

ORDINANCE NO. 1567

AN ORDINANCE AUTHORIZING THE CITY OF GOODLAND, KANSAS TO ISSUE ITS TAXABLE INDUSTRIAL REVENUE BONDS, SERIES 2006 (HOLIDAY INN EXPRESS PROJECT) IN AN AGGREGATE PRINCIPAL AMOUNT OF \$5,000,000 FOR THE PURPOSES OF ACQUIRING, CONSTRUCTING, FURNISHING AND EQUIPPING A COMMERCIAL HOTEL FACILITY; AUTHORIZING EXECUTION OF AN ABANDONMENT AGREEMENT BY AND BETWEEN THE CITY, PRAIRIESKY CAPITAL, LLC, AS TENANT AND FIRST NATIONAL BANK, GOODLAND, KANSAS; AUTHORIZING THE CITY TO LEASE SUCH FACILITY TO PRAIRIESKY CAPITAL, LLC AND AUTHORIZING EXECUTION OF A LEASE BETWEEN SAID CITY AND PRAIRIESKY CAPITAL, LLC; APPROVING THE FORM OF A GUARANTY AGREEMENT BY AND BETWEEN THE TENANT, DOUGLAS W. IRVIN, JEANNE A. IRVIN, MICHAEL D. IRVIN AND ROBIN A. IRVIN AND FIRST NATIONAL BANK; AND AUTHORIZING THE EXECUTION OF ADDITIONAL DOCUMENTS NECESSARY OR DESIRABLE TO EFFECT THE TRANSACTION CONTEMPLATED HEREBY.

THE GOVERNING BODY OF THE CITY OF GOODLAND, KANSAS HAS FOUND AND DETERMINED:

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

B. The Issuer's governing body has determined that it is desirable in order to promote, stimulate and develop the general economic welfare and prosperity of the Issuer and the State of Kansas that the Issuer issue its Taxable Industrial Revenue Bonds, Series 2006 (Holiday Inn Express Project) dated as of their Issue Date in an aggregate principal amount \$5,000,000 (the "Bonds"), for the purpose of paying the costs of acquiring, constructing, furnishing and equipping a certain commercial hotel facility (the "Project"), as more fully described in the Bond Agreement and in the Lease authorized in this ordinance for lease to Prairiesky Capital, LLC, a Kansas limited liability company (the "Tenant").

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

(i) a Bond Agreement (the "Bond Agreement"), between the Issuer, the Tenant and First National Bank, Goodland, Kansas (the "Bank") prescribing the terms and conditions of issuing and securing the Bonds;

(ii) a Lease (the "Lease"), with the Tenant, under which the Issuer will acquire, construct, furnish and equip the Project and lease it to the Tenant in consideration of Basic Rent and other payments; and

iii) an Agreement for Payment in Lieu of Taxes (the "Agreement for Payment in Lieu of Taxes") with the Tenant, under which the Tenant will make certain payments in lieu of taxes for each year after issuance of the Bonds that the Project is exempt from ad valorem taxation.

D. The Issuer's governing body has found that under the provisions of K.S.A. 79-201a *Second*, the Project purchased or constructed with the proceeds of the Bonds is eligible for exemption from ad valorem property taxes for up to 10 years, commencing in the calendar year following the calendar year in which the Bonds are issued, if proper application

is made. The Issuer's governing body has further found that the Project should be exempt from ad valorem property taxes for a period of 10 years, subject to a payment in lieu of taxes for each year of the exemption equal to 10% of the property taxes that would otherwise be generated by the Project, as more particularly described in the Agreement for Payment in Lieu of Taxes. Prior to making this determination, the governing body of the Issuer has conducted the public hearing and reviewed the analysis of costs and benefits of such exemption required by K.S.A. Supp. 12-1749d.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF GOODLAND, KANSAS:

Section 1. **Definition of Terms.** All terms and phrases not otherwise defined in this ordinance will have the meanings set forth in the Bond Agreement and the Lease.

Section 2. **Authority to Cause the Project to be Purchased and Constructed.** The Issuer is authorized to cause the Project to be acquired, constructed, furnished and equipped in the manner described in the Bond Agreement and the Lease.

Section 3. **Authorization of and Security for the Bonds.** The Issuer is authorized and directed to issue the Bonds, to be designated "City of Goodland, Kansas Taxable Industrial Revenue Bonds, Series 2006 (Holiday Inn Express Project)" in an aggregate principal amount of \$5,000,000. The Bonds will be in such principal amount, will bear interest at various stated rates and will mature, and will have such other redemption provisions, including premiums, will be in such forms and will be issued according to the provisions, covenants, agreements and other terms as are set forth in the Bond Agreement. The Bonds are being issued for the purpose of providing funds to pay the costs of acquiring, constructing, furnishing and equipping the Project. The Bonds will be special limited obligations of the Issuer payable solely from revenues generated from the Project and the Lease of the Project. The Bonds will not be general obligations of the Issuer, nor constitute a pledge of the faith and credit of the Issuer, and will not be payable in any manner by taxation.

Section 4. **Authorization of Bond Agreement.** The Issuer is authorized to enter into the Bond Agreement with the Bank and the Tenant in the form approved in this ordinance. The Issuer will issue and sell the Bonds and provide for payment of the Bonds and interest thereon from the revenues derived by the Issuer under the Lease and other moneys as described in the Bond Agreement, all on the terms and conditions in the Bond Agreement.

Section 5. **Authorization of Lease of the Project.** The Issuer is authorized to enter into the Lease with the Tenant in the form approved in this ordinance. The Issuer will acquire, construct, furnish and equip the Project and lease it to the Tenant according to the provisions of the Lease.

Section 6. **Approval of the Guaranty Agreement.** The form of the Guaranty Agreement between the Tenant and the other guarantors named therein and the Bank, for the benefit of the owners of the Bonds, is approved.

Section 7. **Execution of Bonds and Bond Documents.** The Mayor of the Issuer or such person authorized by the Issuer to act for the Mayor in the Mayor's absence is hereby authorized and directed to execute the Bonds and deliver them to the Bank for authentication on behalf of the Issuer in the manner provided by the Act and in the Bond Agreement. The Mayor or other authorized signatory is hereby authorized and directed to execute and deliver the Bond Documents on behalf of the Issuer in substantially the forms presented for review prior to passage of this ordinance, which forms are approved, with such corrections or amendments as the Mayor or other authorized signatory shall

approve, as evidenced by his or her signature. The authorized signatory may also sign and deliver such other documents, or certificates as may be necessary or desirable to carry out the purposes and intent of this ordinance and the Bond Documents. The City Clerk or the Deputy City Clerk of the Issuer is hereby authorized and directed to attest the execution of the Bonds, the Bond Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out the intent of this ordinance under the Issuer's corporate seal.

Section 8. **Tax Exemption; Payment in Lieu of Taxes.** The Project will be exempt from ad valorem property taxes for 10 years, commencing in the calendar year after the calendar year in which the Bonds are issued, subject to the conditions set forth in the Agreement for Payment in Lieu of Taxes. The Tenant must prepare the application for exemption and submit it to the Issuer for its review. After its review, the Issuer will submit the application for exemption to the Sherman County Appraiser for review and transmittal to the State Board of Tax Appeals. The Issuer is authorized to enter into the Agreement for Payment in Lieu of Taxes in substantially the form presented for review prior to passage of this ordinance, requiring the Tenant to pay in each year of the exemption a payment equal to 10% of the property taxes otherwise payable with respect to the Project.

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

Section 10. **Further Authority.** The officials, officers, agents and employees of the Issuer are authorized and directed to take whatever action and execute whatever other documents or certificates as may be necessary or desirable to carry out the provisions of this ordinance and to carry out and perform the Issuer's duties with respect to the Bonds and the Bond Documents.

Section 11. **Effective Date.** This ordinance shall take effect after its passage by the governing body of the Issuer, signature by the Mayor and publication once in the Issuer's official newspaper.

PASSED by the governing body of the City of Goodland, Kansas this 6th day of November, 2006.

SIGNED by the Mayor of the City of Goodland, Kansas this 6th day of November, 2006

[SEAL]

Mayor

Attest:
City Clerk

Published in The Goodland Star-News, Friday, November 10, 2006.

THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

In the Matter of the Application of ROSEWOOD RESOURCES, INC. for an Order Permitting the Drilling of the Crouch #21-02H Well to be Drilled Horizontally in the Niobrara Formation, pursuant to K.A.R. 82-3-103a Upon Certain Lands in Sherman County, Kansas.

Docket No. 07-CONS-101-CHOR
KCC License No. 33019
CONSERVATION DIVISION

NOTICE OF PENDING APPLICATION

TO: ALL OIL AND GAS PRODUCERS, UNLEASED MINERAL INTEREST OWNERS, LANDOWNERS, AND ALL PERSONS WHOMSOEVER CONCERNED.

You, and each of you, are hereby notified that ROSEWOOD RESOURCES, INC. has filed an Application before the Kansas Corporation Commission to permit the drilling of a well, known as the Crouch #21-02H well, having a deviation in the well bore exceeding 7 degrees in the Niobrara formation upon certain lands in Sherman County, Kansas, at the following surface location:

452' FNL and 1,534' FWL of Section 2, Township 7 South, Range 39 West, Sherman County, Kansas.

The intended bottom hole location of the Crouch #21-02H well at the end of the horizontal portion of said well will be at:

2,245' FNL and 510' FWL of Section 2, Township 7 South, Range 39 West, Sherman County, Kansas.

Any persons who object or protest to such Application shall be required to file their objections or protests with the Kansas Corporation Commission within fifteen (15) days from the date of this publication. If any protests are timely filed, a hearing will be held on Thursday, December 14, 2006, at 10:00 a.m. at the Kansas Corporation Commission, 1500 SW Arrowhead Road, Topeka, KS 66604.

All parties in any way interested or concerned shall take notice of the foregoing and govern themselves accordingly.

ROSEWOOD RESOURCES, INC.
2711 N. Haskell Ave., Suite 2800, LB #22
Dallas, Texas 75204

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(FAX) 265-1349

Attorneys for Applicant

Published in The Goodland Star-News, Friday, November 10, 2006.

THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

In the Matter of the Application of ROSEWOOD RESOURCES, INC. for an Order Permitting the Drilling of the Bowman #14-08H Well to be Drilled Horizontally in the Niobrara Formation, pursuant to K.A.R. 82-3-103a Upon Certain Lands in Sherman County, Kansas.

Docket No. 07-CONS-102-CHOR
KCC License No. 33019
CONSERVATION DIVISION

NOTICE OF PENDING APPLICATION

TO: ALL OIL AND GAS PRODUCERS, UNLEASED MINERAL INTEREST OWNERS, LANDOWNERS, AND ALL PERSONS WHOMSOEVER CONCERNED.

You, and each of you, are hereby notified that ROSEWOOD RESOURCES, INC. has filed an Application before the Kansas Corporation Commission to permit the drilling of a well, known as the Bowman #14-08H well, having a deviation in the well bore exceeding 7 degrees in the Niobrara formation upon certain lands in Sherman County, Kansas, at the following surface location:

172' FSL and 240' FWL of Section 8, Township 7 South, Range 39 West, Sherman County, Kansas.

The intended bottom hole location of the Bowman #14-08H well at the end of the horizontal portion of said well will be at:

2,270' FSL and 1,825' FWL of Section 8, Township 7 South, Range 39 West, Sherman County, Kansas.

Any persons who object or protest to such Application shall be required to file their objections or protests with the Kansas Corporation Commission within

fifteen (15) days from the date of this publication. If any protests are timely filed, a hearing will be held on Thursday, December 14, 2006, at 10:00 a.m. at the Kansas Corporation Commission, 1500 SW Arrowhead Road, Topeka, KS 66604.

All parties in any way interested or concerned shall take notice of the foregoing and govern themselves accordingly.

ROSEWOOD RESOURCES, INC.
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Attorneys for Applicant

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Abandoned Motor Vehicle

Notice of sale of abandoned motor vehicle in the possession of McB's Motor Company. The herein described vehicle will be sold at public auction on November 18, 2006 at 12:00 p.m., to the highest bidder for cash, if the owner does not claim the same prior to time of sale and pay for removal, storage and publication costs incurred. Description of vehicle: Make Ford, Model pickup, Serial or identification number 2FTJW35G1JCA35795, Year 1988. Vehicle is in storage at 421 E. 17th.

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SHERMAN COUNTY KANSAS
TREASURER'S QUARTERLY REPORT

October 31, 2006

Total Cash in the Treasury as at the above date \$16,193,964.18

FUND	FUND BALANCE
APPRaiser's COST	\$42,330.98
AUTO MOTOR SPECIAL	\$34,058.71
BOND & INTEREST	\$73,059.08
NO FUND WARRANTS	\$148.80
CITY-CO RECREATION	\$517.18
COUNTY HEALTH	\$39,359.59
DIRECT ELECTION	\$55,312.65
TRASH HAULING	\$256,882.94
EMPLOYEE BENEFITS	\$274,754.32
EMPLOYEE BENEFITS HEALTH RESERVE	\$173,692.40
EXTENSION	\$13,385.86
FREE FAIR	\$439.69
GENERAL FUND	\$741,853.36
HISTORICAL SOCIETY	\$216.35
HOME MAINTENANCE	\$15,229.92
HOSPITAL MAINTENANCE	\$5,829.58
LANDFILL	\$75,000.00
LANDFILL EXCAVATION FUND	\$75,434.00
NOXIOUS WEED	\$29,862.79
REGISTER OF DEEDS TECHNOL	\$3,173.63
OUT-DISTRICT TUITION	\$19,408.14
OVER & UNDER	-\$65.04
PROGRAM FOR ELDERLY	\$1,034.85
PROSECUTING ATTORNEY	\$55.14
PROS ATTY (DIVERSION)	\$9,195.43
ROAD AND BRIDGE	\$520,238.56
SALES TAX	\$17,970.89
SC RURAL FIRE DIST #1	\$138,537.41
SHERMAN CO SPILL CONTROL	\$304.70
SOLDIERS MEMORIAL PARK	\$13,223.83
SOLID WASTE FUND	\$526,321.33
SPEC ALCOHOL PROGRAM	\$843.96
CAPITAL IMPROVEMENT FUND	\$169,000.00
SPECIAL PARKS & REC	\$2,089.95
SPECIAL MACHINERY FUND	\$200,471.00
TORT LIABILITY	\$302.78
CONCEALED WEAPONS	\$238.89
JAIL COMMISSARY	\$11,587.45
DRIVER'S LICENSE	\$65.00
SECRETARY OF STATE	\$2,368.80
NOXIOUS WEED CAPITAL OUTLAY	\$7,745.16
SPECIAL PRAIRIE DOG	\$16,515.87
SC RFD #1 EQUIP RESERVE	\$28,282.66
HERITAGE TRUST FUND	\$219.57
SHERIFF DRUG SEIZURE FUND	\$15,060.04
COUNTY HEALTH CAPITAL OUTLAY	\$25,830.15
AUTO MOTOR STATE	-\$40.83
HEALTH CARE SERVICES	\$233,941.83
COUNTY REDEMPTION	\$7,320.38
CURRENT TAX	\$962.35
DELINQUENT PERSONAL TAX	\$1,613.91
RECREATIONAL VEHICLE TAX	\$1,289.96
MOTOR VEHICLE TAX	\$74,994.28
MICRO LOANS	\$30,169.23
SHERIFF REWARD DONATION FUND	\$234.92
SOIL CONSERVATION	\$334.66
911 WIRELESS	\$15,362.70
SCRFD #1 SPECIAL FUND	\$4,203.49
CEMETERY FUND	\$834.55
LIBRARY FUND	\$245.76
911 TELEPHONE SERVICE	\$54,726.35
SUSPENSE FUND	\$22,420.54
ECONOMIC DEVELOPMENT	\$129,007.77
KANORADO/GEN	-\$10.44

TOWNSHIPS

GRANT/GENERAL	\$0.74
IOWA/GENERAL	\$2.79
LLANOS/GENERAL	\$41.88
LOGAN/GENERAL	\$2.45
MCPHERSON/GENERAL	\$99.60
SHERMANVILLE GENERAL	\$90.48
STATELINE/GENERAL	\$52.51
WASHINGTON/GENERAL	\$0.00

USD #352/GENERAL	\$1,111.93
USD #314/GENERAL	\$959.62
CDBG	\$100.36

GO ROAD PROJECT BOND	\$11,786,245.55
LOCAL 1% SALES TAX	\$190,256.51

TOTAL ALL FUNDS \$16,193,964.18

STATE OF KANSAS
SHERMAN COUNTY ss.

I do solemnly swear that the above statement is complete, true, and correct to the best of my knowledge and belief, so help me God.

Inis Scheepfner, County Treasurer

Subscribed and sworn to before me this 2nd day of November



County Clerk - Notary Public

My commission expires _____

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