAINTENANCE OF PUBLIC AND PRIVATE PROPERTY; LIABILITY

(a) Contractor shall be solely liable for all damages to the City or the property of the City, to other contractors or other employees of the City, to neighboring premises, or to any private or personal property, due to improper, illegal or negligent conduct of the Contractor, its Subcontractors, employees or agents in and about said Work, or in the execution of the Work. The Contractor shall be liable to the City for any damages, whether property damage or personal injury, occasioned by Contractor's use of any scaffolding, shoring, apparatus, ways, works, machinery, plant or any other process or thing that is required for the Work.

(b) Without in any manner limiting Contractor's responsibilities as provided elsewhere in the Contract Documents, the Contractor shall maintain at all times, as required by the conditions and progress of the Work, all necessary safeguards, and assume full responsibility, for the protection of all public and private property, life, the Work, supplies, materials and equipment on the Project site not yet incorporated in the Work, structures, sewers and utilities both above the ground and Underground Facilities, along, beneath, above, across or near the site or sites of the Work being performed under this Contract, or which are in any manner affected by the prosecution of the Work or the transportation of people or materials in connection therewith.

(c) Protection may include, shoring, bracing, supporting and maintaining all underground pipes, conduits, drains and other underground construction uncovered or otherwise affected by the construction Work performed by Contractor. Barriers shall be kept placed at all times to protect bracing and shoring of the trenches shall be in full accordance with Occupational Safety and Health Standards – Excavations; Final Rule 29 CFR Part 1926. All open trenches and other excavations shall be provided with suitable barriers, signs and lights, at Contractor's expense, such that adequate protection is provided to the public against accident by reason of such open construction. Obstructions such as material piles and equipment shall be provided with similar warning lights and signs. All pavement, surfaces, driveways, curbs, walks, buildings, utility poles, guy wires, and other surface structures affected by construction



operations in connection with the performance of the Contract, shall be maintained, and if removed or otherwise damaged, shall be restored to the original condition thereof, as determined and approved by the Engineer. All replacement of such underground construction and surface structures or parts thereof shall be made with new materials conforming to the requirements of these Specifications, or if not specified, as approved by the Engineer, at the Contractor's own expense, unless otherwise provided by the Contract.

(d) Barriers shall be kept placed at all times to protect other than those engaged on or about the Work from accident and the Contractor shall be held responsible for all accidents to persons or property resulting from the acts of Contractor or its employees. Contractor shall give reasonable notice to any affected owner or owners when any property is liable to injury or damage through the performance of the Work and shall make all necessary arrangements with such owner or owners relative to the removal and replacement or protection of such property and/or utilities.

(e) Contractor shall comply with any and all instructions from the Consulting Engineer regarding prevention of accidents, fires or for the elimination of any unsafe practice and shall observe all the applicable recommendations of the National Fire Protection Association Standard No. 241 (or other, later revision) "Standards For Safeguarding Building Construction and Demolition Operations".

(f) Contractor shall post danger signs warning against the hazards created by such features of construction as protruding nails, hood hoists, well holes, elevator hatchways, scaffolding, window openings, stairways, falling materials, open trenches, other excavations, obstructions and similar conditions. It shall designate a responsible member of its organization on the Project whose duty shall be the prevention of accidents. The name and position of the person so designated shall be reported to the Consulting Engineer by Contractor.

(g) In an emergency affecting the safety of life, the Work, City's property or of adjoining property, Contractor, without special instruction or authorization from the Consulting Engineer, is hereby permitted to act, at its discretion, to prevent such threatened injury or loss. Any compensation claimed by Contractor on account of emergency work shall be determined by mutual agreement of City and Contractor.

(h) Contractor shall develop and maintain an up-to-date emergency action plan, taking into account fires, hazardous materials, explosions, adverse weather, floods, etc., which shall be in compliance with all federal, state and local laws and ordinances. The procedures should outline specific action to be taken to protect life and to secure and protect the building materials, constructed work, buildings, equipment and the position of cranes. Contractor shall be fully responsible for the contents of and procedures outlined in said plan, including deficiencies therein, whether or not City shall have reviewed said plan.

(i) Contractor shall be responsible for any damage caused by settlement of backfill placed beneath pavement, street, road, and driveway surfacing, and drainage and other structures beneath yards, parking and parks, which may occur at any time prior to and during a period of two (2) years from and after the date of Final Acceptance of Work covered by the Contract; during such period, the Contractor shall at his own expense, refill all excavations where backfill settlement has occurred, and shall repair or cause to be repaired all damage to structures, pavements, surfacing and sod caused by such settlement, to the satisfaction of the City. Should the Contractor fail to repair settlements, which may occur as described above within thirty (30) days after being given notice thereof, the City shall have the right to repair such settlement and charge the cost of such repairs to the Contractor.

(j) Contractor shall be held responsible for all damage to roads, highways, shoulders, ditches, embankments, bridges, culverts, and other property, caused by the Contractor or any of the Contractor's Subcontractors in hauling or otherwise transporting materials to or from the several sites of Work, regardless of the location of such damage. Contractor shall make arrangements relative to the payment for, or repair or replacement of, such damage or damaged surfaces of structures; said arrangements shall be satisfactory and acceptable to the owner or owners of such damaged surfaces or structures, or to their legally responsible officers, agents or other representatives, and said payment shall be at the Contractor's own cost and expense, unless otherwise provided by the Contract.

(k) All streets, roads, highways and other public thoroughfares which are closed to traffic, under the authority of a proper permit, shall be protected, at Contractor's expense, by means of effective barricades on which shall be placed proper warning signs; such barricades being located at the nearest intersecting public highway or street on each side of the blocked section of such public thoroughfare.

(l) All barricades and obstructions shall be illuminated by means of amber lights at night and all lights used for this purpose shall be at Contractor's expense and shall be kept burning from sunset to sunrise. Materials stored upon or alongside public streets and highways shall be so placed, and the Work at all times shall be so conducted, as to cause the minimum obstruction and inconvenience to the traveling public.

(m) All barricades, signs, lights and other protective devices in public rights-of-way shall be installed and maintained in conformity with applicable statutory requirements and as required by the Manual on Uniform Control Devices, as amended, or any other applicable statutes or ordinances.

#### GC-18 WORK IN OR ACROSS STREET OR HIGHWAY RIGHT-OF-WAY

All Work performed and all preparations of the Contractor or its employees, and Subcontractors, if any, within the limits of street or highway rights-of-way shall be in conformity with the requirements, and be under the control, through the City, of the street or highway authority owning or having jurisdiction and control over such rights-of-way in each case. Any costs incurred to comply with such requirements are the responsibility of Contractor.

#### GC-19 MAINTENANCE OF TRAFFIC

Local traffic on all streets shall be carried through construction whenever possible. Detours of traffic will be permitted when necessary and with the prior permission of the City. Streets may be closed for short periods of time under authority of proper permit issued by the City or authority having jurisdiction. However, the Contractor shall conduct its Work so as to interfere as little as possible with public travel, whether vehicular or pedestrian, on such streets. Proper notification to County and City police units and to Fire Districts shall be given by the Contractor before closing any public thoroughfare.

Where construction operations require the closing of private driveways, the Contractor shall give adequate notice to the owner or owners thereof and where necessary shall provide temporary access to private property.

#### GC-20 NOISE CONTROL

Contractor shall take reasonable measures to avoid unnecessary noise. Such measures shall be appropriate for the normal ambient sound levels in the area during working hours. All

construction machinery and vehicles shall be equipped with practical sound muffling devices, and operated in a manner to cause the least noise consistent with efficient performance of the Work.

#### GC-21 DUST CONTROL

Adequate precaution shall be taken to insure that excessive dust does not become airborne during construction. The Contractor shall comply with any local, state, or federal regulations which apply to this matter in the geographical area of the Work. No separate payment will be made for performing dust control or for applying water for this purpose.

#### GC-22 INSPECTION OF WORK

(a) Consulting Engineer shall at all times have access to the Work for the observation and inspection thereof wherever it is in preparation or progress, and Contractor shall provide proper facilities for such inspection. The Contractor shall furnish all reasonable aid and assistance required for any such inspection.

(b) All Work must be inspected, tested or approved and the Contractor shall give the Consulting Engineer timely notice of its readiness for such inspection, testing or approval and the date fixed for such inspection, testing or approval, if the inspection, testing or approval is by an authority other than Consulting Engineer. If any Work should be covered up which is required by the above to be inspected, tested or approved and which, by virtue of being so covered up, is not susceptible to being properly inspected, tested or approved, Contractor shall, if requested by Consulting Engineer, uncover such Work and at Contractor's expense bear the cost of uncovering such Work and redoing same after inspection, testing or approval and redoing such other Work damaged as a result of having to uncover and redo same.

(c) Consulting Engineer reserves the right to inspect any and all Work before it is covered up; and, accordingly, Contractor must notify Consulting Engineer before covering any Work. Consulting Engineer shall be given a reasonable time to make its inspection. Contractor shall not cover any Work prior to Consulting Engineer having a reasonable time to inspect. If Work to be covered does not conform to the Contract Documents, Consulting Engineer can withhold its consent to covering up Work until such Work is made to conform at Contractor's expense.

(d) If any labor, supplies, materials or equipment are found not to be in accordance with the Contract Documents, Contractor shall at its own expense bear the cost of uncovering such labor, supplies, materials or equipment, the cost of removing same, as well as the cost of undoing and redoing the Work and other Work damaged by such nonconforming labor, supplies, materials or equipment.

(e) The Contractor shall comply with the directions and instructions of the Consulting Engineer.

(f) The City, the Consulting Engineer and all designated Inspectors shall be free at all times to perform their duties, including the observation and inspection of the Work, and intimidation or attempted intimidation of any one of them by the Contractor or by any of its employees shall be sufficient reason, if the City so desires, to terminate the Contract.

(g) Any inspection, by whosoever conducted, shall not relieve the Contractor from any obligation to perform the Work strictly in accordance with the Plans and Specifications, and

any of the Work not so constructed shall be removed and made good by the Contractor at its own expense.

#### GC-23 SUPERINTENDENCE AND SUPERVISION

The Contractor shall be responsible for coordination between all phases of the Work and provide all necessary supervision to the Work using its best skill, care, judgment and attention and shall keep on the Work, during its progress, a competent superintendent and any necessary assistants, all satisfactory to Consulting Engineer. The Contractor shall coordinate the activities and scheduling of all operations in accordance with the approved schedule. All unsupervised Work shall be unacceptable and subject to removal and replacement at the Contractors expense. The superintendent shall not be changed except with the consent of the Consulting Engineer unless the superintendent proves to be unsatisfactory to the Contractor and/or ceases to be in its employ; provided however, that the Consulting Engineer retains the right to require that the Contractor replace the superintendent at any time, such right not to be arbitrarily exercised.

The superintendent shall be fully authorized to act for the Contractor and receive whatever orders as may be given for the proper prosecution of the Work or notices in connection therewith. Use of Subcontractors on portions of the Work shall not relieve the Contractor of its obligation to have a competent superintendent directly employed by the Contractor on the Work at all times.

#### GC-24 CONTRACTOR'S OFFICE AT SITE OF WORK

During the performance of this Contract, the Contractor shall maintain a suitable office at or near the site of the Work which shall be the headquarters of the superintendent authorized to receive drawings, instructions, or other communications or articles from the Consulting Engineer, and any such communication given to the said superintendent or delivered at the Contractor's office at the site of the Work in his/her absence shall be deemed to have been given to the Contractor.

#### GC-25 CHANGES IN THE WORK

(a) Change Orders. City, without invalidating the Contract, may by Change Order direct changes in the Work which may result in an addition to or deduction from the Contract Price and/or changes in the Contract Time. All Change Orders shall be executed under the provisions of the original Contract Documents. If the Change Order consists of a modification to the Contract Price, the value of such change shall be determined as per paragraph (e) below.

Except for Work done as a result of an emergency endangering life or property, no Work resulting in an additional pay item shall be performed unless pursuant to the provisions of a Change Order.

(b) Quantity Variations. Where changes in the Work involve a change in the quantity of any Bid item, the Contract Price shall be revised by extension of the quantities and unit price of all Bid items so changed subject to written approval of the Consulting Engineer.

(c) Field Orders. Consulting Engineer may order minor changes in the Work through Field Orders, which in no specific, concrete or substantial way increase or decrease the Work;

and such minor changes in the Work shall not involve an addition or deduction from the Contract Price.

(d) From time to time the Consulting Engineer may also issue written orders to Contractor for needed clarifications, modifications or corrections. Should a difference of opinion arise as to whether the order constitutes extra work for which additional compensation is due, and the City insists on its performance, the Contractor shall proceed with the Work after making a written request for a Change Order, and it shall keep an accurate account of the actual field cost thereof as provided for in (e)(3) below. The Contractor will thereby preserve the right to submit a claim therefor.

(e) The value of any change in the Work which results in an addition/deletion to the Contract Price shall be determined in one or more of the following ways, at the option of City:

- (1) By agreed lump sum.
- (2) By unit prices named in the Contract or subsequently agreed upon.
- (3) By actual field cost (time and material) plus fifteen percent (15%) and shall include a "Not to Exceed" figure.

In order to arrive at the value for any change, Contractor shall credit City with its projected cost(s), including overhead and fee for any Work which was previously included but which has been excluded by any such change.

(f) No change in the Work shall entail additional time unless the Consulting Engineer determines that additional time is required and specifically so provides in the Change Order. No change in the Work shall entitle the Contractor to delay damages.

(g) Where extra work is performed under (e)(3) above, the term "actual field cost" of such extra work is hereby defined to be and shall include:

- (1) The cost of all workers, such as foremen, timekeepers, mechanics, and laborers, for the time actually employed in the performance of the said extra work;
- (2) All materials and supplies;
- (3) Trucks and rentals on machinery and equipment for the time actually employed or used in the performance of said extra work;
- (4) Any transportation charges necessarily incurred in connection with said equipment authorized by the Consulting Engineer for use on said Work and similar operating expenses;
- (5) All incidental expenses incurred as a direct result of such extra work, including payroll taxes and a ratable proportion of premiums on construction Bonds and, where the premiums therefore are based on payroll costs, public liability and property damage, worker's compensation, and other insurance required by the Contract; provided, however, Contractor must enumerate and justify to City's satisfaction any such claimed incidental expenses; and provided, further, that without in any way limiting City's right to challenge any individual costs claimed by Contractor, incidental costs shall not include:

- (A) Payroll costs and other compensation of Contractor's officers, executives, principals (of partnership and sole proprietorships), general managers, engineers, architects, estimators, lawyers, auditors, accountants, purchasing and contracting agents, expeditors, timekeepers, clerks and other personnel employed by Contractor whether at the site or in Contractor's principal or a branch office for general administration of the Work unless specifically agreed to by City - all of which are to be considered administrative costs covered by the Contractor's overhead and profit.
- (B) Expenses of Contractor's principal and branch offices other than Contractor's office at the site.
- (C) Any part of Contractor's capital expenses, including interest on Contractor's capital employed for the Work and charges against Contractor for delinquent payments.
- (D) Costs due to the negligence of Contractor, any Subcontractor, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable, including but not limited to, the correction of Defective Work, disposal of materials or equipment wrongly supplied and making good any damage to property.
- (E) Other overhead of general expense costs of any kind and the costs of any item not specifically and expressly agreed to by City.

The Consulting Engineer may direct the form in which accounts of the actual field cost shall be kept and may also specify in writing, before the Work commences, the method of doing the Work and the type and kind of machinery and equipment, if required, which shall be used in the performance of extra work under (e)(3) above. In the event that machinery and heavy construction equipment shall be required for such extra work, the authorization and basis of payment for the use thereof shall be stipulated in the written extra work order.

The fifteen percent (15%) of the actual field cost to be paid to the Contractor shall cover, and be full compensation for, the Contractor's profit, overhead, general superintendence, field office expense and all other elements of cost not embraced within the "actual field cost" as herein defined.

(h) In the event that unit prices are provided for in the Contract Documents as to all or a part of the Work, if the quantities originally contemplated are so changed in a proposed Change Order that application of the agreed unit prices to the quantities of Work proposed is substantially inequitable to either the City or the Contractor, the unit prices shall be reevaluated and adjusted in accordance with the following:

- (1) If the total cost of a particular item of Unit Price Work amounts to twenty percent (20%) or more of the Contract price and the variation in the quantity of that particular item of Unit Price Work performed by Contractor differs by more than thirty-three percent (33%) from the estimated quantity of such item indicated in the Contract; and

- (2) If there is no corresponding adjustment with respect to any other item of Work; and
- (3) If Contractor has incurred additional expense as a result thereof; or
- (4) If City believes that the quantity variation entitles it to an adjustment in the unit price and, the parties are unable to agree as to effect of any such variations in the quantity of Unit Price Work performed; then either City or Contractor may request the Consulting Engineer to make an adjustment in the Contract price.

(i) No claim for extra work of any kind will be allowed except as provided herein. If extra work orders are given in accordance with the provisions of this Contract, such Work shall be considered a part hereof and subject to each and all of the terms and requirements of this Contract.

(j) Contractor shall be responsible for notifying its surety(ies) of any modifications to the Contract price or time, and said surety(ies) shall not seek discharge as a result of any failure on Contractor's part to notify surety(ies).

#### GC-26 DEDUCTIONS FOR UNCORRECTED WORK

If City deems it inexpedient to have corrected any Work which is not in accordance with the Contract Documents, an equitable deduction from the Contract Price shall be made therefor.

#### GC-27 DELAYS AND EXTENSION OF TIME

(a) If Contractor shall be delayed at any time in the progress of the Work by an act or omission of City or by any separate contractor employed by City and over which Contractor has no control and which is not a result of the Contractor's acts or the acts of any of its employees, Subcontractor or suppliers, negligent or otherwise, then the time of completion shall be extended for such reasonable time as the Consulting Engineer shall decide, and no adjustment shall be made in the Contract Price.

(b) No such extension shall be made for delay unless Contractor provides written notice to Consulting Engineer of such delay, the reasons therefore and the expected length of delay within seven (7) days of the commencement of such delay. In the case of a continuing cause of delay, only one claim is necessary.

(c) In executing the Contract, the Contractor expressly covenants and agrees that, in undertaking to complete the Work within the time therein fixed, it has taken into consideration and made allowances for all hindrances and delays incident to such Work, whether growing out of delays in securing materials, workers, weather conditions or otherwise. No charge shall be made by the Contractor for hindrances or delays from any cause during the progress of the Work, or any portion thereof, included in this Contract, except as provided in subparagraph (a), (b), or (d) of this Article.

(d) The Contractor shall delay or suspend the progress of the Work or any part thereof, whenever it shall be so required by written order of the Consulting Engineer, and for such periods of time as the Consulting Engineer shall require; provided, that in the event of such delay or delays or of such suspension or suspensions of the progress of the Work, or any part thereof, the time for completion of Work so suspended or of Work so delayed by such suspension or suspensions shall be extended for a period equivalent to the time lost by reason

of such suspension or suspensions; but such order of the Consulting Engineer shall not otherwise modify or invalidate in any way, any of the provisions of this Contract. In the event that the Work shall be stopped by order of the Consulting Engineer, through no fault of the Contractor, its employees, Subcontractors or suppliers, any incidental expenses (see Article GC-25 (g)(5)) which, in the opinion and judgment of the Consulting Engineer, are caused thereby shall be paid by the City to the Contractor; provided, however, that such suspension or suspensions shall not be the basis for any claim by Contractor for additional compensation or damages for delay.

(e) The City reserves the right and may delay Work on certain portions of Work until such time as weather and/or utility relocations will allow proper progress on major items of Work. The City may direct the Contractor to clear the right-of-way before utility relocations, if, in the opinion of the Engineer, such clearing would expedite utility relocation. Also, the City may direct the Contractor to work on certain items of Work after partial utility relocations have been made. There shall be no charge made by the City or the Contractor for delays arising from the issuance of such delayed Work direction other than provided for in paragraphs (a) through (d) in this Article.

#### GC-28 WORK STOPPAGES

Contractor warrants to the City that there shall be no work stoppages or interruptions arising out of labor disputes, including, but not limited to, those due to the presence of both union and non-union workforces at the job site. Contractor further agrees that in the event of any strike, picket, sympathy strike, work stoppage or other form of labor dispute or picket in connection with the Work of the Contractor, other contractors, Subcontractors, the City, or any other person, the Contractor will, contingent upon the City providing a picket-free entrance, continue to perform the Work required herein without interruption or delay. Anything in this Contract to the contrary notwithstanding, in the event the Contractor fails to continue performance of the Work included herein without interruption or delay, because of such picket or other form of labor dispute, the City may terminate the services of said Contractor after giving forty-eight (48) hours written notice to Contractor and its sureties of its intent to do so, or the City may invoke any of the rights set forth elsewhere in the Contract Documents.

#### GC-29 PATENT LIABILITY CLAUSE

Contractor agrees to defend any claim, action or suit that may be brought against City, its Governing Body, officers, agents or employees for infringement of any patents arising out of the performance of this Contract or out of the use or disposal by or for the account of City of supplies furnished or construction Work performed hereunder, and also to indemnify and hold harmless City, its Governing Body, officers, agents, and employees against all judgments, decrees, damages, costs and expenses recovered against it or them or sustained by it or them on account of any such actual or alleged infringement.

It is understood that all royalties and fees for and in connection with patents, or patent infringement, claims for materials, articles, apparatus, devices or equipment used in or furnished for the Work shall be included in the Contract Price. Final payment to the Contractor by the City shall not be made while any suit or claim involving infringement or alleged infringement of any patent remains unsettled.

#### GC-30 INDEPENDENT CONTRACTOR

The right of general supervision of the City and/or the Consulting Engineer shall not make the Contractor an agent of the City, and the liability of the Contractor for all damages to



persons, firms and corporations arising from the Contractor's execution of the Work shall not be lessened because of such general supervision, but as to all such persons, firms and corporations, and the damages, if any, to them or their property, the Contractor herein is an independent contractor in respect to the Work.

#### GC-31 SEPARATE CONTRACTS

(a) City reserves the right to perform by itself or let other contracts in connection with Work. Contractor shall afford reasonable opportunity for the introduction and storage of materials and the execution of Work by City or others and shall properly connect and coordinate its Work with the Work of City or others.

(b) If any part of Contractor's Work depends upon the Work of the City or others, Contractor shall inspect and promptly report to City any defects in any such Work that render it unsuitable for proper execution or results. Its failure to so inspect and report shall constitute an acceptance by it of such other Work as fit and proper for the reception of its Work.

#### GC-32 RELATIONS WITH OTHER CONTRACTORS

The Contractor shall cooperate with all other contractors or workers who may be performing Work on behalf of the City or any other entity on any Work in the vicinity of the Work to be done under this Contract, and it shall so conduct its operations as to interfere to the least possible extent with the Work of such Contractors or workers. Contractor shall be responsible for any injury or damages that may be sustained by other contractors, workers or their Work because of any fault or negligence on Contractor's part, and shall at its own expense repair or pay for such injury or damage. Any difference or conflict which may arise between the Contractor and other contractors, or between the Contractor and the workers of the City or any other entity, in regard to their Work, shall be adjusted and determined by the Consulting Engineer. If the Work of the Contractor is delayed or damaged because of any acts or omissions of any other contractor or contractors, the Contractor shall have no claim against the City on that account; provided, however, the City may, in its discretion, grant an extension of time.

When two or more contracts are being executed at one time in such manner that Work on one Contract may interfere with that on another, the Consulting Engineer shall decide which contractor shall cease Work and which shall continue, whether the Work on both contracts shall progress at the same time, and in what manner the Work is to proceed.

When the territory of one contract is the necessary or convenient means of access for the transportation or movement of men/women, materials or appliances required for the execution of another contract, such privileges of access or any other responsible privilege may be granted by Consulting Engineer to the Contractor so desiring to the extent which may be reasonably necessary.

In the event that Contractor is performing Work at a site or on a project involving City and one or more other private or governmental entities, which have their own contractors on site as well, Contractor shall advise Consulting Engineer when it anticipates that there may be interference with the Contractor's Work or with the Work of any other contractor. Consulting Engineer shall, to the best of its ability, with input from Contractor as to coordination of the Work, seek to schedule Work of the various contractors so as to avoid as much inconvenience and delay as possible; provided, however, that in the event Contractor experiences a delay or damage to the Contractor's Work as a result of the presence of other such contractors, Contractor shall not be entitled to additional compensation or damages for delay or damage to

the Contractor's Work; rather, Contractor's only recourse shall be an extension of time to be determined by the Consulting Engineer.

#### GC-33 INDEMNITY

##### (a) Definitions

For purposes of indemnification requirements as set forth throughout the Contract, the following terms shall have the meanings set forth below:

- (1) "The Contractor" means and includes Contractor, all of its affiliates and subsidiaries, its Subcontractors and materialmen and their respective servants, agents and employees; and
- (2) "Loss" means any and all loss, damage, liability or expense, of any nature whatsoever, whether incurred as a judgment, settlement, penalty, fine or otherwise (including attorney's fees and the cost of defense), in connection with any action, proceeding, demand or claim, whether real or spurious, for injury, including death, to any person or persons or damages to or loss of, or loss of the use of, property of any person, firm or corporation, including the parties hereto, which arise out of or are connected with, or are claimed to arise out of or be connected with, the performance of this Contract whether arising before or after the completion of the Work required hereunder.

##### (b) The Indemnity

For purposes of this Contract, and without in any way limiting indemnification obligations that may be set forth elsewhere in the Contract, Contractor hereby agrees to indemnify, defend and hold harmless the City from any and all Loss where Loss is caused or incurred or alleged to be caused or incurred in whole or in part as a result of the negligence or other actionable fault of the Contractor, its employees, agents, Subcontractors and suppliers.

It is agreed as a specific element of consideration of this Contract that this indemnity shall apply notwithstanding the joint, concurring or contributory or comparative fault or negligence of the City or any third party and, further, notwithstanding any theory of law including, but not limited to, a characterization of the City's or any third party's joint, concurring or contributory or comparative fault or negligence as either passive or active in nature.

##### (c) General Limitation

Nothing in this Article shall be deemed to impose liability on the Contractor to indemnify the City for Loss when the City's negligence or other actionable fault is the sole cause of Loss.

##### (d) Waiver of Statutory Defenses

With respect to the City's rights as set forth herein, the Contractor expressly waives all statutory defenses, including, but not limited to, those under workers compensation, contribution, comparative fault or similar statutes to the extent said defenses are inconsistent with or would defeat the purposes of this Article.

#### GC-34 PROTECTION OF PROPERTY/LIABILITY

Without in any manner limiting Contractor's responsibilities as provided elsewhere in the Contract Documents, the Contractor shall assume full responsibility for the protection of all public and private property, structures, sewers and utilities, both above the ground and Underground Facilities, along, beneath, above, across or near the site or sites of the Work being performed under this Contract, or which are in any manner affected by the prosecution of the Work or the transportation of men/women or materials in connection therewith. Barriers shall be kept placed at all times to protect persons other than those engaged on or about the Work from accident, and the Contractor will be held responsible for all accidents to persons or property resulting from the acts of Contractor or its employees.

The Contractor shall give reasonable notice to the affected owner or owners when any such property is liable to injury or damage through the performance of the Work and shall make all necessary arrangements with such owner or owners relative to the removal and replacement or protection of such property and/or utilities.

The Contractor shall satisfactorily shore, support and protect any and all structures and all pipes, sewers, drains, conduits and other facilities and shall be responsible for any damage resulting thereto. The Contractor shall not be entitled to any additional time on account of any postponement, interference or delay caused by any such structures and facilities being on the line of the Work, whether they are shown on the Plans or not.

#### GC-35 PROVISION FOR EMERGENCIES

Whenever, in the opinion of the Consulting Engineer, the Contractor has not taken sufficient precaution for the safety of the public or the protection of the Work to be constructed under this Contract, or of adjacent structures or property which may be injured by process of construction, and whenever, in the opinion of the Consulting Engineer, an emergency shall arise and immediate action shall be considered necessary in order to protect property interests and to avoid personal injury and/or death, then the Consulting Engineer, with or without notice to the Contractor, shall, upon notification to the City, provide suitable protection to the said interests by causing such Work to be done and materials to be furnished at places as the Consulting Engineer may consider necessary and adequate. The cost and expense of such Work and material so furnished shall be borne by the Contractor and, if the same shall not be paid on presentation of the bills therefore, such costs shall be deducted from any amounts due or to become due the Contractor. The performance of such emergency work shall in no way relieve the Contractor of responsibility for damages which may occur during or after such precaution has been duly taken.

#### GC-36 ASSIGNMENT AND SUBLETTING OF CONTRACT

In case the Contractor assigns all, or any part, of the monies due or to become due under this Contract, the instrument of assignment shall contain a clause substantially to the effect that it is agreed that the right of the assignee in and to any monies due or to become due the Contractor shall be subject to all prior claims of all persons, firms and corporations for services rendered or materials supplied for the performance of the Work called for in this Contract and that no money shall be paid assignee on behalf of the Contractor by the City until such time as the Contractor has discharged its obligations to the City under the Contract. It is expressly understood and agreed that no assignment shall be effective as against the City unless it complies with the foregoing.

The Contractor shall not award subcontracts which total more than sixty percent (60%) of the total Contract Price based upon the unit prices within the Bid submitted to the City by the Contractor and shall self-perform not less than forty percent (40%) of the total Contract Price

based upon the unit prices within the Bid submitted to the City by the Contractor. Should any Subcontractor fail to perform in a satisfactory manner, the Work undertaken by such Subcontractor shall be immediately terminated by the Contractor. The Contractor shall be as fully responsible to the City for the acts and omissions of its Subcontractors, and of persons either directly or indirectly employed by them, as Contractor is for the acts and omissions of persons directly employed by it. Approval by the City of any Subcontractor shall not constitute a waiver of any right of the City to reject Defective Work, material or equipment not in compliance with the requirements of the Contract Documents. The Contractor shall not make any substitution for any Subcontractor accepted by the City unless the City so agrees in writing.

The Contractor shall cause appropriate provisions to be inserted in all subcontracts relative to the Work to bind Subcontractors to the Contractor by the terms of the Contract Documents insofar as applicable to the Work of the Subcontractor and to give the Contractor the same power to terminate any subcontract as the City has to terminate the Contractor under any provisions of the Contract Documents.

Nothing contained in the Contract Documents shall create any contractual relationship between any Subcontractor and the City, nor shall anything contained in the Contract Documents create any obligation on the part of the City to pay to or to see to the payment of any sums due any Subcontractor.

Prior to the City's approval of the Contract Bid, the successful Bidder shall submit to the City Engineer or the City's designated representative for City acceptance a list of the names of all Subcontractors proposed for portions of the Work and shall designate which Work each is to perform.

The City Engineer or the City's designated representative shall, prior to City's approval of the Contract Bid, notify the successful Bidder, in writing, if the City, after due investigation, has reasonable objection to any Subcontractor on such list, and the Contractor shall substitute a Subcontractor acceptable to the City at no additional cost to the City or shall be allowed to withdraw its Bid, and the City shall either rebid the Project or accept the next best lowest and responsible Bidder. The failure of the City to make objection to a Subcontractor shall constitute an acceptance of such Subcontractor but shall not constitute a waiver of any right of the City to reject Defective Work, material or equipment not in conformance with the requirements of the Contract Documents.

The Contractor shall not make any substitution for any Subcontractor who has been accepted by the City unless the City Engineer or the City's designated representative determines that there is a good cause for doing so. The City's disapproval of any Subcontractor shall not, under any circumstance, be the basis for an increase in the Contract Price or a claim for delay damages.

#### GC-37 DISPUTE RESOLUTION

City and Contractor agree that disputes relative to the Work shall first be addressed by negotiations between the parties. If direct negotiations fail to resolve the dispute, the party initiating the claim that is the basis for the dispute shall be free to take such steps as it deems necessary to protect its interests; provided, however, that notwithstanding any such dispute Contractor shall proceed with the Work as per the Contract Documents as if no dispute existed; and provided further that no dispute will be submitted to arbitration without the City's express written consent.

In order to preserve its rights to dispute a matter hereunder, the complaining party must submit a written notice to the other party setting forth the basis for its complaint within twenty (20) calendar days following receipt of the decision of the Consulting Engineer as to such matter as per Article GC-39. No dispute resolution shall be a condition precedent to any legal action.

#### GC-38 INSURANCE

The Contractor shall secure and maintain through the duration of this Contract insurance (on an occurrence basis unless otherwise agreed to) of such types and in such amounts (but not less than the amounts set forth in Section IB-8 of the Instructions to Bidders) as may be necessary to protect the Contractor and the City and agents of the City against all hazards or risks of Loss as hereinafter specified. The form and limits of such insurance, together with the underwriter thereof in each case, shall be approved by the City, but regardless of such approval it shall be the responsibility of the Contractor to maintain adequate insurance coverage at all times. Failure of the Contractor to maintain adequate coverage shall not relieve it of any contractual responsibility or obligation, including, but not limited to, the indemnification obligation.

Satisfactory certificates of insurance shall be filed with the City prior to Contractor's starting any construction work on this Contract. The certificates shall state that thirty (30) days written notice will be given to the City before any policy covered thereby is changed or cancelled. Failure by the Contractor to furnish the required insurance within the time specified in the Notice of Award of the Contract by the City may, at the City's option, be the basis for the City's exercising its right to terminate the Contract pursuant to Article GC-42.

(a) Commercial General Liability - This insurance shall protect the Contractor against all claims arising from the injuries to members of the public or damage to property of others arising out of any act or omission of the Contractor or its agents, employees or Subcontractors. In addition, this policy shall specifically insure the contractual liability assumed by the Contractor under Article GC-33.

The liability limits shall be as stated in the Instructions to Bidders or in the Project Special Provisions.

(b) Automobile Liability - This insurance shall protect the Contractor against all claims for injuries to members of the public and damage to property of others arising from the use of motor vehicles, and shall cover operation on and off the site of all motor vehicles licensed for highway use, whether they are owned, non-owned or hired.

The liability limits shall be as stated in the Instructions to Bidders or in the Project Special Provisions.

(c) Worker's Compensation and Employer's Liability - This insurance shall protect the Contractor against all claims under applicable state worker's compensation laws. The Contractor shall also be protected against claims for injury, disease or death of employees which, for any reason, may not fall within the provisions of a worker's compensation law. This policy shall include an "all states" endorsement.

The liability limits shall be as stated in the Instructions to Bidders or in the Project Special Provisions.

(d) Additional Insurance -

- (1) The Contractor shall be required to purchase an Owner's Protective Liability Insurance Policy, issued on an occurrence basis and covering bodily injury (and death) and property damage, naming the City as named insured. The liability limits shall be as stated in the Instructions to Bidders or in the Project Special Provisions. The original policy shall be placed on file with the City and maintained during the life of the Contract. Such policy shall contain no exclusion relative to any function performed by the City or its employees and agents in connection with the Work.
  - (2) Additional insurance covering special hazards may be required on certain projects. Such additional insurance requirements shall be as specified in Instructions to Bidders or Project Special Provisions.
- (e) Subcontractors' Insurance - If a part of the Contract is to be sublet, the Contractor shall either:
- (1) Cover all Subcontractors in its insurance policies; or
  - (2) Require each Subcontractor not so covered to secure insurance which will protect Subcontractor and the City against all applicable hazards or risks of loss as and in the minimum amounts designated for the Contractor.

#### GC-39 AUTHORITY AND DUTY OF THE CONSULTING ENGINEER

Unless the City acts as its own Consulting Engineer, the Consulting Engineer is an independent contractor. It is mutually agreed by and between the parties to this Contract that the Consulting Engineer shall observe and inspect all Work included herein (provided, however, that any such observations and inspections shall not alter the rights, responsibilities and obligations of the parties as set forth in Article GC-22). Anything in the Contract Documents to the contrary notwithstanding, in order to prevent delays and disputes, it is further agreed by and between the parties to this Contract that the Consulting Engineer shall in all cases determine the amount and quantities of the several kinds of Work which are to be paid for under this Contract; that Consulting Engineer shall determine all questions relating to the Plans and Specifications for the Project; that Consulting Engineer shall issue promptly any written clarifications or interpretations of the requirements of the Contract Documents (in the form of drawings or otherwise) which Consulting Engineer may determine are necessary, which shall be consistent with or reasonably inferable from the overall intent of the Contract Documents; that Consulting Engineer's decisions and findings shall be a condition precedent to the right of the parties to submit any proper matter and to any rights of the Contractor to receive any money under this Contract; provided, however, that should the Consulting Engineer render any decision or give any direction which, in the opinion of either party hereto, is not in accordance with the meaning and intent of this Contract, either party may file with the other, within twenty (20) days a written objection to the decision or direction so rendered and, by such action, may reserve the right to submit the question so raised as herein provided, except as otherwise provided in Article GC-37. It is the intent of the Contract that there shall be no delay in the execution of the Work, and the decisions or directions of the Consulting Engineer as rendered shall be promptly carried out.

#### GC-40 CORRECTION OF LABOR, ETC. - BEFORE FINAL PAYMENT

At Consulting Engineer's request, Contractor shall, at Contractor's expense, promptly remove from the job site all labor, supplies, materials, equipment and/or other facilities

condemned by Consulting Engineer as not in accordance with the Contract Documents, whether incorporated or not; and the Contractor shall, at Contractor's expense, promptly replace and re-execute all labor, supplies, materials, equipment and/or other facilities in accordance therewith and, at Contractor's expense, restore all Work of other Contractors and Subcontractors destroyed or damaged as a result of such removal, replacement and re-execution.

#### GC-41 CORRECTION OF LABOR, ETC. - AFTER FINAL PAYMENT

(a) Contractor guarantees to City that all Work performed under this Contract shall be free from defects in material or workmanship for a period of not less than two (2) full years from the date of final payment by City; provided, however, that whenever any provision of the Contract Documents requires a guarantee for a period in excess of two (2) years to be furnished by Contractor, Contractor shall promptly execute same in writing and shall promptly deliver same to City.

(b) Contractor shall promptly procure from each Subcontractor a written guarantee that all Work performed by such Subcontractor shall be free from defects in material or workmanship for a period of not less than two full (2) years from the date of final payment by City to Contractor and shall promptly deliver same to City; provided, however, that wherever any provision of the Contract Documents requires a guarantee for a period in excess of two (2) years to be furnished by a Subcontractor, Contractor shall promptly procure same in writing from the appropriate Subcontractor and shall promptly deliver same to City.

(c) Whenever any provision of the Contract Documents requires a guarantee for a period in excess of two (2) years, but does not specify who is to give such a guarantee, it shall be given by the Contractor regardless of who is performing the Work for which the guarantee is required. All such guarantees shall be in writing and shall be promptly delivered to City.

(d) The furnishing of guarantees by Subcontractors and materialmen shall not relieve Contractor of its obligations under guarantees required of Contractor under the Contract Documents. In addition to the above guarantees, Contractor will (1) obtain and assign to City all available manufacturers and suppliers warranties; and (2) at City's sole option, assign to City any rights Contractor may have against any Subcontractor and/or supplier for Defective Work, materials or equipment.

(e) Any provision of the Contract Documents to the contrary notwithstanding, all guarantees provided for in the Contract Documents shall begin to run from the date of final payment by City to Contractor.

(f) Neither the issuance of the final certificate, payment nor any provision in the Contract Documents shall relieve the Contractor of responsibility for Work determined by City not to be in accordance with the Contract Documents. If, within two (2) years of the date of final payment to Contractor or within any longer period of time as may be prescribed by applicable law or by the terms of any applicable special warranty required by the Contract Documents, any of the Work is found by City to be defective or not in conformance with the Contract Documents then, at City's request, Contractor shall, at Contractor's expense, promptly remove from the premises all Work determined by the City to be defective or not in accordance with the Contract Documents; and Contractor shall, at Contractor's expense, promptly replace and re-execute all Work in accordance therewith and, at Contractor's expense, restore all Subcontractors' Work and Work of other Contractors and Subcontractors damaged as a result of such removal, replacement and re-execution. City shall with reasonable promptness give notice of any Work

condemned by City as not in accordance with the Contract Documents. If, within ten (10) days after the mailing of such notice, the Contractor shall fail or neglect to make, or undertake to make, with due diligence any required repairs or corrections, the City shall make such repairs at Contractor's expense; provided, however, that, in case of an emergency which, in the judgment of City, would cause serious loss, hazard or damage if not corrected immediately, such repairs may be made without prior notice being sent to the Contractor, and Contractor shall nevertheless be liable to the City for the cost thereof.

#### GC-42 RIGHT OF CITY TO TERMINATE CONTRACT

Without in any manner limiting the right of the City to terminate the Contract or declare the Contractor in default thereof for any reason set forth in the Contract Documents, if the Work to be done under this Contract shall be abandoned by the Contractor; or if this Contract shall be assigned by Contractor otherwise than as herein provided; or if the Contractor should be judged as bankrupt; or if a general assignment of its assets should be made for the benefit of its creditors; or if a receiver should be appointed for the Contractor or any of its property; or if at any time the Consulting Engineer shall certify in writing to the City that the performance of the Work under this Contract is being unnecessarily delayed, that the Contractor is violating any of the conditions or covenants of this Contract or the Specifications therefore, that it is executing the same in bad faith or otherwise not in accordance with the terms of said Contract; or if all Bid items of the Project are not completed within the time named for their completion or within the time to which such completion date may be extended; then, in addition to other rights the City may choose to exercise, the City may, at its option, serve written notice upon the Contractor and its surety of City's intention to terminate this Contract, and, unless within five (5) days after the serving of such notice upon the Contractor, a satisfactory arrangement be made for the continuance thereof, this Contract shall cease and terminate. In the event of such termination, the City shall immediately serve notice thereof upon the surety and the Contractor, and the surety shall have the right to take over and complete the Work; provided, however, that if the surety does not commence performance thereof within thirty (30) days from the date of said notice of termination, the City may take over the Work and prosecute same to completion, by contract or otherwise, for the amount and at the expense of the Contractor, and the Contractor and its surety shall be liable to the City for any and all excess cost sustained by the City by reason of such prosecution and completion; and in such event the City may take possession of, and utilize in completing the Work, all such materials, equipment, tools and plant as may be on the site of the Work and necessary therefore. When Contractor's services have been so terminated, such termination shall not affect any rights or remedies of City against Contractor then existing or which may later accrue. Similarly, any retention or payment of monies due Contractor shall not release Contractor from liability.

City reserves the right, in its sole discretion and for its convenience and without cause or default on the part of Contractor, to terminate the Contract by providing written notice of such termination to Contractor. Upon receipt of such notice from City, Contractor shall: (1) immediately cease all Work; or (2) meet with City and, subject to City's approval, determine what Work shall be required of Contractor in order to bring the Project to a reasonable termination in accordance with the request of City. If City shall terminate for its convenience as herein provided, City shall: (1) compensate Contractor for all purchased materials and actual cost of Work completed to date of termination; and (2) release and indemnify Contractor against any liability Contractor may have to any third parties as the result of any contracts, commitments, purchase orders or any other such liabilities Contractor may have incurred as a result of its obligations under the provisions of the Contract. Contractor agrees that it shall minimize such potential liabilities by, where practical, informing third parties of City's right to terminate and attempting to obtain from such third parties a waiver of any liability in the event of such termination.



Any termination of the Contract for alleged default by Contractor that is ultimately determined to be unjustified shall automatically be deemed a termination for convenience of the City.

#### GC-43 CITY'S RIGHT TO DO WORK

Without otherwise limiting City's rights under the Contract Documents, if Contractor should neglect to prosecute the Work properly or fail to perform any provision of the Contract Documents, City, after three (3) days' written notice to Contractor may, without prejudice to any other remedy it may have, make good such deficiencies and may deduct the cost thereof from the payment then or thereafter due Contractor.

#### GC-44 PAYMENTS

(a) Before the first application for payment, the Contractor shall submit to the Consulting Engineer a schedule of values allocated to the various portions of the Work, prepared in such form and supported by such data to substantiate its accuracy as the Consulting Engineer may require. This schedule, unless objected to by the Consulting Engineer, shall be used only as a basis for the Contractor's applications for payment and does not constitute approval by the Consulting Engineer of the method or performance by the Contractor.

(b) Payment will be made to Contractor monthly from funds available within thirty (30) days of the City's receipt of a proper undisputed pay request from the Contractor on the basis of a duly certified estimate of the value of all labor and materials delivered on the site and accepted by the Consulting Engineer during the preceding month, calculated in proportion to the Contract Price, but to ensure the proper performance of the Contract, ten percent (10%) of the amount of each estimate will be retained until final completion and acceptance of all Work covered by the Contract.

(c) Each payment made to the Contractor shall be on account of the total amount payable to the Contractor by or for the City, and all materials and Work covered by the partial payments made shall therefore become the sole property of the City. This provision shall not be construed as relieving the Contractor from the responsibility imposed by the Contract Documents for the care and protection of materials and Work upon which payments have been made, for the restoration of any damaged Work, or as a waiver of the right of the City to require the fulfillment of all the terms of the Contract. Progress payments in respect to materials will be made only for materials delivered on the site and accepted by the Consulting Engineer, all calculated in proportion to the Contract Price.

(d) In general, no allowance will be made in estimates for materials delivered on the site and not incorporated in the Work except in case of those items considered by the Consulting Engineer to be major items of considerable magnitude, which will be allowed in estimates on the basis of ninety percent (90%) of invoices, the value calculated in proportion to the Contract Price.

(e) The retained percentages herein provided for are to be retained and held for the sole protection and benefit of the City, and no other person, firm or corporation shall have or assert any lien, claim, right or priority therein, thereon or thereto, or be entitled to receive any part thereof, except as herein expressly provided.

(f) The City shall require at intervals as it shall determine and at any time before final payment is made for the Work specified herein that the Contractor furnish the City with written acknowledgments (to the extent of payment made) by all Subcontractors and vendors who have done work or labor on, or who have furnished materials for, this Project that they have been fully paid in whole or in part by the Contractor for such work or labor done or materials furnished by them. Contractor's failure to furnish said list or to include all such Subcontractors and vendors shall not relieve Contractor or its surety of any obligation assumed under this Contract, nor shall the City's request for such list create any obligation on City's part to verify accuracy. City may require, at its option, lien waivers on forms supplied by City.

(g) The Contractor has, per the Instructions to Bidders, Bid this job net of all sales and compensation taxes. No application for payment shall include any amount for reimbursement of such taxes paid by Contractor resulting from Contractor's failure to use the Project Exemption Certificate for any purchase in connection with the Work. Final payment will not be made to Contractor until the City has received the Project Completion Certification from the Contractor along with a Consent of Surety to Final Payment.

(h) The Contractor shall be responsible for the return and/or exchange of surplus materials, and all credits for returned or exchanged materials shall be first submitted to the Consulting Engineer for approval. Applications for payment shall reflect any such credits, and the Contract Price shall be adjusted as necessary to reflect such credits. Non-returnable excess materials shall be turned over to the City, or, at its option, be removed from the Project site at Contractor's expense.

(i) The acceptance by the Contractor of final payment shall be and shall operate as a release to the City of all claims and all liability to the Contractor other than written claims in stated amounts as may be specifically excepted by the Contractor for all things done or furnished in connection with this Contract and for every act and neglect of the City and others relating to or arising out of this Contract. Any payment, however, final or otherwise, shall not release the Contractor or its sureties from any obligations under the Contract Documents, the Bonds, or insurance coverage's.

#### GC-45 PAYMENTS WITHHELD

City may withhold or, on account of subsequently discovered evidence, nullify the whole or a part of any application for payment to the extent necessary to protect City from loss on account of:

- (a) Incomplete Work or Defective Work not remedied;
- (b) A reasonable doubt that the Work can be completed for the balance of the Contract Price then unpaid;
- (c) Damage to City; or
- (d) A breach of this Contract.

#### GC-46 LIQUIDATED DAMAGES

It is mutually understood and agreed by and between the parties to this Contract that time is of the essence of this Contract, and that in the event that the Contractor shall fail in the performance of the Work specified and required to be performed within the period of time

stipulated therefore in the Contract, after due allowance for any extension or extensions of time which may be granted under the Contract, the said Contractor shall pay to City, as stipulated liquidated damages and not as a penalty, the sum stipulated herein for each and every day that the Contractor shall be in default.

In the case of joint responsibility for any delay in the final completion of the Work covered by this Contract, where two or more separate contracts are in force at the same time and cover work on the same project and at the same site, the total amount of liquidated damages assessed against all contractors under such contracts, for any one day of delay in the final completion of the Work will not be greater than the approximate total of the damages sustained by the City by reason of such delay in completion of the Work as set forth in the table below, and the amount assessed against any one contractor for such one day of delay will be based upon the individual responsibility of such contractor for the aforesaid delay as determined by, and in the judgment of, the City.

In case of failure on the part of the Contractor to effect completion within the time specified, the City shall have the right to deduct from the total compensation otherwise due the Contractor as liquidated damages based on the full Bid price of the Contract, fixed and agreed to in advance, an amount according to the following schedule:

<u>Contract Amount</u>			<u>Liquidated Damages</u>
\$0	to	\$50,000	\$250.00
\$50,000	to	\$100,000	\$400.00
\$100,000	to	\$500,000	\$800.00
\$500,000	to	\$1,000,000	\$1,000.00
\$1,000,000	to	\$2,000,000	\$1,750.00
\$2,000,000	to	\$5,000,000	\$2,500.00
\$5,000,000	to	\$10,000,000	\$3,500.00
\$10,000,000	to	\$20,000,000	\$5,500.00
\$20,000,000	and up		\$6,000.00

for each twenty-four (24) hour calendar day, including weekends and holidays, the Work remains incomplete over the specified completion time. **(THE CITY RESERVES THE RIGHT TO ADJUST THE SCHEDULE OF LIQUIDATED DAMAGES, PRIOR TO ADVERTISING FOR BIDS, BASED ON THE SCOPE AND URGENCY OF THE PROJECT.)**

The City shall have the right to deduct said liquidated damages from any moneys in its hands, otherwise due or to come due, to the Contractor, or to sue for and recover compensation for damages for nonperformance of this Contract.

#### GC-47 BONDS

Contractor shall after Notice of Award furnish City the Performance, Maintenance, and Statutory or Labor and Material Payment Bond as required by the Instructions to Bidders. Failure to furnish such Bonds within the time specified in the Notice of Award may, at the City's option, be the basis for declaring Contractor in default and pursuing such legal rights as the City deems in its best interest, including, but not limited to, enforcement of the City's rights as to Bid security.

#### GC-48 EASEMENTS AND RIGHTS-OF-WAY

Permanent and temporary (construction) easements and rights-of-way will be provided by the City as shown on the Plans. The Contractor shall confine its operations to the

easements provided and shall carefully note where buildings, structures or other obstructions will limit its working space. In the event that easements and rights-of-way are not available or if they have not been secured, or if entry to property is denied by court order, injunction, litigation or any other reason, the Contractor shall cease operations in such area and confine its Work to other areas approved by the City. In the event of any delay arising from delays in securing easements and rights-of-way, the Contractor shall have no claim against the City for damages arising from such delay but may request an extension of time under Article GC-27.

#### GC-49 UNDERGROUND FACILITIES AND UTILITIES

Underground Facilities and utilities, including sewer, water, gas, sprinkler systems, etc. damaged by the Contractor within or outside the right-of-way shall be restored at the Contractor's expense and at no cost to the City. The Contractor shall make every effort to locate these lines and protect them.

#### GC-50 USE OF PREMISES

(a) Contractor shall confine its operations to limits indicated by law, ordinances, rules, regulations, permits of City or directions of Consulting Engineer and shall not unreasonably encumber the premises and/or site.

(b) Contractor shall not load or permit any part of any structure, streets or highways to be loaded with a weight that exceeds load limits which will endanger their safety.

(c) Contractor shall comply with federal, state and local laws and ordinances, as well as any specific instructions regarding signs, advertisements, fires and smoking from Consulting Engineer.

(d) A laydown area or staging area will be provided at the site and shall be chosen by Consulting Engineer. Contractor will furnish its own weather protection if required.

(e) No City equipment will be taken out of service or put into service without approval of City.

#### GC-51 ALLOWANCES

Contractor agrees that the Contract Price includes all allowances required by the Contract Documents. Contractor declares that the Contract Price includes all other sums for expenses and overhead and fee on account of allowances as it deems proper. No demand for expenses or overhead and fee other than those included in the Contract Price shall be allowed.

#### GC-52 CUTTING, PATCHING AND DIGGING

(a) Contractor shall do all cutting, fitting or patching of its Work that may be required to make its several parts come together properly and fit it to receive or be received by Work of others shown upon or reasonably implied by the Contract Documents.

(b) Contractor shall not endanger any property of City or any other individual or entity, or the Work by cutting, digging or otherwise and shall not cut or alter the work of others except with the written consent of City.

(c) Contractor shall assume responsibility for the patching or repairs, by the proper trade, of damages caused by Work under this Contract.

(d) Contractor shall comply with all local ordinances dealing with cutting, patching and digging and shall obtain all necessary permits.

#### GC-53 CLEANING UP

Contractor shall at all times keep the premises/site free from accumulations of waste material or rubbish caused by its employees or Work; and at the completion of the daily Work it shall remove all its rubbish from and about the premises/site and all its tools, scaffolding and surplus materials, and shall leave its Work "broom clean" or its equivalent unless more exactly specified. In case of dispute, City may remove the rubbish and charge the cost to Contractor.

#### GC-54 TEMPORARY FACILITIES

(a) Except where special permission has been granted by City to use existing toilet facilities belonging to City, Contractor shall provide and maintain sanitary temporary toilet facilities located where directed by Consulting Engineer for accommodation of all persons engaged on the Work. Sanitary facilities shall be of reasonable capacity, properly maintained throughout the construction period, and obscured from public view to the greatest practical extent. If toilets of the chemically treated type are used, at least one toilet will be furnished for each twenty workers. Contractor shall enforce the use of such sanitary facilities by all personnel at the site.

Temporary toilets shall be enclosed and weatherproof and kept in sanitary and approved condition at all times. After use for same has ceased, Contractor shall remove the temporary toilet facilities from City's premises and disinfect and fill any vaults.

(b) Contractor shall provide and maintain any necessary temporary offices, storerooms, roadways, etc., as may be required for its Work. Same shall be located and constructed in an approved manner acceptable to Consulting Engineer. Upon completion of Work or when requested by Consulting Engineer, Contractor shall remove same from City's premises and leave the area in a clean and orderly condition.

(c) Contractor shall provide and maintain temporary heat as required to protect all Work and material against injury from dampness and/or cold to the satisfaction of Consulting Engineer.

(d) Unless otherwise specified in the Contract Documents, Contractor shall provide, at its cost and expense, temporary power, wiring and lights from City's provided source as may be required for its operations.

#### GC-55 SANITARY REGULATIONS AND WATER

The operations of the Contractor shall be in full conformity with all of the rules and regulations of boards and bodies having jurisdiction with respect to sanitation. The Contractor shall supply safe and sufficient drinking water to all of its employees. The Contractor shall obey and enforce all sanitary regulations and orders, and shall take precautions against infectious diseases and the spread of same.

All water used in the course of the Work shall be hauled in or purchased from the local water company's distribution system at the Contractor's own cost and expense.

#### GC-56 COMPLIANCE WITH LAWS

The Contractor shall be fully familiar with all City, county, state and federal laws, ordinances or regulations which would in any way control the actions or operations of those engaged in the Work under this Contract or which would affect the materials supplied to or by them. It shall at all times observe and comply with all ordinances, laws and regulations and shall protect and indemnify and defend the City and the City's officers and agents against any claims or liability arising from or based on any violation of same.

#### GC-57 UNFAVORABLE CONSTRUCTION CONDITIONS

During unfavorable weather, or other unfavorable conditions for construction operations, the Contractor shall pursue only such portions of the Work as will not be damaged thereby. No portions of the Work, the satisfactory quality or efficiency of which will be affected by any unfavorable conditions, shall be constructed while these conditions exist, unless, by special means or precautions approved by the Consulting Engineer, the Contractor shall be able to perform the Work in a proper and satisfactory manner.

#### GC-58 CONTRACTOR'S RISK

The Contractor shall assume full responsibility for the Work and shall bear any loss and repair any damage at his/her own cost occasioned by neglect, accident, vandalism or natural cause, whether foreseen or unforeseen, during the progress of the Work and until the Work is completed and accepted by the City.

#### GC-59 SAFETY RULES

(a) Contractor shall be responsible for enforcing safety rules to ensure protection of the employees and property of City, to assure uninterrupted production and to assure safe working conditions for Contractor and Subcontractors and their employees and to assure the safety of the general public. In addition to any other rights the City might exercise, Contractor and/or any Subcontractor failing to follow safety rules shall be subject to eviction from the job site and may be refused reentry.

(b) Contractor is expected to establish and enforce a comprehensive safety program on this Project for the protection of its personnel, its Subcontractors' personnel, City's employees and all other persons exposed to hazards resulting from Contractor's operations. As a minimum requirement, Contractor shall review and discuss the details of its program with Consulting Engineer at the first project meeting. The items to be covered shall include, but not necessarily be limited to,

- (1) Personal protective equipment;
- (2) First aid - personnel and facilities;
- (3) Arrangements for medical attention;
- (4) Sanitary facilities;
- (5) Fire protection;
- (6) Signs, signals and barricades;
- (7) Security regulations;
- (8) Safety inspections;
- (9) Designation of persons responsible for the program;
- (10) Reporting forms and procedures;
- (11) Material handling and storage;

- (12) Lines of communication;
- (13) Determination of potential hazards;
- (14) Personnel safety meetings and education;
- (15) Access to work areas;
- (16) Subcontractors involvement in the program;
- (17) Inspections and corrective action.

Contractor is fully responsible for the safety program and any and all methods and procedures provided for therein whether or not City or Consulting Engineer shall have reviewed and/or accepted such program.

#### GC-60 WEEKENDS, HOLIDAY AND NIGHT WORK

No Work shall be done between the hours of 6:00 p.m. and 7:00 a.m., nor on weekends or City holidays, without the written approval or permission of the City forty-eight (48) hours in advance in each case, except such Work as may be necessary for the proper care, maintenance and protection of Work already done or of equipment, or in the case of an emergency.

Night Work may be established by the Contractor, as a regular procedure, with the written permission of the City; such permission, however, may be revoked at any time by the City.

#### GC-61 APPROVAL OF EQUALS

"Approved Equals," where permitted by the Contract Documents or otherwise made feasible by market conditions, shall be considered for approval as follows:

(a) Contractor shall notify City in writing if it wishes to use an approved equal specifically named in the Contract Documents.

(b) If Contractor desires to use an "equal" not specifically named in the Contract Documents, it must first inform City and receive written approval for such substitutions. City has no obligation to approve such request and is not responsible for any delay or cost incurred caused by Contractor's making such request.

The Contractor shall be solely responsible for design risks, delays and other claims arising out of any approved alternates.

#### GC-62 TEST OF MATERIALS OFFERED BY CONTRACTOR

All specified and required tests for approval of material shall be made at the expense of the Contractor by a properly equipped laboratory of established reputation, whose work and testing facilities shall be approved by the Consulting Engineer. Approval of materials based on acceptable tests will apply only while such materials as furnished equal or exceed the tested samples or test specimens in quality and minimum requirements. Any change in origin, method of preparation or manufacture of such materials will require new tests and approval thereof. Reports of all tests shall be furnished to the Consulting Engineer in as many certified counterparts as may be required by the Consulting Engineer.

#### GC-63 TESTING OF COMPLETED WORK

Before Final Acceptance, all installed and constructed equipment, devices and other work which is to be tested under the Contract Documents shall be tested and each part shall be in good condition and working order or shall be placed in such condition and order at the expense of the Contractor. All tests of such completed Work required under this Contract shall be made under the direction of the Consulting Engineer.

#### GC-64 BORROW AND WASTE AREAS

All borrow materials shall be obtained by the Contractor at its own cost and expense. The borrow area and materials shall be approved by the Consulting Engineer and shall be friable material suitable for compaction.

All waste areas shall be located off the site and arrangements and payment for use of such areas shall be the sole responsibility of the Contractor. All waste disposal shall be in compliance with federal, state and local laws, ordinances and regulations.

#### GC-65 PARKING AREAS, DRIVES AND WALKS

All existing parking areas, drives and walks within the Project limits shall be adjusted to conform to the lines and grades shown on the Plans. Any of the above structures that are removed or damaged during construction shall be reconstructed at Contractor's expense of materials that will create a quality equal to or better than the condition of the existing facility prior to construction operation.

#### GC-66 STREET SIGNS AND TRAFFIC AIDS

The Contractor shall be responsible for all preexisting traffic control devices at the Project site, including installation, maintenance, removal and storage of such devices. All temporary and permanent traffic control devices supplied by the Contractor shall comply with and be installed in accordance with the Manual on Uniform Traffic Control Devices, current edition as revised, and the Traffic Control Devices Handbook.

#### GC-67 PLACING WORK IN SERVICE/PARTIAL UTILIZATION

If desired by the City, portions of the Work may be placed in service when completed for Partial Utilization by the City, and the Contractor shall give proper access to the Work for this purpose; but such use and operation shall not constitute an acceptance of the Work, and the Contractor shall be liable for defects due to faulty construction until the entire Work under this Contract is finally accepted and for such periods of time as designated in the Contract Documents or otherwise permitted by law.

#### GC-68 NON-DISCRIMINATION/OTHER LAWS

- (a) The Contractor agrees that:
- (1) The Contractor shall observe the provisions of the Kansas Act Against Discrimination and shall not discriminate against any person in the performance of work under the present contract because of race, religion, color, sex, disability, national origin, ancestry or age;
  - (2) In all solicitations or advertisements for employees, the Contractor shall include the phrase, "equal opportunity employer," or a similar phrase to be approved by the Kansas Human Rights Commission ("Commission");



- (3) If the Contractor fails to comply with the manner in which the Contractor reports to the Commission in accordance with the provisions of K.S.A. 44-1031 and amendments thereto, the Contractor shall be deemed to have breached the present Contract and it may be cancelled, terminated or suspended, in whole or in part, by the City;
- (4) If the Contractor is found guilty of a violation of the Kansas Act Against Discrimination under a decision or order of the Commission which has become final, the Contractor shall be deemed to have breached the present contract and it may be cancelled, terminated or suspended, in whole or in part, by the City; and
- (5) The Contractor shall include the provisions of Subsections (1) through (4) in every subcontract or purchase order so that such provisions will be binding upon such Subcontractor or vendor.

The provisions of this Article shall not apply to a contract entered into by a Contractor:

- (A) Who employs fewer than four employees during the term of such contract; or
  - (B) Whose contracts with the City cumulatively total \$5,000 or less during the fiscal year of the City.
- (b) The Contractor further agrees that the Contractor shall abide by the Kansas Age Discrimination In Employment Act (K.S.A. 44-1111 et seq.) and the applicable provision of the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) as well as all other federal, state and local laws, ordinances and regulations applicable to this Project and to furnish any certification required by any federal, state or local governmental agency in connection therewith.

#### GC-69 FEDERAL LOBBYING ACTIVITIES

31 USCS Section 1352 requires all subgrantees, contractors, subcontractors and consultants who receive federal funds via the City to certify that they will not use federal funds to pay any person for influencing or attempting to influence a federal agency or Congress in connection with the award of any federal contract, grant, loan or cooperative agreements.

In addition, contract applicants, recipients and subrecipients must file a form disclosing any expenditures they make for lobbying out of non-federal funds during the Contract period.

Necessary forms are available from the City Engineer and must be returned to the City with other Contract Documents. It is the responsibility of the general Contractor to obtain executed forms from any Subcontractors who fall within the provisions of the Code and to provide the City with the same.

#### GC-70 RECORDS

Contractor shall maintain copies of records pertaining to the construction of this Project for a period of five (5) years from the date of final payment. Such records shall be made available to the City for audit and review purposes upon written request therefor from City or its

authorized agent(s) during the construction period and the five (5) year period following final payment.

#### GC-71 TITLES, SUBHEADS AND CAPITALIZATION

Titles and subheadings as used herein and other Contract Documents are provided only as a matter of convenience and shall have no legal bearing on the interpretation of any provision of the Contract Documents. Some terms are capitalized throughout the Contract Documents, but the use of or failure to use capitals shall have no legal bearing on the interpretation of such terms.

#### GC-72 NO WAIVER OF RIGHTS

No waiver of any breach of this Contract shall be construed to be a waiver of any other or subsequent breach.

#### GC-73 SEVERABILITY

The parties agree that should any provision of the Contract Documents be determined to be void, invalid, unenforceable or illegal for whatever reason such provision(s) shall be null and void but that the remaining provisions of the Contract Documents shall be unaffected thereby and shall continue to be valid and enforceable.

#### GC-74 GOVERNING LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the State of Kansas.

#### GC-75 VENUE

Venue of any litigation arising in connection with this Agreement shall be the State courts of Johnson County, Kansas.

CITY OF MISSION

FOXRIDGE DRIVE (56TH ST. TO 51ST ST.)

PROJECT SPECIAL CONDITIONS

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>SUBJECT</u>	<u>PAGE</u>
SC-1.	SCOPE OF WORK.....	2
SC-2.	CONTRACT SPECIFICATIONS.....	2
SC-3.	STANDARD SPECIFICATIONS .....	2
SC-4.	CONTRACT DRAWINGS.....	2
SC-5.	MEASUREMENT AND PAYMENT .....	3
SC-6.	MOBILIZATION OF EQUIPMENT.....	3
SC-7.	INSPECTION OF WORK.....	3
SC-8.	BRACING AND SHORING .....	3
SC-9.	TRENCH BACKFILL .....	3
SC-10.	SAMPLING AND TESTING .....	4
SC-11.	TRAFFIC SAFETY .....	4
SC-12.	NOTIFICATION OF PROPERTY OWNERS .....	4
SC-13.	TREE AND PLANT PROTECTION .....	4
SC-14.	WEEDS.....	5
SC-15.	RESTORATION.....	5
SC-16.	UTILITY MEETINGS AND UTILITY ADJUSTMENT .....	5
SC-17.	WATER POLLUTION CONTROL .....	6
SC-18.	RIGHT-OF-WAY .....	6
SC-19.	CONSTRUCTION TIMELINE AND LIMITATIONS .....	7
SC-20.	SPECIFICATIONS FOR SNAP-TITE® CULVERT LINERS .....	7
SC-21.	INDEMNIFICATION.....	10

**CITY OF MISSION**

**FOX RIDGE DRIVE (56TH ST. TO 51ST ST.)**

**PROJECT SPECIAL CONDITIONS**

**SC-1. SCOPE OF WORK**

The work provided for in these Specifications shall consist of furnishing all labor, materials, appliances, and equipment, and performing all work and operations in connection with the construction of items and all other incidental and related work as set forth in these Specifications and as directed by the Engineer to make a complete and finished job.

**SC-2. CONTRACT SPECIFICATIONS**

The specifications that shall govern the materials furnished and work performed in the construction of the project covered by this contract shall be the "Design and Construction Standards - Volume 2 Construction Specifications, 2015 Edition" for the City of Overland Park, Kansas; as though fully set forth herein.

The specifications can be downloaded at the following location:

<http://www.opkansas.org/wp-content/uploads/Design-and-Construction-Standards-2015-Edition-Volume-2-Construction-Specifications.pdf>

No attempt has been made in the foregoing designated Specifications to segregate work to be performed by any trade, subcontract, or proposal item, under any one specification. Any segregation between trade or craft jurisdiction limits, and the establishment of subcontract limits, will be solely a matter of agreement between the Contractor and his employees and his subcontractors. The Specifications will govern the construction of the entire work, and the provisions thereof will govern each item and unit of work to which such provisions apply.

Work not covered within the above referenced specification shall be governed by the Standard Specification for State Road and Bridge Construction, Kansas Department of Transportation, 2015 Edition, and Special Provisions.

When reference is made to Engineer, it shall have the same meaning as consulting engineer as set forth in Paragraph GC-2 of the General Conditions.

**SC-3. STANDARD SPECIFICATIONS**

The work shall conform to these Specifications and to the "Standard Specifications" where reference is made herein. Where reference is made in the Specifications and Contract Documents to "Standard Specifications," it shall mean that the reference is made to the current edition of the Standard Specifications for State Road and Bridge Construction, Kansas Department of Transportation, current edition of City of Overland Park Traffic Signal Specifications, current edition of the Manual On Uniform Traffic Control Devices, and The City of Overland Park Traffic Control Handbook for Street Maintenance and Construction Operations with such revisions, amendments, and supplements as are contained herein.

**SC-4. CONTRACT DRAWINGS**

The Contract Drawings or "Plans" on which the proposals and contracts are to be based, and which are to be supplemented by additional shop and dimension drawings of material and equipment and other drawings, where specified, are shown in the "Index of Sheets" on the cover sheet of the Plans.

## **SC-5. MEASUREMENT AND PAYMENT**

### **a. Method of Measurement**

The completed work shall be measured by the units described in the Proposal under each bid item that is satisfactorily completed by the Contractor. At monthly intervals, beginning one month after the Notice to Proceed, the Contractor shall submit to the City Engineer an accurate record of the work completed.

### **b. Basis of Payment**

The amount of completed work, measured as set forth above, shall be paid for at the contract unit price bid per item described in the Proposal and shall be full compensation for furnishing all materials, labor, equipment, tools, supplies and incidental related items necessary to complete the work in accordance with the Specifications. Work not measured separately for payment is subsidiary to the item to which it pertains.

## **SC-6. MOBILIZATION OF EQUIPMENT**

All equipment used by the Contractor having metal tracks shall not be driven over City streets other than those streets being constructed. Such equipment must be transported from one work area to the next work area.

Observe legal load restrictions when operating equipment, hauling equipment, or hauling materials on public roads; newly constructed/reconstructed base, pavement, and structures; and any existing base, pavement or structures that will remain in place. Assume responsibility for changes in legal load restrictions that occur after the project was let. Obtain the Engineer's written approval and a special permit to exceed legal load restrictions on the City street system and on newly constructed/reconstructed portions of the project.

Protect roadways and structures within project limits from damage. Observe curing periods before operating equipment or hauling loads on newly constructed pavement, reconstructed pavement, or structures. Do not haul loads of any size on pavement base, except when operations require equipment on pavement base to place material. The Contractor shall assume all responsibility for damages to roadways and structures caused by the Contractor from operating equipment or hauling loads.

## **SC-7. INSPECTION OF WORK**

The Contractor shall not commence placing concrete or backfilling of pipe/structures until such time as the City Engineer or his authorized representative has made inspection. Form location, grades, slopes and subgrade shall have been approved prior to placing any concrete.

## **SC-8. BRACING AND SHORING**

It shall be the contractor's responsibility to brace and shore existing structures during construction. Any additional damage to or collapse of existing structures during the contract period shall be the sole responsibility of the Contractor.

The Contractor shall brace and shore all trenches in full accordance with Occupational Safety and Health Standards - Excavations; Final Rule 29 CFR Part 1926.

Bracing and shoring shall not be paid for directly but shall be considered subsidiary to other bid items. No additional payment shall be considered for increased quantities of earthwork, asphalt removal and replacement, or increases in other items as a result of compliance with this specification.

## **SC-9. TRENCH BACKFILL**

Flowable Fill is required for all trenches within all paved portions of the ROW including future paving, if they are known, per the Manual for Infrastructure Standards For Right of Way Restoration and City of Overland Park Standard Details.

#### **SC-10. SAMPLING AND TESTING**

All sampling and testing deemed necessary by the Engineer shall be performed by a Testing Laboratory selected by the City, except that all Asphaltic Concrete mix design and tests shall be performed by a Certified Testing Laboratory selected by the Contractor, as stated in specification section "Asphaltic Concrete Surface and Intermediate Course". The costs of all such tests, showing compliance with the Specifications, shall be paid by the City, except that all Asphaltic Concrete mix design and testing costs shall be paid by the Contractor. However, in the event that any test indicates non-compliance with the Specifications, additional testing will be paid for by the Contractor to determine acceptability of the material or methods. City reserves the right to weigh any selected truck as determined by the Engineer. The City shall only pay weighing costs and any additional costs shall be at the Contractor's expense.

#### **SC-11. TRAFFIC SAFETY**

When working in the traveled way, the Contractor shall provide adequate and suitable barriers, signs, warning lights, flaggers, and all other equipment necessary to direct and reroute traffic and protect the public from moving or stationary vehicles, equipment, and materials, and other obstructions. Also, adequate protective warning lights and signs shall be provided to warn of any obstruction or excavation in the street, and easement area. All barricades, signs, lights and other protective devices in public right-of-way and easements shall be installed and maintained in conformity with applicable statutory requirements, the latest edition of the "Manual on Uniform Traffic Control Devices", and the "Overland Park Traffic Control Handbook for Street Maintenance and Construction Operations".

The Police Department, Fire Department, and Med-Act shall be notified prior to closing a street with the approval of the City Engineer.

#### **SC-12. NOTIFICATION OF PROPERTY OWNERS**

The Contractor shall provide advance notification to the adjacent property owners on all phases of the operations.

#### **SC-13. TREE AND PLANT PROTECTION**

All trees and other vegetation which must be removed to perform the work shall be removed and disposed of by the Contractor; however, no trees or cultured plants shall be unnecessarily removed unless their removal is indicated on the drawings. All trees and plants not removed shall be protected against injury from construction operations.

The Contractor shall take extra measures to protect trees designated to be preserved, such as erecting barricades or fences around the drip line, and trimming low hanging branches to prevent damage from construction equipment. Barricade or fence shall not be removed without consent of the Engineer. When installing a pipe, or any other work that may damage the tree, hand excavating or tunneling methods shall be used. Where encroachment by vehicles or equipment is expected within the drip line of the tree, the contractor will be required to place at least a 6 inches layer of organic mulch on top of the affected area to offset possible compaction. Such trees shall not be endangered by stockpiling excavated material or storing equipment within the drip line of the tree. No backfill material exceeding 4 inches in depth shall be placed within the drip line area of any tree designated to be preserved without prior consent from the Engineer.

When excavation is required within the drip line of any protected tree, the contractor shall take extra measures to protect as many roots as possible. All roots to be cut or removed shall be "cut" with a chain saw, trencher, or other methods as approved by the engineer that will leave a smooth cut surface. All roots exposed during excavation shall be protected to prevent the roots from drying out by covering the exposed area with canvas or burlap, peat moss, or mulch, and kept damp until the area has been

backfilled. Where shown on the plans, trees requiring root removal of one third or more of the circumference of the root system, may require the pruning of limbs on the opposite side of the root removal or thinning the entire tree equally as directed by the Engineer. All pruning, repair, and replacement of trees and plants shall be performed by qualified nurserymen or arborists. Trees requiring trimming are as noted on the plans. This work shall not be paid for directly but shall be considered subsidiary to other bid items.

When the injury or removal of trees designated to be preserved cannot be avoided; each tree injured beyond repair or removed shall be replaced with a similar tree, or provide compensation to the City as determined by the Engineer.

#### **SC-14. WEEDS**

The Contractor shall restrict the excessive growth of weeds, grasses, and other uncultivated vegetations within the project limits in accordance with the Mission Municipal Code. The Contractor shall cut down any excessive growth by mowing or trimming or as directed by the engineer.

No direct payment will be made for this work as it shall be considered subsidiary to other bid items in the contract.

#### **SC-15. RESTORATION**

##### **a. Pre-Restoration Meeting**

The Contractor shall be responsible for scheduling a pre-restoration meeting within 1 (one) week prior to beginning final grading, select soil placement, and restoration of the sodded areas in the project. The time and location of the meeting shall be approved by the Project Engineer, with required attendance by the Contractor's superintendent and any/all subcontractors involved in the restoration. The purpose of this meeting is to discuss in detail the requirements of sod restoration in the Specifications. At this meeting the Contractor shall provide:

- 1) A complete schedule of operations and proposed methods for soil preparation, sod placement, and watering.
- 2) A list of the equipment to be used for soil preparation and compaction, fertilizer distribution, sod delivery, placement and rolling, and watering.
- 3) The proposed source or sources of the sod, select soil, and water.
- 4) A list or set of "marked up" plans indicating the proposed location of each type of sod.
- 5) A list of at least 3 locations that the sod crew to be used on this project has placed sod within the previous 2 weeks.

#### **SC-16. UTILITY MEETINGS AND UTILITY ADJUSTMENT**

It shall be the duty of the Contractor to notify the serving utility companies of pending construction operations and the schedule of same, prior to any work being done on this project. The Engineer will furnish plans to the utility companies for their records. These companies will relocate and adjust their own facilities at no cost to the Contractor, except for sanitary and storm sewers. The Contractor shall be responsible for the adjustment and protection of all sanitary and storm sewer facilities. Some minor grading and backfill work may be required of the Contractor at locations of utility adjustments. This work shall be considered subsidiary to other items of work.

The Contractor shall be responsible for holding periodic utility meetings with the City, the Engineer, and utility companies during the relocation of utility lines. The frequency of meetings will initially be bi-weekly (or more frequently if necessary) and then, as relocation work begins to diminish, will be held more infrequently. The Contractor shall keep minutes of the meetings and send copies to all those in attendance.

### **SC-17. WATER POLLUTION CONTROL**

Contractor shall prevent the pollution of streams, lakes, wetlands, drainageways or storm sewers from fuel, oils, hazardous chemicals, sediment, trash, debris, or other substances resulting from construction activities.

All trash shall be placed in dumpsters or trash barrels provided by the Contractor and accumulated trash shall be hauled offsite and properly disposed. Floating debris found in any waterbody on or immediately adjacent to construction shall be removed immediately, regardless of source. Hazardous wastes shall be stored, transported offsite, and disposed of properly. Sanitary facilities must be made available and their use enforced by the Contractor.

All equipment used onsite shall be free of leaks and receive regular preventative maintenance and be inspected daily to reduce chance of leakage. No fueling, servicing, maintenance, or repair of equipment shall be done within 50 feet of a stream, drainageway, lake, storm sewer manhole or other water body. Fuel tanks onsite shall in good condition, free of leaks or drips, painted brightly for visibility, monitored daily and shall sit behind or within a secondary containment tank or earthen berm.

Concrete wash or rinsewater from concrete mixing equipment, tools and/or ready-mix trucks, tools, etc, may not be discharged into or be allowed to run directly into any existing water body or storm inlet. One or more locations for concrete wash out will be designated on site, such that discharges during concrete washout will be contained in a small area where waste concrete can solidify in place and excess water evaporated or infiltrated into the ground.

Chemicals or materials capable of causing pollution may only be stored onsite in their original container. Materials stored outside must be in closed and sealed water-proof containers and located outside of drainageways or areas subject to flooding. Manufacturers data regarding proper use and storage, potential impacts to the environment if released, spill response, and reportable quantities for spill reporting shall be maintained by the field superintendent onsite at all times. Locks and other means to prevent and reduce vandalism shall be used.

All spills in excess of reportable quantities shall be reported to all of the following within 24 hours of their occurrence: KDHE 24-hour spill response center (785) 296-1679; KDHE Northeast District, Lawrence, (785) 842-4600; and the National Spill Response Center 1-800-424-8802. Spills that pose immediate threat to public safety or contamination of a water body shall be reported immediately to the Fire Department at 911. Such spills shall also be reported to the Kansas Division of Emergency Management, (800) 275-0297 or (785) 296-8013.

Contractor shall respond immediately by containing with an appropriate device or earthen berms and shall prevent its migration with sawdust, sand, kitty litter, rags or other absorbents. Manufacturer recommendations shall be followed. Leaks from broken hoses will be immediately contained with house clamps, plugs, or drained into leak-tight containers. Contractor shall have onsite at all times and ready for immediate use the necessary tools, equipment, and supplies to respond to a spill or leak. Contractor personnel shall be trained to properly respond immediately to a leak or spill. All spills shall be cleaned up and disposed of in accordance with applicable regulations or as directed by Kansas Division of Health and Environment or other applicable agency.

Herbicides, pesticides and fertilizers used as part of the work shall be applied only in accordance with manufacturer recommendations. Direct spray into water bodies shall be avoided. Such chemicals shall not be used if rain is forecast within 24 hours, unless they are approved for wet weather application.

Care will be taken to avoid excessive disturbance or erosion of land area and controls shall be maintained to prevent migration of silt and sediments into water bodies. Provisions of the contract for erosion and sediment control shall be followed.

### **SC-18. RIGHT-OF-WAY**

Right-of-way and easements are currently available for this project.



The Contractor shall confine his construction operations to the right-of-way limits and easements provided for the project. Equipment or materials shall not be stored beyond these limits without the express approval of the owner of such property. The Engineer shall be informed as to any arrangements that Contractor makes on his behalf in these matters.

**SC-19. CONSTRUCTION TIMELINE AND LIMITATIONS**

The following limitations shall apply:

- A. The Notice to Proceed is anticipated to be no sooner than May 17, 2017.
- B. The undersigned further agrees to complete all work within 90 working days.

**SC-20. SPECIFICATIONS FOR SNAP-TITE® CULVERT LINERS**

- 1. **Description** — This Item shall govern for furnishing, installing, grouting and providing all labor, material and equipment necessary to rehabilitate existing culvert pipe by sliplining an existing culvert pipe with high density polyethylene (HDPE) pipe. The pipes shall be sizes, types, designs and dimensions shown on the plans and shall include all connections, joints and other appurtenances as required to complete the work.

The sliplining process will require the contractor to completely grout the annular void between the host and insert pipe. The grouting process shall be considered subsidiary to this item.

- 2. **Materials** — Unless otherwise specified on the plans or herein, culvert pipe renewal shall conform to the following:

Snap-Tite® Culvert Liner as provided by ISCO Industries or approved equal.

**A. Liner Material – High Density Polyethylene (HDPE) Pipe**

- 1. High density polyethylene pipe and fittings shall meet the requirements in the AASHTO M326-08 Specification.
- 2. Raw Materials. The pipes and the fittings shall be manufactured from PE resin compounds, which have a minimum cell class 345464C as defined and described in ASTM D3350.
- 3. HDPE Resin Specifications.

Property	Specifications	Unit	Nominal Value
Material Designation	PPI/ASTM		PE3408/PE3608
Cell Classification	ASTM D3350		345464C
1. Density (3)	ASTM D1505	Gm/cm <sup>3</sup>	0.955
2. Melt Index (4)	ASTM D1238	gm/10 min.	0.11
3. Flexural Modulus (5)	ASTM D790	psi	135,000
4. Tensile Strength	ASTM D638	psi	3,200

(4)			
5. Slow Crack Growth			
a. ESCR	ASTM D1693	hours in 100% igeval	>5,000
b. PENT (6)	ASTM F1473	hours	>100
6. HDB @ 73 deg. F (4)	ASTM D2837	psi	1,600
7. UV Stabilizer (C)	ASTM D1603	%C	2.5%

**B. Designation of Type**

1. The HDPE pipes used for liners in gravity flow culverts shall be solid-wall construction with mechanical end connectors, male and female, consisting of 2 machined-groove landing points, to prevent the pipe from pulling apart during installation.
2. Individual liner section lengths shall be a minimum of 6 ft. but shall not exceed 50 ft. unless pre-approved.

**C. Pipe joints** shall comply with ASTM D3212 Standard Specification for joint tightness.

1. Extrusion welded joints shall not be allowed to join the liner pipe together to keep grout from leaking out during the grouting stage.
2. Neoprene Cement shall not be allowed to create a seal at the joint to prevent grout from leaking out during the grouting stage.

**D. Hydraulic flow characteristics** for the liner pipe shall provide a Manning's coefficient of  $n = 0.00914$ . Pipe Manufacturer shall submit 3rd party test data verifying the Manning's coefficient has been achieved.

**E. Liner Pipe** material must be pre-approved by the governing state agency's materials testing department before bid and have a minimum of 1,000' of said liner installed in said state.

**F. HDPE Pipe Liners** with male and female mechanical end connectors must be supplied by one manufacturer that has a certified quality management system registered to ISO 9001:2008

**G. Oval Pipe**

The liner shall be furnished in an oval shape to match the existing CMP elliptical pipe, with horizontal and vertical wood struts inserted through the liner by the manufacturer before delivery to the jobsite, as to keep the liner in an oval shape before grouting into place. After the liner has been grouted fully in place, the struts shall be removed. The Contractor is responsible for ascertaining actual measurements prior to ordering the liner.

**H. Other pipe liners** that do not meet this specification must be submitted for approval prior to bid date.

**I. Liner Pipe must be manufactured in the United States under the 'Buy American Products' program**

**J. Grouting Material** – Contractor shall utilize material specifications for solidification of the annular void between host and the inserted liner with low-density flowable fill or cellular grout. The cellular grout with a density between 40 and 80 lbs. per cubic foot may be used. Reduced-density flowable fill grout with a density between 100 and 120 lbs. per cubic foot may be used.

**K. End Treatment** – The upstream/inlet end of the new liner pipe shall be fitted with a flow enhancement device to reduce inlet control effects. The device shall be HDPE material, same as the liner pipe, and have a connector included for connection to the liner pipe. The opening at the

end of the device shall be larger than the ID of the host pipe. 3rd Party Test data shall be provided to show improvement of flow by at least 30% at 2 feet of headwater depth or an entrance loss coefficient (K) of approximately 0.2 for outlet control conditions. The device shall be the Hydro-Bell or approved equal.

3. **Cleaning** — The existing culvert pipe shall be cleaned by whatever means necessary to remove all obstructions which may be encountered that would prevent insertion of the pipe liner into the host pipe as approved by the engineer. This work will not be paid for directly, but shall be considered subsidiary to this item.
4. **Construction**
  - A. **Installation**
    - a. Manufacturer's Rep must be on site at critical stages of the liner installation and grouting application.
  - B. **Liner Pipe** – Liner pipe shall be inserted and installed in accordance with manufacturer's recommendations. Grade of liner pipe shall be maintained parallel to grade of host pipe.
  - C. **Grouting**
    - a. Upon completion or partial completion of the sliplining process, grouting will be required to be placed in the annular void between the insertion pipe and the host pipe. Cellular grout with a density between 40 and 80 lbs. per cubic foot may be used. Reduced- density flowable fill grout with a density between 80 and 120 lbs. per cubic foot may be used. Project engineer shall state density of grout to be used on drawings or in specifications.
    - b. A detailed plan on holding the liner pipe on the invert of the host pipe, including concrete bulkheads shall be submitted to the engineer for approval.
    - c. The annular void shall be completely grout filled without deflecting the insertion pipe greater than 1.5 percent.
    - d. The contractor shall provide end seals at the open points of each run of pipe to be grouted.
    - e. Penetration of the host pipe shall be permitted for host pipe constructed with Corrugated Metal Pipe (CMP) to facilitate grouting of the annular void. Multiple fill pipes will be required.
    - f. The annular void shall be grouted solid by injecting grout from one end of the pipe run and allowing it to flow toward the other end. Venting of the annular void shall be performed to assure uniform filling of the void space during the grouting process.
    - g. An open-ended, high-point tap or equivalent vent must be provided and monitored at the bulkhead opposite to the point of grouting.
    - h. Pressure on the annular void shall not exceed 2 PSI to avoid damage to the liner pipe. Regardless of the pressure, the contractor shall be solely responsible for any damage or distortion to the insertion pipe due to the grouting process.
    - i. The grout shall be made using the preformed foam process using foam-generating equipment calibrated daily by the foam manufacturer to produce a precise and predictable volume of foam. The foam concentrate shall be certified by the customer to have specific liquid/foam expansion ratio at a constant dilution ratio with water.
    - j. The specific job mix shall be submitted to the customer by either the foam concentrate supplier or the certified /licensed contractor for approval prior to use on this project. The mix shall have a minimum 28 day compressive strength of 300 psi.
    - k. Grout mixed off-site shall be delivered to the jobsite in a truck mixer filled to half its capacity. The foam concentrate shall then be added to the cement mix in the truck and mixed to a uniform consistency and pumped into the annular space.

- l. Contractor must have a written erosion control plan with a method for waste grout recovery submitted to county with attached bid proposal.
- m. Customer will verify that post-construction conditions are acceptable after installation and ensure that proper seeding and general cleanup has been completed.

**D. Pipe Stockpiling and Handling** – Pipe and fittings shall be stockpiled in a safe manner at each contractor staging area or pit location. The stockpiling shall be arranged to cause a minimum of interference to pedestrian and stored outside the safety clear zone of vehicular traffic. When handling sliplining pipe, the contractor shall take all precautions necessary to avoid damaging the pipe. For pipe with cuts greater than 10% of the wall thickness, repair or replacement will be at the entire expense of the contractor.

- 5. **Clean-up and Restoration** — Upon acceptance of the installation work and testing, the contractor shall clean-up and restore the project area affected by operations as approved by the engineer.
- 6. **Measurement** — This item shall be measured by the foot. Such measurement shall be made along the flowline of the liner pipe, complete in place.

For multiple culverts to be lined, the measurement length shall be the sum of the lengths of each barrel, measured as prescribed above.

The accepted quantities of pipe liner will be paid for at the contract unit price per linear foot for the size of the existing pipe in which the liner is installed, complete in place.

- 7. **Payment** — The work performed and the materials furnished in accordance with this Item and measured as provided under "Measurement" will be paid for as the unit bid for "63" DIAMETER SNAP-TITE" of the type, design (if required), and size specified. This price shall be full compensation for cleaning existing pipe; for furnishing, hauling, installing liner pipe and placing grout; for all connections; and for all labor, tools equipment, materials, clean-up and incidentals.

#### **SC-21. INDEMNIFICATION**

The Project Contractor shall defend, indemnify and save the Board of County Commissioners of Johnson County, Kansas and the City harmless from and against all liability for damages, costs, and expenses arising out of any claim, suit, action or otherwise for injuries and/or damages sustained to persons or property by reason of the negligence or other actionable fault of the Project Contractor, his or her sub-contractors, agents or employees in the performance of this contract.

The Board of County Commissioners of Johnson County, Kansas shall be named as an additional insured on all policies of insurance issued to the Project Contractor and required by the terms of his/her agreement with the City.

<b>City of Mission</b>	Item Number:	6c.
<b>ACTION ITEM SUMMARY</b>	Date:	April 28, 2017
<b>Public Works</b>	From:	John Belger

Action items require a vote to recommend the item to full City Council for further action.

**RE:** Foxridge Drive Phase I - Inspection Services Contract

**RECOMMENDATION:** Approve a task order with Olsson Associates for Foxridge Drive construction inspection services in an amount not to exceed \$111,112.50.

**DETAILS:** The first phase of the Foxridge Drive project (51st to 56th Street) was identified in the City's Capital Improvement program for construction in 2017. The Foxridge Project includes a number of improvements including pavement, curb, sidewalk, street lighting, and stormwater infrastructure. To ensure these items are built to plan specifications, it is critical to have a Certified Inspector on site at all times while work is being done.

All documentation, observation, and required testing is included as a part of this contract. The contract is based on a 90 day construction timeline, but staff anticipates the work would be completed in a shorter period of time. The City will only be billed for actual time spent on the project.

The project has been approved for Johnson County CARS funding which means that 50% of construction and construction inspection expenses are eligible for reimbursement. The total estimated maximum liability for the City for the construction and construction inspection phase of the project is \$654,040.24.

**CFAA CONSIDERATIONS/IMPACTS:** This project provides sidewalk connectivity, ADA improvements, and upgraded street lighting.

Related Statute/City Ordinance:	N/A
Line Item Code/Description:	Street Sales Tax Fund/Capital Improvement Fund
Available Budget:	\$725,000

# Scope of Services

## Foxridge Drive – 56<sup>th</sup> St. to 51<sup>st</sup> Street

The scope of this work includes the project observation, administration, and documentation for the above referenced project. The fee is based on a construction time frame of 90 Working Days.

### GENERAL

Olsson has acquainted itself with the information provided by Client relative to the project and based upon such information offers to provide the services described below for the project. Client warrants that it is either the legal owner of the property to be improved by this Project or that Client is acting as the duly authorized agent of the legal owner of such property.

### PROJECT DESCRIPTION AND LOCATION

Project will be located at: City of Mission, Kansas

Project Description: Foxridge Drive – Construction Administration, Observation, and Testing for Street Improvements

### SCOPE OF SERVICES

Olsson shall provide a lead representative, materials testing, and project manager. The tasks shall consist of the following items:

- Pre-construction reviews of plans, quantities, and specifications
- Coordination of design issues during construction
- Daily construction inspection and documentation
- Daily construction administration and coordination with the City
- On site and lab testing of soils, concrete, and asphaltic concrete pavement
- Post construction activities to determine that project is completed and accepted by all parties

Olsson shall provide the following services (Scope of Services) to Client for the Project by the lead construction observer, construction services team leader:

- 1.1 Serve as the point of contact between the business/property owners affected by construction, and the Mission, Kansas.
- 1.2 Provide weekly progress summaries to the City.
- 1.3 Attend progress meetings at least monthly and at other times as required for work progress (no more than 20 meetings). Contractor will preside over construction meetings, and prepare and distribute meeting minutes.
- 1.4 Monitor project traffic control on a periodic basis for conformance with pay applications. The proper installation and maintenance of all traffic control facilities is Contractor's sole responsibility.

- 1.5 Be on-site when Contractor is working on contract items requiring inspection, as designated in Contract Documents. This will include work on contract pay items and controlling items of work.
- 1.6 Compile a daily diary documenting weather conditions, Contractor(s) construction activity, Contractor's personnel, and equipment used.
- 1.7 Provide field book documentation of contract pay items, as incorporated into the project.
- 1.8 Advise Owner and Contractor, or its superintendent, immediately of the commencement of any work requiring a shop drawing submission, if the submission has not been accepted by the design professional or Owner.
- 1.9 Keep and maintain project files of the Contractor's certifications of materials incorporated into the project.
- 1.10 Determine whether Contractor is generally adhering to the specifications and plan documents, and schedule on-going observations.
- 1.11 Report to Owner, giving opinions and suggestions based on observations regarding defects or deficiencies in Contractor's work and relating to compliance with plans, specifications, and design concepts.
- 1.12 Assist Owner in preparation and review of change orders.
- 1.13 Verify pay items with Contractor, review monthly pay applications, and recommend and present pay applications to Owner.
- 1.14 Monitor Contractor's progress regarding erosion control measures for conformance with pay applications. Necessary repairs to BMP's and required documentation/entries into the SWPPP manual will be the contractor's responsibility. Contractor will be responsible for all required SWPPP documentation and upkeep of the SWPPP manual.
- 1.15 Perform necessary concrete, and asphaltic concrete testing for proposed public improvements.
- 1.16 Provide transportation, equipment, tools, and incidentals, as necessary, to perform construction site monitoring services.
- 1.17 Attend two walk-throughs upon project completion. Compile notes and distribute final punch list to the prime Contractor and Owner.
- 1.18 Prior to final walk-through, submit to the Contractor a list of items observed to require completion or correction.
- 1.19 Complete and submit to the Owner final paperwork required by contract documents.
- 1.20 Review final pay estimate and the final change order and submit to Owner.
- 1.21 Attend one (1) final close out meeting with Owner.

## **ASSUMPTIONS**

1. A construction timeframe of 90 working days; commencing in June 2017, with substantial completion by November 2017. Olsson has estimated the contract working days will occur over a total of 170 calendar days, with no work occurring on Saturdays. Should estimate hours be exceeded, a supplemental agreement will be provided.
2. A part to full-time daily involvement of one lead inspector.
3. Rock and sand products for concrete will be accepted, based on certificates of compliance supplied by Contractor and/or producer.
4. Manufactured items shall be accepted based on certificates of compliance, shop drawings, catalog data, et cetera, where indicated.
5. Construction phase engineering and shop drawing review will be provided by the City's engineer of record.

## **EXCLUSIONS**

1. Review of shop drawings and material submittals and/or certifications will be the responsibility of the City's engineer of record.
2. Inspections associated with any maintenance bond correction period. Such services may be contracted later, if requested by the City.
3. No time has been included in this fee estimate for surveying associated with utility relocations, setting project control for Contractor prior to construction, or staking of temporary easements.
4. As-Built Drawings – Contractor is responsible for providing as-built elevations for tops and flowlines of storm sewer and sanitary sewer structures, and necessary plans for City submittal.
5. Specialized Testing – Any special testing will be considered additional services.
6. Special Inspections for Private Improvements – Special inspections and testing associated with private pavement, private utility construction, footings and foundations for buildings, and associated private site improvements is excluded.
7. Wage rate interviews and payroll reviews.

Should Client request work in addition to the Scope of Services, Olsson shall invoice Client for such additional services (Optional Additional Services) at the standard hourly billing labor rate charged for those employees actually performing the work, plus reimbursable expenses if any. Olsson shall not commence work on Optional Additional Services without Client's prior written approval.

Olsson agrees to provide all of its services in a timely, competent and professional manner, in accordance with applicable standards of care, for projects of similar geographic location, quality and scope.



## **SCHEDULE FOR OLSSON'S SERVICES**

Unless otherwise agreed, Olsson expects to perform its services under the Agreement as follows:

Anticipated Start Date: June, 2017  
Anticipated Completion Date: November, 2017

Olsson will endeavor to start its services on the Anticipated Start Date and to complete its services on the Anticipated Completion Date. However, the Anticipated Start Date, the Anticipated Completion Date, and any milestone dates are approximate only, and Olsson reserves the right to adjust its schedule and any or all of those dates at its sole discretion, for any reason, including, but not limited to, delays caused by Client or delays caused by third parties.

## **COMPENSATION**

Client shall pay to Olsson for the performance of the Scope of Services, the actual time of personnel performing such services on an hourly rate basis for services rendered by our principals and employees engaged directly on the Project, and all actual reimbursable expenses. Olsson shall submit invoices on a monthly basis and payment is due within 30 calendar days of invoice date.

Olsson's Scope of Services will be provided on a time and expense basis not to exceed One Hundred Eleven Thousand One Hundred Twelve Dollars and Fifty Cents (\$111,112.50).

## **TERMS AND CONDITIONS OF SERVICE**

We have discussed with you the risks, rewards and benefits of the Project, the Scope of Services, and our fees for such services and the Agreement represents the entire understanding between Client and Olsson with respect to the Project. The Agreement may only be modified in writing signed by both parties.

Client's designated Project Representative shall be John Belger.

If this Scope of Services satisfactorily sets forth your understanding of our agreement, please sign in the space provided below. Retain a copy for your files and return an executed original to Olsson. This proposal will be open for acceptance for a period of 30 days from the date set forth above, unless changed by us in writing.

**OLSSON ASSOCIATES, INC.**

By \_\_\_\_\_  
Curt Mader, PE

By \_\_\_\_\_  
Bryan Johnson, PE, Office Leader

By signing below, you acknowledge that you have full authority to bind Client to the terms of the Agreement. If you accept this Work Order, please sign:

**CITY OF MISSION, KANSAS**

By \_\_\_\_\_  
Signature

Print Name \_\_\_\_\_

Title \_\_\_\_\_

Dated: \_\_\_\_\_

Attachments

Estimate of Fee

**Foxridge Drive - 56th St. to 51st St.  
Mission, Kansas  
Estimate of Fee  
Construction Admin., Inspection & Testing**



	Employee Type	Hourly Rate	Estimated Hours	Extension
<b>Pre-Construction Phase</b>				
Pre-Construction Meeting	Const. Manager	\$ 160.00	3	\$ 480.00
	Lead Inspector	\$ 92.00	4	\$ 368.00
	Clerical	\$ 56.00	2	\$ 112.00
Plan & Construction Document Review	Lead Inspector	\$ 92.00	6	\$ 552.00
Project Documentation Set-up * Field Books/Project Files/Qty. Checks	Lead Inspector	\$ 92.00	8	\$ 736.00
Inspection Management	Project Manager	\$ 160.00	5	\$ 800.00
<b>Phase Totals</b>			<b>28</b>	<b>\$ 3,048.00</b>
<b>Construction Phase</b>				
Daily Observation/Documentation/Coordination, etc.	<b>Straight Time Hours</b>			
	Lead Inspector	\$ 92.00	720	\$ 66,240.00
	<b>Overtime Hours (Hourly Billing Rate x 1.50)</b>			
Materials Testing	Testing Technician	\$ 59.00	192	\$ 11,328.00
	Clerical	\$ 56.00	14	\$ 784.00
Shop Drawing & Material Submittal Review	Const. Manager	\$ 160.00	8	\$ 1,280.00
Insp. Mgmt, Mtgs., Reports, Contractor issues RFI & Plan Interpretation Response, Estimate, CO's	Const. Manager	\$ 160.00	72	\$ 11,520.00
Clerical - Reports, etc.	Clerical	\$ 56.00	6	\$ 336.00
<b>Phase Totals</b>			<b>1045</b>	<b>\$ 96,042.00</b>
<b>Post-Construction Phase</b>				
Punch List & Remedial Work Inspection	Lead inspector	\$ 92.00	30	\$ 2,760.00
	Const. Manager	\$ 160.00	8	\$ 1,280.00
Final Documentation	Clerical	\$ 56.00	4	\$ 224.00
<b>Phase Totals</b>			<b>42</b>	<b>\$ 4,264.00</b>
<b>TOTAL LABOR</b>			<b>1115</b>	<b>\$ 103,354.00</b>
<b>DIRECT EXPENSES</b>				
Mileage (@\$0.75/mi)	Units	Unit Price		
	5,578	\$0.75		\$ 4,183.50
Concrete Cylinders	235	\$ 15.00		\$ 3,525.00
Copies and Mailing	1	\$50.00		\$ 50.00
<b>ESTIMATED DIRECT EXPENSES</b>				<b>\$ 7,758.50</b>
<b>TOTAL ESTIMATED FEE</b>				<b>\$ 111,112.50</b>

Assumptions:

Const. Phase - Est. Start 06/05/17; Est. End 11/21/17  
90 Working Days Days (or 170 total calendar days of work)  
No Saturday Work  
Full-time lead inspector

**Foxridge Drive - 56th St. to 51st St.**  
**Mission, Kansas**  
**Estimate of Construction Phase Hours and Vehicle Usage**



<b>Construction Phase</b>		Start 6/5/2017					End 11/21/2017		Phase Totals
		Jun	Jul	Aug	Sep	Oct	Nov.		
	Cal Days	26	31	31	30	31	21	170	
	Week Days	20	21	22	21	22	15	121	
	Est. Weather Delay/Recovery Days	7	5	5	5	4	5	31	
	<b>Est. Working Days</b>	<b>13</b>	<b>16</b>	<b>17</b>	<b>16</b>	<b>18</b>	<b>10</b>	<b>90</b>	
	Saturdays	3	5	4	5	4	4	25	
Lead Inspector \$92.00	Est. Avg. Hrs/Day	8	9	9	8	8	6		
	Est. Saturdays Worked	0	0	0	0	0	0	0	
	Est. Straight Time Hours	104	128	136	128	144	80	<b>720</b>	
	Est. Overtime Hours	0	16	17	0	0	0	<b>33</b>	
Const. Manager \$160.00	<b>Calendar Year 2017</b> Const. Manager - 24 wks @ 3 hr/wk =							72	

<b>Estimate of Mileage</b>								
<b>Pre-Construction Phase</b> 3 trips = _____ →								80
<b>Construction Phases</b>		Jun	Jul	Aug	Sep	Oct	Nov.	Total 2017
Sr. Inspector	Avg. Mi/Day	30	30	30	30	30	30	
	Est. Miles	390	480	510	480	540	300	2700
Const. Manager	Est. Miles	200	200	200	200	200	200	1200
<b>Post-Construction Phase</b> 4 trips _____ →								110
							<b>TOTAL</b>	<b>4090</b>

**Foxridge Driver - 56th St. to 51st St.**  
**Mission, Kansas**  
**Construction Materials Testing**



<b>CONCRETE ITEMS</b>		<b>Assumptions (Slump, Air, Temp., Cylinders)</b>					
		Est. # of Tests	Tech Hrs. per Test	Est. Tech Hrs.	Est. # of Cylinders	Est. Miles	Est. Clerical Hrs. for Reports
Item	Est. Cu Yd						
Concrete Sidewalk (5' & 6' Wide)	275	10	3	30	25	260	2.5
Commercial Entrance 8"	350	32	3	96	160	832	7.75
Curb & Gutter (Type B & C)	500	10	3	30	50	260	2.5
Sidewalk Ramps	2	1	3	3	0	26	0.25
Street Light Controller Pad	2	0	3	0	0	0	0
<b>TOTALS</b>	<b>1129</b>	<b>53</b>		<b>159</b>	<b>235</b>	<b>1378</b>	<b>13</b>

<b>ASPHALTIC CONCRETE</b>		<b>Assumptions (In-Place Densities &amp; Physical Properties)</b>					
		Est. # of Site Visits	Tech Hrs. per Site Visit	Est. Tech Hrs.	Lab Testing Hrs.	Est. Miles *	Est. Clerical Hrs. for Reports
Item	Tons						
Asphaltic Concrete Surface	1508	3	4	12	18	80	1
Asphaltic Concrete Base Repair	50	1	3	3	0	30	
<b>TOTALS</b>				<b>15</b>	<b>18</b>	<b>110</b>	<b>1</b>

<b>RECAP OF TESTING</b>	Units	Unit Cost	Est. Total Cost
Estimated Testing Tech Hrs.	192	\$ 59.00	\$ 11,328.00
Estimated Clerical Hours	14	\$ 56.00	\$ 784.00
Estimated Mileage	1488	\$ 0.75	\$ 1,116.00
Concrete Cylinders	235	\$ 15.00	\$ 3,525.00
<b>ESTIMATED TOTAL TESTING FEES</b>			<b>\$ 16,753.00</b>

<b>City of Mission</b>	Item Number:	6d.
<b>ACTION ITEM SUMMARY</b>	Date:	April 28, 2017
<b>Public Works</b>	From:	John Belger

Action items require a vote to recommend the item to full City Council for further action.

**RE:** Johnson County CARS 2017 Interlocal Agreement for funding of public improvements to Foxridge Drive from 51st to 56th Street.

**RECOMMENDATION:** Approve the Interlocal Agreement with Johnson County for the public improvement of Foxridge Drive from 51st to 56th Street (CARS Project No. 320001151) using 2017 CARS Program funding in an amount not to exceed \$725,000.

**DETAILS:** Foxridge Drive between 56th Street and 51st Street is a 32 foot wide minor collector serving multi-family residential, commercial, and industrial traffic. The existing pavement, curb, and stormwater infrastructure is in poor condition. Sidewalks are in fair condition but lack connectivity and are not compliant with ADA standards.

The project was identified in the City's Capital Improvement Program for construction in 2017, and is approved for funding through the Johnson County CARS Program. Up to 50% of the project's construction and construction inspection costs are eligible to be reimbursed by the CARS Program. The Interlocal Agreement specifies the County's participation in the project for a total cost not to exceed \$725,000, and commits the City's funds to the project. Approval of the interlocal agreement is the final step in moving forward with the Foxridge Drive Phase I project.

**CFAA CONSIDERATIONS/IMPACTS:** NA

Related Statute/City Ordinance:	N/A
Line Item Code/Description:	Street Sales Tax/Capital Improvement Fund
Available Budget:	\$725,000

**Agreement between Johnson County, Kansas,  
and the City of Mission, Kansas, for the Public Improvement of  
Foxridge Drive from 51st Street to 56th Street  
(320001151)**

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2017 by and between the Board of County Commissioners of Johnson County, Kansas ("Board") and the City of Mission, Kansas, ("City").

WITNESSETH:

WHEREAS, the parties have determined that it is in the best interests of the general public in making certain public improvements to Foxridge Drive from 51st Street to 56th Street (the "Project"); and

WHEREAS, the laws of the State of Kansas authorize the parties to this Agreement to cooperate in undertaking the Project; and

WHEREAS, the governing bodies of each of the parties have determined to enter into this Agreement for the purpose of undertaking the Project, pursuant to K.S.A. 12-2908 and K.S.A. 68-169, and amendments thereto; and

WHEREAS, the Project has been approved, authorized, and budgeted by the Board as an eligible project under the County Assistance Road System ("CARS") Program; and

WHEREAS, the Board has, by County Resolution No. 106-90, authorized its Chairman to execute any and all Agreements for County participation in any CARS Program project which has been approved and authorized pursuant to the Policies and Guidelines adopted by the Board and for which funding has been authorized and budgeted therefore; and

WHEREAS, the governing body of the City did approve and authorize its Mayor to execute this Agreement by official vote on the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, and for other good and valuable consideration, the parties agree as follows:

1. **Purpose of Agreement.** The parties enter into this Agreement for the purpose of undertaking the Project to assure a more adequate, safe and integrated roadway network in the developing and incorporated areas of Johnson County, Kansas.

2. **Estimated Cost and Funding of Project**

a. The estimated cost of the Project (“Project Costs”), a portion of which is reimbursable under this Agreement, is One Million Five Hundred Twenty Three Thousand One Hundred Twenty Six Dollars (\$1,523,126).

b. Project Costs include necessary costs and expenses of labor and material used in the construction of the Project and construction inspection and staking for the Project.

c. The Project Costs shall be allocated between the parties as follows:

i. The Board shall provide financial assistance for the Project in an amount up to but not exceeding Fifty Percent (50%) of the Project Costs. However, the Board's financial obligation under this Agreement shall be limited to an amount not to exceed Seven Hundred Twenty Five Thousand Dollars (\$725,000). For purposes of this Agreement, Project Costs shall not include any portion of costs which are to be paid by or on behalf of any state or federal governmental entity or for which the City may be reimbursed through any source other than the general residents or taxpayers of the City. Further, it is understood and agreed by the parties hereto that the Board shall not participate in, nor pay any portion of, the Costs incurred for or related to the following:

1. Land acquisition, right-of-way acquisition, or utility relocation;
2. Legal fees and expenses, design engineering services, Project administration, or financing costs;



3. Taxes, licensing or permit fees, title reports, insurance premiums, exactions, recording fees, or similar charges;
4. Project overruns;
5. Project scope modifications or major change orders which are not separately and specifically approved and authorized by the Board; and;
6. Minor change orders which are not separately and specifically approved and authorized by the Director of Public Works & Infrastructure of Johnson County, Kansas ("Public Works Director"). Minor change orders are those which do not significantly alter the scope of the Project and which are consistent with the CARS Program Policies and Guidelines and administrative procedures thereto adopted by the Board.

It is further understood and agreed that notwithstanding the designated amount of any expenditure authorization or fund appropriation, the Board shall only be obligated to pay for the authorized percentage of actual construction costs incurred or expended for the Project under appropriate, publicly bid, construction contracts. The Board will not be assessed for any improvement district created pursuant to K.S.A. 12-6a01 et seq., and amendments thereto, or any other improvement district created under the laws of the State of Kansas.

- ii. The City shall pay One Hundred Percent (100%) of all Project Costs not expressly the Board's obligation to pay as provided in this Agreement.

3. **Financing**

- a. The Board shall provide financial assistance, as provided in Paragraph 2.c. above, towards the cost of the Project with funds budgeted, authorized, and appropriated by the Board and which are unencumbered revenues that are on-hand in deposits of Johnson County, Kansas. This paragraph shall not be construed as limiting the ability of the Board to finance its portion of the costs and expenses of the Project through the issuance of bonds or any other legally authorized method.
- b. The City shall pay its portion of the Project Costs with funds budgeted, authorized, and appropriated by the governing body of the City.

4. **Administration of Project.** The Project shall be administered by the City, acting by and through its designated representative who shall be the City public official designated as Project Administrator. The Project Administrator shall assume and perform the following duties:

- a. Cause the making of all contracts, duly authorized and approved, for retaining consulting engineers to design and estimate the Project Costs.
- b. Submit a copy of the plans and specifications for the Project to the Johnson County Public Works Director for review, prior to any advertisement for construction bidding, together with a statement of estimated Project Costs which reflects the Board's financial obligation under the terms of this Agreement. The Public Works Director or his designee shall review the copy of the plans and specifications for the Project and may, but shall not be obligated to, suggest changes or revisions to the plans and specifications.
- c. If required by applicable state or federal statutes, solicit bids for the construction of the Project by publication in the official newspaper of the City. In the solicitation of bids, the appropriate combination of best bids shall be determined by the City.
- d. Cause the making of all contracts and appropriate change orders, duly authorized and approved, for the construction of the Project.
- e. Submit to the Public Works Director a statement of actual costs and expenses in the form of a payment request, with attached copies of all invoices and supporting materials, on or before the tenth day of each month following the

month in which costs and expenses have been paid. The Public Works Director shall review the statement or payment request to determine whether the statement or payment request is properly submitted and documented and, upon concurrence with the Finance Director of Johnson County, Kansas, (“Finance Director”) cause payment to be made to the City of the Board's portion of the Project Costs within thirty (30) days after receipt of such payment request. In the event federal or state agencies require, as a condition to state or federal participation in the Project, that the Board make payment prior to construction or at times other than set forth in this subsection, the Public Works Director and the Finance Director may authorize such payment.

- f. Except when doing so would violate a state or federal rule or regulation, cause a sign to be erected in the immediate vicinity of the Project upon commencement of construction identifying the Project as part of the CARS Program. The form and location of the sign shall be subject to the review and approval of the Public Works Director.

Upon completion of the construction of the Project, the Project Administrator shall submit to each of the parties a final accounting of all Project Costs incurred in the Project for the purpose of apportioning the same among the parties as provided in this Agreement. It is expressly understood and agreed that in no event shall the final accounting obligate the parties for a greater proportion of financial participation than that set out in Paragraph 2.c. of this Agreement. The final accounting of Project Costs shall be submitted by the Project Administrator no later than sixty (60) days following the completion of the Project construction.

It is further understood and agreed by the City that to the extent permitted by law and subject to the provisions of the Kansas Tort Claims Act including but not limited to maximum liability and immunity provisions, the City agrees to indemnify and hold the County, its officials, and agents harmless from any cost, expense, or liability not expressly agreed to by the County which result from the negligent acts or omissions of the City or its employees or which result from the City's compliance with the Policy and Procedures.

This agreement to indemnify shall not run in favor of or benefit any liability insurer or third party.

In addition, the City of Mission shall, and hereby agree to, insert as a special provision of its contract with the general contractor ("Project Contractor") chosen to undertake the Project construction as contemplated by this Agreement the following paragraphs:

The Project Contractor shall defend, indemnify and save the Board of County Commissioners of Johnson County, Kansas and the City of Mission harmless from and against all liability for damages, costs, and expenses arising out of any claim, suit, action or otherwise for injuries and/or damages sustained to persons or property by reason of the negligence or other actionable fault of the Project Contractor, his or her sub-contractors, agents or employees in the performance of this contract.

The Board of County Commissioners of Johnson County, Kansas shall be named as an additional insured on all policies of insurance issued to the Project Contractor and required by the terms of his/her agreement with the City.

**5. Acquisition of Real Property for the Project**

- a. The Board shall not pay any costs for acquisition of real property in connection with the Project.
- b. The City shall be responsible for the acquisition of any real property, together with improvements thereon, located within the City's corporate boundaries, which is required in connection with the Project; such real property acquisition may occur by gift, purchase, or by condemnation as authorized and provided by the Eminent Domain Procedure Act, K.S.A. 26-201 et seq. and K.S.A. 26-501 et seq., and any such acquisition shall comply with all federal and state law requirements.

6. **Duration and Termination of Agreement**

- a. The parties agree that this Agreement shall remain in full force and effect until the completion of the Project, unless otherwise terminated as provided for in Paragraph 6.b. herein below. The Project shall be deemed completed and this Agreement shall be deemed terminated upon written certification to each of the parties by the Project Administrator that the Project has been accepted as constructed. The City shall provide a copy of the Project Administrator's certification to both the Public Works Director and the Finance Director within thirty (30) days of the Project Administrator's determination that the Project is complete.
- b. It is understood and agreed that the Public Works Director shall review the status of the Project annually on the first day of March following the execution of this Agreement to determine whether satisfactory progress is being made on the Project by the City. In the event that the Public Works Director determines that satisfactory progress is not being made on the Project due to the City's breach of this Agreement by not meeting the agreed upon project deadlines or otherwise not complying with the terms of this Agreement, the Public Works Director is authorized to notify the City that it shall have thirty (30) days from receipt of such notification to take steps to cure the breach (the "Cure Period"). It is further understood and agreed that the Board shall have the option and right to revoke funding approval for the Project and terminate this Agreement should the Board find, based upon the determination of the Public Works Director, that satisfactory progress is not being made on the Project and that the City has not taken sufficient steps to cure the breach during the Cure Period. Should the Board exercise its option as provided herein, it shall send written notice of the same to the City and the Board shall have no further liability or obligation under this Agreement.

7. **Placing Agreement in Force.** The attorney for the City shall cause sufficient copies of this Agreement to be executed to provide each party with a duly executed copy of this Agreement for its official records.

IN WITNESS WHEREOF, the above and foregoing Agreement has been executed by each of the parties hereto and made effective on the day and year first above written.

**Board of County Commissioners of  
Johnson County, Kansas**

**City of Mission, Kansas**

---

Ed Eilert, Chairman

---

Steve Schowengerdt, Mayor

Attest:

Attest:

---

Linda W. Barnes  
Clerk of the Board

---

City Clerk

Approved as to form:

Approved as to form:

---

Robert A. Ford  
Assistant County Counselor

---

City Attorney