

This is a business meeting of the governing body for the City of Herington. There is no implied or expressed right for persons outside the governing body to speak or voice their opinion unless specifically recognized by the chair.

**Regular Meeting
March 3, 2026
6:00 p.m.**

1. Pledge of Allegiance
2. Call to Order
3. Approval of Agenda

Motion _____ Seconded _____ Action _____
Commissioner Naylor, Commissioner Scarff, Commissioner Mann, Commissioner Bell, Mayor Gares

4. Public Forum

5. Consent Agenda
 - a. February 17, 2026, Regular City Commission Meeting Minutes
 - b. February 10, 2026, Special City Commission Meeting Minutes
 - c. Consider Appointing Curtis Hartman to Herington Planning Commission

Motion _____ Seconded _____ Action _____
Commissioner Naylor, Commissioner Scarff, Commissioner Mann, Commissioner Bell, Mayor Gares

6. Proclamations and Announcements
 - a. None

7. Discuss Two Bids for City Manager Hiring Search Firms, Consider Proposal from Each Firm

8. Award Bid to _____ as the Hiring Firm for the City Manager Position, authorize staff to Execute Payment from City Hall Admin Budget

Motion _____ Seconded _____ Action _____
Commissioner Naylor, Commissioner Scarff, Commissioner Mann, Commissioner Bell, Mayor Gares

9. Authorize Mayor to Execute Contract for Hiring Search with _____, to Immediately Begin work on the Hiring Search Process

Motion _____ Seconded _____ Action _____
Commissioner Naylor, Commissioner Scarff, Commissioner Mann, Commissioner Bell, Mayor Gares

10. Department Head Updates
 - a. Public Works
 - b. Police Department
 - c. Fire Department
 - d. Code & Inspection

11. Consider Ordinance for WWTF Phase II Project, Authorize Mayor to Sign

Motion _____ Seconded _____ Action _____
Commissioner Naylor, Commissioner Scarff, Commissioner Mann, Commissioner Bell, Mayor
Gares

12. Consider Final Loan Agreement for WWTF Phase II Project, Authorize Mayor to Execute All Documents

Motion _____ Seconded _____ Action _____
Commissioner Naylor, Commissioner Scarff, Commissioner Mann, Commissioner Bell, Mayor
Gares

13. Discussion of Awarding UPTICC Grant to Herington Veterinary Clinic in the Amount of \$5,000 for Building Improvements

Motion _____ Seconded _____ Action _____
Commissioner Naylor, Commissioner Scarff, Commissioner Mann, Commissioner Bell, Mayor
Gares

14. Discussion of Interim City Manager Position

15. Executive Session – I move that the Herington City Commission recess into Executive Session, Pursuant to the Personnel matters of employer-employee negotiations K.S.A. 78-4319(b)(3) To discuss employer-employee negotiations to include the following:

- Governing Body
- City Attorney
- City Manager
- Option to Call Fire Chief
- Option to Call City Clerk

Motion _____ Seconded _____ Action _____
Commissioner Naylor, Commissioner Scarff, Commissioner Mann, Commissioner Bell, Mayor
Gares

16. Executive Session – I move that the Herington City Commission recess into Executive Session, Pursuant to the Personnel matters of non-elected personnel exception, K.S.A. 75-4319(b)(1) in order to discuss personnel matters to include the following:

- Governing Body
- City Manager
- City Attorney
- Option to Call Chief of Police

Motion _____ Seconded _____ Action _____
Commissioner Naylor, Commissioner Scarff, Commissioner Mann, Commissioner Bell, Mayor
Gares

17. City Manager Comments

18. Mayor and Commissioner Comments

19. Adjournment

Motion _____ Seconded _____ Action _____
Commissioner Naylor, Commissioner Scarff, Commissioner Mann, Commissioner Bell, Mayor
Gares

To join the City Commission meetings from your computer, tablet, or smartphone, go to
<https://www.youtube.com/channel/UCbvSBw6l4w85XQHSX0S1BXg> Public Forum Comments can be
dropped in the deposit box or emailed to cityoffice@cityofherington.com.

**Regular Meeting
February 17, 2026
6:00 p.m.**

The Herington city commission met on the above date and time in the commission chambers at city hall. In attendance were Mayor Eric Gares, Commissioner Cynthia Naylor, Commissioner Robbin Bell, Commissioner Dalton Scarff and Commissioner Larry Mann. Also in attendance were City Manager Thatcher Moddie, City Attorney Brad Jantz, City Clerk Megan Lawrenz, Mark Noble, Marion Noble, Lisa Schlesener, Rhonda Rice and Kim Ditto Bell.

The meeting opened with the Pledge of Allegiance.

Mayor Gares called the meeting to order.

Approval of Agenda – Mayor Gares made a motion to approve the agenda with the following additions and corrections, add 4a Executive Session, add 5 Discuss and Authorize Media Release Confirming Action of the City Commission, all other agenda items will move down one number, seconded by Commissioner Naylor. Motion carried 5-0.

Accept Resignation of City Manager Thatcher Moddie – Mayor Gares made a motion to accept Thatcher Moddie's resignation effective February 10, 2026, with his last working day being March 18, 2026, seconded by Commissioner Bell. Motion carried 5-0.

4a. Executive Session – Mayor Gares made a motion that the Herington City Commission recess into Executive Session, pursuant to the personnel matters of non-elected personnel exception, K.S.A. 4319(b)(3) in order to discuss personnel matters to include the following, Governing Body, City Manager, and City Attorney with the open meeting to resume at 6:20pm. Seconded by Commissioner Bell. Motion carried 5-0. The open meeting resumed with no action taken.

Discussion and Authorize Media Release Confirming Action of the City Commission. Mayor Gares made a motion that the city commission put out a media release, seconded by Commissioner Bell. Motion carried 5-0.

Consider Waiving 60-day Notice Requirement from City Manager Contract. Final Working Day being March 18, 2026. City Manager will opt out of Payment of Accrued Time Reflected in the Personnel Policy and Vacate all Remaining Vacation Time. As of now, 91.5 hours of Vacation. In total, a minimum of \$4,000 will be Relinquished to the City. Mayor Gares made a motion by agreement with the City Manager to waive the 60-day notice and that the City Manager will vacate all remaining vacation payout, seconded by Commissioner Bell. Motion carried 5-0.

Public Forum – Received via email -

To the Commission of the City of Herington, Kansas;

I am sending this to you via your City Clerk, as upon surveying the City Website it appears that none of your contact information is publicly available, neither phone number nor email address.

As it pertains to the City Manager, who now has both feet solidly outside of the door, it would be very strange not to accept his resignation; he's already left. Vote Yes. Accept that resignation.

As it pertains to the agenda and the employment contract of the City Manager, there should not even be a consideration of waiving what appears to be a full breach of his contract by his own choice not to submit a 60 day notice, per his contract. A choice. It does appear that he wanted to ensure he was protecting himself, but his dates didn't work out While our municipality is the one who will be left to suffer. That 60 day notice is purposeful, or it would not be meant as an amendment in the contract. While his offering to pay back vacation and et cetera is kind, business is often unkind to individuals who choose not to play by

terms. It is my opinion that not only should he not be paid out vacation time accrued, he should have to pay for new search for a city manager that he, himself, has unexpectedly forced the municipality into. To let any person just get away with a breach of contract and more importantly, public trust, is to absolutely also lose the trust of the public who has seated you at that table. Vote No. Do NOT waive that 60-day notice. He should be held to a higher standard.

Thank you for your time.

Kat Souza

Consider February 3, 2026, Regular Meeting Minutes – Commissioner Mann made a motion to approve the minutes from the February 3, 2026, Regular Meeting, seconded by Commissioner Bell. Motion carried 5-0.

Consent Agenda – Commissioner Bell made a motion to approve the following consent agenda items, Announcement of Leo Schlesener as Temporary Fire Chief, Update KMEA Board of Directors: Seth Biehler, Director Leo Schlesener, Alternate 1 Cody Oswald, Alternate 2, seconded by Commissioner Naylor. Motion carried 5-0.

Proclamations and Announcements – None.

Open Public Hearing for Union Pacific ROW Vacation – Opened at 6:34. Kim Ditto Bell 801 E Trapp – The property that the city is vacating is attached to other people's property, why were those property owners notified that the city was vacating?

Close Public Hearing – Closed at 6:40

Consider Petition for Vacation of a Portion of Street Right-of-Way from City of Herington to Union Pacific Railroad – Commissioner Mann made a motion to approve the petition, and to authorize the mayor's signature, seconded by Commissioner Bell. Motion carried 5-0.

Consider Order Vacating a Portion of Street Right of Way for Union Pacific Railroad – Commissioner Mann made a motion to approve the order to vacate and authorize the mayor's signature, seconded by Commissioner Bell. Motion carried 5-0.

Authorize Quit Claim Deed Between City of Herington and Union Pacific – Commissioner Mann made a motion to approve the quit claim deed, and authorize the mayor's signature, seconded by Commissioner Bell. Motion carried 5-0.

Consider Acceptance of Engagement Letter from Auditors – Commissioner Bell made a motion to approve the Engagement Letter for the auditors, to authorize the mayor's signature and to designate Megan Lawrenz as the designated contact, seconded by Commissioner Naylor. Motion carried 5-0.

City Manager Comments – None.

Mayor and Commissioner Comments

Commissioner Scarff – None.

Commissioner Mann – Thank you and Good Luck to Thatcher. Please bring Commissioner an outstanding list.

Commissioner Bell – Airbase building, schedule meeting before last day. Megan airbase financials. Wildlife and parks want to make some enhancements at the lakes, we pay for it, but it will be reimbursed.

Commissioner Naylor – Someone would like to come and present about a dog park at the old baseball fields.

Eric Gares

Commissioner-Mayor
City of Herington, Kansas

INDIVIDUAL ELECTED-OFFICIAL MESSAGE TO THE COMMUNITY

February 17, 2026

I want to begin by expressing my gratitude to Mr. Thatcher Moddie for his service to the City of Herington. Like any two people working closely together, he and I have not always agreed 100 percent on how to accomplish certain goals or what decisions should be made. That is a normal part of professional leadership, and it never diminished my respect for the work he has done for our city. I appreciate his contributions, and I sincerely wish him the very best as he prepares to move forward in his career with the City of Ottawa.

Over the past several days, many residents have reached out with questions, concerns, and frustrations regarding the transition in the City Manager's office. Now that the City Commission has taken formal action, I want to speak directly to the community and provide accurate information.

I also want to acknowledge the mistrust and confusion that some members of the community have expressed. Information about this transition became public before the City Commission was legally able to take formal action on his resignation. Because this was a personnel matter, and because Mr. Moddie specifically requested confidentiality until the Commission could formally act, we were required to follow the established process. I also want to remind everyone that agendas for special sessions of the City Commission cannot be added to and are limited in scope. That meant we could not formally accept the resignation, confirm details, or announce the start of a new search for a City Manager until the February 17 meeting.

On February 10, the City Commission received written notice from Mr. Moddie that he wished to resign from public service with the City of Herington and requested that his final day of service be March 18, 2026. Tonight, the Commission formally received and accepted that notice, which now allows us to speak openly about the transition. Section 4.4 of his contract allows us, by mutual agreement with him, to waive the 60-day notice of resignation requirement.

To me, it makes no sense to force him to stay or to pay him more than he has offered simply to enforce a provision that we can waive in the interest of the city. Nor does it make sense to commit public money to sue for a breach of contract that is a moot point and can be resolved without legal action. We would spend far more on doing so otherwise. The public money that will not be spent by agreeing to the waiver can now be utilized appropriately during the search for a new City Manager.

That is the action we have taken tonight, and I believe it is in the best interest of the city. It allows us to move forward immediately and begin the process of seeking out the next City Manager.

Eric Gares

Commissioner-Mayor
City of Herington, Kansas

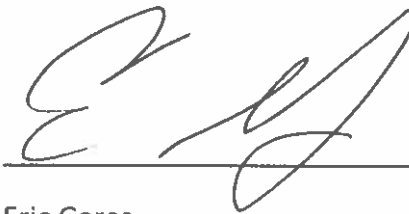
I understand how the gap between public conversation and official communication created frustration. But I want to be clear: in my opinion, the Commission was not withholding information intentionally to keep anyone in the dark. We were following the legal and procedural requirements that apply to all personnel matters—contracted or otherwise.

During this interim period, several statements circulated in the community that were inaccurate or based on incomplete information. I won't repeat them here, but I do want to encourage everyone to reach out directly when questions arise. I am always willing to answer what I can. At the same time, there will always be certain topics—especially personnel matters—that cannot be discussed publicly, regardless of who holds the position or how their employment is structured.

I want to reassure the community that it is my belief that city operations will continue without interruption. I have full confidence in our City Clerk, our Department Heads, and their teams to ensure that goal succeeds. The Commission will begin the search for a new City Manager immediately and with diligence.

Finally, I want to extend an invitation to those who feel strongly about the direction of our city or the actions of the Commission. Local government works best when more people are involved. If you are passionate about Herington's future, I encourage you to attend Commission meetings, speak during public forum, apply for appointments to local boards and committees, or—if you feel called to serve—file as a candidate and put your commitment into action. Our community benefits when more voices step forward—not just online, but in the rooms where decisions are made.

Thank you to everyone who has reached out with questions, concerns, and support. I remain committed to the stability of city services and the continued progress of the City of Herington. If you have questions, you are welcome to seek me out and ask. I will answer what I can within the boundaries and responsibilities of my individual office.



Eric Gares
Commissioner-Mayor
City of Herington, Kansas

Mayor Gares – Ribbon cutting for La Isla on Friday Larry, Thatcher, Rhonda Rice and Rural Champion attended. Thatcher, Chad, Eric attended Herington Hearts community survey night.

Adjournment – Commissioner Mann made a motion to adjourn, seconded by Commissioner Naylor.
Motion carried 5-0.

Megan Lawrenz

**Special Meeting
February 10, 2026
5:00 p.m. or Soon thereafter**

The Herington City Commission met on the above date and time in the commission chambers at City Hall. In attendance were Mayor Eric Gares, Commissioner Larry Mann, Commissioner Robbin Bell, Commissioner Cynthia Naylor, Commissioner Dalton Scarff. Also in attendance were City Manager Thatcher Moddie and City Attorney Brad Jantz.

The meeting opened with the Pledge of Allegiance.

Mayor Gares called the meeting to order.

Approval of Agenda – Mayor Gares, Commissioner Naylor. 5-0.

Executive Session – Mayor Gares Motioned to recess into executive session for personnel matters of non-elected personnel, exception K.S.A. 75-4139(b)(3) until 5:25 PM, seconded by Commissioner Mann

The open meeting resumed at 5:25 PM with no action taken.

Adjournment – Mayor Gares made a motion to adjourn, seconded by Commissioner Naylor. Motion carried 5-0.

Megan Lawrenz, City Clerk



Advisory Board Application

OFFICE USE:

Term Length _____

Appointed Date _____

Expiration Date _____

The City of Herington is committed to citizen involvement. A significant portion of that commitment involves our area residents' participation on advisory boards. We have found that the recommendations advisory boards present to the City Commission are invaluable in the decision making process. This questionnaire is designed to assist the City Commission in filling advisory board vacancies.

Advisory Board of interest to you

Planning Commission

Name:

Curtis Hartman

Address:

818 W. Wyatt

Phone Number:

620 874 5152

Email Address:

Hartman1973@gmail.com

- Why do you want to become a member of an Advisory Board?

To get Back to being involved with the City and to help better the Community.

- If you were to suggest goals to accomplish in the coming year for the current Advisory Board for which you are interested, what would they be?

To help Bring more People, homes and businesses to town.

- Describe any past experiences you might have that would enhance the performance of this board.

I was on the City Commission for Almost 5 years
I manage a business in this town + own a few properties



City of Herington, Kansas



LEAPS

CITY MANAGER

League of Kansas Municipalities
Executive Search Proposal

OUR EXECUTIVE SEARCH SERVICES

THE PLANNING SESSION

League Staff provides the Governing Body with an overview of the entire LEAPS process. The presentation covers roles and responsibilities, as well as a timeline for completing the search.

GOVERNING BODY ASSESSMENT

Each member of the Governing Body completes two surveys. The responses shape the position and criteria for the candidate pool. The “Administrative” survey establishes consensus on the options chosen by the Governing Body to complete the search process. The “Candidate” survey clarifies the responsibilities for the position description, builds the advertisement and community profile, and outlines the criteria for selecting applicants by articulating the preferred skills and management style needed by the city.

SALARY GUIDANCE

League Staff conducts a salary and benefits survey to provide the Governing Body with compensation information from comparable cities.

ADVERTISING

League Staff create advertisements, a community profile, and recommend an advertisement plan utilizing state, regional, and national resources to reach highly qualified candidates.

RESUME REVIEW

League Staff review all resumes for completeness, compliance with the requirements and preferences of the Governing body, and for alignment with our administration rubric. We share our recommendations with the Governing Body to assist in selecting candidates for the interview process. The Governing Body will make the final determination of how many and which candidates to interview.

INTERVIEWING CANDIDATES

League Staff provides guidance on appropriate interview questions and interview process options. These questions assist the Governing Body in determining the skills, management style, and knowledge of their chosen candidates. League Staff also schedules interviews with the candidates and contacts all applicants once the position is filled.

OUR COMMITMENT

If our service results in the City hiring one of the vetted candidates and the candidate is terminated for cause or voluntarily quits within one year of their start date, the League will search for a replacement candidate at no additional fee, except for additional incidental expenses (i.e., travel, advertising, additional background checks beyond the two provided in the original contract fee).

OUR INVITATION TO YOU

WE GUIDE YOU THROUGH THE ENTIRE PROCESS

The League is with you from the start of your search to the very end, with staff available to answer your questions and provide updates as needed. We help you answer the big question of “Who are we looking for?” right up front and then conduct background checks before you make your final offer.

EXPERIENCE

With more than 90 searches conducted since 1998, the League comes to you with exceptional experience placing administrators in the state of Kansas. As the source for advocacy, training, and resources for Kansas municipalities, we come with a broad and deep relationship with Kansas cities and their staff. Our staff bring a combined 50 years of municipal experience to the process. We represent a personal and economical option for your city.

OUR TEAM



John Deardoff
Local Government Advisor

John Deardoff has worked 40 years in local government management all in the state of Kansas. He has conducted city manager/administrator searches over the past four years while employed full-time and since retirement in 2020. John has served as the interim city administrator in three Kansas communities and as the Interim Executive Director of the Kansas League of Municipalities.

John is well-known and highly respected by city managers and local government circles. He is a member of ICMA and KACM and served as the KACM President in 2002. Additionally, John has served on the League of Kansas Municipalities Governing Body since 2011-2020 and was its President during the 2013/2014 business year. In 2008, John was awarded the prestigious “Buford Watson” award from the Kansas Association of City/County Management the organization’s highest honor.



Nikki Harrison
Member Services Coordinator

Nikki Harrison brings over three decades of expertise in office management and administrative duties, with a strong focus on event planning and coordination. Currently serving as the Member Services Coordinator at the League of Kansas Municipalities since 2009, Nikki oversees the League’s Executive Administrative Position Search program (LEAPS), managing communication, proposals, marketing campaigns, and applicant coordination. She also provides crucial support for affiliate organizations, conducts research for implementing best practices, manages the League’s website and CRM, and assists with conferences and trainings.

Nikki’s educational background includes certification in Public Management from KU, as well as Computer Repair A+ Certification from Allen County Community College.

QUOTE FOR SERVICES

OUR PRICE STRUCTURE

Our price structure is based on the population of your city. We charge a base price for the core services, which includes staff administrative expenses, direct expenses which includes travel, and advertising costs. The base price (based on population) can be larger than this quote if you choose to add any process options to your package. Your advertisement price will be determined by the advertisement platforms chosen.

HERINGTON BASE PRICE:	\$7,813
ADVERTISEMENT PRICE:	\$1,000 - \$1,400 (City pays actual cost)
DIRECT EXPENSES:	<u>\$1,000</u> (City pays actual cost)
	\$9,813 - \$10,213

ESTIMATED TIMETABLE

First 2 weeks:	Approve Contract Complete the Administrative Questionnaire Complete the Candidate Criteria Survey
Week 3:	Approval of Advertisement Approval of Community Profile
Weeks 4 - 8:	Place position announcement 30 days
Week 9:	Deadline for Resume Review
Week 10:	Select candidates for interviews
Week 11:	Conduct initial interviews
Week 12:	Interview finalists
Week 13:	Extend conditional offer
Week 14 - 16:	Approve employment agreement Announce new City Manager

TEN REASONS TO CHOOSE LEAPS

1. We Save You Money. The League offers quality services for a fraction of the cost of a private firm.

2. We Know Kansas. The League has served Kansas municipalities for nearly a century. We understand the leaders Kansas needs to find and nourish.

3. We Understand Public Hiring. We provide guidance on the role of the Kansas Open Meetings Acts, Executive Sessions, and Lawful interview questions.

4. We Service as a Clearinghouse. As a third-party, we provide a fair and neutral hiring process.

5. We Support Your Final Candidate. We provide a one-year membership and resources to your chosen candidate.

6. We Come to You. League Staff meet Personally with you in your community.

7. We Provide Direct and Accessible Support. You will have a direct number to contact staff with questions or request updates.

8. We Customize Services to Your Community. The Governing Body has the opportunity to express their preferences, open the process to community members, and select process options.

9. We Provide Advertising Discounts. Through contacts, we provide advertising discounts to increase your reach for qualified candidates.

10. We Communicate with the Applicants. Direct them to our office! We will manage all communication and calls with applicants.

WHAT MAKES A QUALITY CANDIDATE?

The League has developed and utilizes a ranking process backed by the latest research in selection procedures.

We further customize this metric by including the preferences and needs of your community to assist you in finding the best fit.

	0-1	2 - 3	4 - 5	6 - 7	8 - 9	10
Municipal Experience	<i>Basic</i>	<i>Beginning</i>	<i>Developing</i>	<i>Competent</i>	<i>Mature</i>	<i>Exemplary</i>
Management Experience	<i>Basic</i>	<i>Beginning</i>	<i>Developing</i>	<i>Competent</i>	<i>Mature</i>	<i>Exemplary</i>
Kansas Connection						
Education						
Work History	<i>Basic</i>	<i>Beginning</i>	<i>Developing</i>	<i>Competent</i>	<i>Mature</i>	<i>Exemplary</i>
Gut	<i>Basic</i>	<i>Beginning</i>	<i>Developing</i>	<i>Competent</i>	<i>Mature</i>	<i>Exemplary</i>

Developing

Demonstrates ability to navigate government processes and execute the organization's projects and initiatives.

Competent

This candidate shows early success and potential to be a good public administrator and their particular skill set appears to match the needs of the organization



The League Executive/Administrative Position Search



300 SW 8th Avenue, Suite 100

Topeka, Kansas 66603

785-354-9565

www.LKM.org

LEAGUE OF KANSAS MUNICIPALITIES

CONTRACT FOR LEAGUE EXECUTIVE/ ADMINISTRATIVE POSITION SEARCH

City of Herington

This **Service Agreement** is made and entered into by and between the City of Herington, hereinafter referred to as the “City,” and the League of Kansas Municipalities, hereinafter referred to as the “League.”

Accordingly, the parties agree as follows:

Section I: Obligations of the League

The League will assist the City in filling their position of City Manager. In assisting with this process, the League will provide the services described below:

- (a) The League will designate a League Representative to work with the Mayor and City Commission to develop a candidate recruitment profile.
- (b) The League will use the candidate recruitment profile, any applicable ordinances, and the City’s current job description for the position to make recommendations for possible changes in the job description if needed.
- (c) Based on the job description and the data obtained in the surveys, the League will assist the City in creating an advertisement for the position. The League will place advertisements in the locations selected by the City.
- (d) The League will receive and review all resumes for compliance with the selected characteristics, criteria, and job description requirements. The League will provide the City with the complete pool of candidates before the applicant-review meeting between the League and City. This will be provided in a Candidate Profile Book that will include all resumes submitted for the position, a report on top candidates, and a summary of the process.
- (e) Based on the job description and the data obtained from the City, the League will review the candidates for the position and recommend candidates for interviews.

- (f) The League will schedule all selected candidates for interviews on a date mutually agreeable to the candidate and the City.
- (g) The League will assist the City in the interview process by providing resources and guidance on conducting an effective interview.
- (h) Upon request from the City, the League will arrange appropriate background checks on selected candidate(s). Background checks will be provided by a third party and are performed under the applicable provisions of the Fair Credit Reporting Act (FCRA), to include verification of education credentials through the National Student Clearinghouse. The cost of background checks for up to two candidates is included in the negotiated Fee.
- (i) Once a formal offer of employment has been extended and accepted, the League will notify all candidates that the position has been filled.

Section II: Obligations of the City

The City will cooperate in the executive search process as follows:

- (a) The City Commission will take formal action in an open public meeting authorizing the proper execution of this Agreement.
- (b) The City will coordinate the timely completion of the Administrative Questionnaire and the Candidate Criteria Survey.
- (c) The City will provide the League with a current job description and any applicable ordinances concerning the duties of the position to be filled.
- (d) The City will designate a single point of contact (POC) who will be responsible for the coordination with the League on all City LEAPS communication, activities, and programs. The City will provide the League with appropriate POC contact information.
- (e) The City will not directly contact the candidates except as otherwise provided in this Agreement.
- (f) Upon being provided the complete pool of applicants by the League, the City will determine the number of candidates to interview and which candidates to interview.

- (g) Following interviews, the City will make any formal offer of employment directly to the candidate.
- (h) The City will promptly notify the League when the City has filled the position or if the City has declined to select any of the candidates presented.
- (i) The City will not reproduce any documents provided by the League without the express written consent of the League except as specifically authorized in this Agreement.

Section III: Compensation

- (a) **Fee:** The City will pay the League a Fee of \$7,813 for the services provided under this Agreement. The Fee includes the cost of background checks for up to two candidates.
- (b) **Additional Expenses:** In addition to the Fee, the City will pay for the League's out-of-pocket expenses (i.e, travel, advertising, additional background checks not included in the Fee) incurred in connection with the professional services provided in this Agreement. Mileage will be charged at the current federal mileage rate.
- (c) **Payment Due:**
 - (i) Initial Payment: The City will pay half of the Fee upon accepting the League's offer to provide the City with an executive search program.
 - (ii) Final Payment: The City will pay the balance of the Fee and all additional expenses upon a trigger of termination as specified in Section IV.
 - (iii) Exception: If the executive search is not completed before December 30, for accounting purposes, the League may invoice for all outstanding expenses.

Section IV: Termination

- (a) **Term:** The executive search program will begin on the date that the League's Executive Director executes and delivers this Agreement and ends when (i) the City has filled the position; (ii) the City has declined to select any of the candidates presented; or (iii) 12 months from the date of the League's Executive Director's signature on the contract, whichever occurs first. The executive search program will be conducted on a schedule mutually agreed to by the parties. Both parties agree that they will not unreasonably withhold agreement to such schedule.

- (b) **City's Obligations upon Termination:** Upon termination, the City will pay the balance of the Fee and all unpaid expenses within 90 days.
- (c) **League's Obligations upon Termination:** Upon termination, the League's obligations are complete.
- (d) **Early Termination by the City:** If the City chooses to early terminate the Agreement, all outstanding expenses will immediately become due. All payments already made are nonrefundable. If the City chooses to terminate the Agreement after the League has provided the Candidate Profile book, the Agreement will be deemed substantially complied with and the City will pay the balance of the Fee and all unpaid expenses within 90 days from the notice of termination. Upon early termination by the City, the League shall immediately notify all candidates that the League is no longer involved in the City's hiring process.
- (e) **Early Termination by the League:** The League reserves the right to terminate this Agreement at any time. Upon termination, the City will be responsible for all costs incurred as of the date of termination. If the League chooses to exercise its right to terminate the Agreement, no information gathered about potential candidates will be shared with the City.

Section V: Guarantee

- (a) If this Agreement results in the hiring and employment of a candidate identified by the League as a recommended candidate through the League's search and evaluation process, and that candidate is subsequently terminated for cause or voluntarily resigns within one year of their start date, the League will conduct a replacement search at no additional professional fee. The City shall be responsible only for incidental expenses (e.g., travel, advertising, or background checks beyond the two included in the original contract fee). This Guarantee shall not apply if the City hires one of the candidates for the position not recommended by the League.

Section VI: Indemnification

To the extent permitted by Kansas law, the City will indemnify, defend, and hold harmless the League from and against all cost, liability, and expense whatsoever (including attorney's fees, court costs and expenses) arising out of or in connection with any complaint or proceeding in regard to filling the position of City Manager. If a court of competent jurisdiction finds the League

liable for negligence in the performance of its duties under this Agreement, the League will hold harmless and indemnify the City to the extent of the League's liability. The League shall not be liable for any hiring decision made by the City.

SECTION VII. General Provisions

- (a) This Agreement is subject to the provisions of the Cash Basis Law, K.S.A. §§ 10-1112 and 10-1113, and the Budget Law, K.S.A. § 79-2935, and all other applicable laws of the State of Kansas. This Agreement will be construed and interpreted so as to ensure that the City is at all times in compliance with such laws. The City reserves the right to unilaterally sever, modify, or terminate any agreement at any time if, in the opinion of the City's attorney, the agreement may be deemed to violate such laws.
- (b) This constitutes the whole agreement between the parties and supersedes all prior negotiations and agreements. There are no verbal understandings, agreements, representations, or warranties between the parties that are not expressly set forth in this Agreement. The League's responsibility under this professional service agreement is to assist the City in its search for a new City Manager as described in this Agreement. This Agreement binds and benefits the parties and their respective successors and assigns.
- (c) This Agreement is to be governed by and construed in accordance with the laws of Kansas, without regard to its conflict of law principles. Manager
- (d) If any term, part, or provision of this Agreement is held by a court of final and competent jurisdiction to be invalid, illegal or in conflict with any law, the validity of the remaining portions or provisions shall not be affected, and the rights, obligations and covenants of the Parties shall be construed and enforced as if the Agreement did not contain the particular term, condition, part or provision ruled to be unlawful.
- (e) In this Agreement, the singular includes the plural, the plural includes the singular, and any gender includes the other gender.
- (f) The descriptive headings of the provisions of this Agreement are formulated and used only for convenience and shall not be deemed to affect the meaning and construction of any such provision. Some terms are capitalized through the Agreement, but use of or failure to use capitals shall have no legal bearing on the interpretation of such terms.

- (g) The failure of either party to insist upon the strict performance of any of the terms or conditions of this Agreement or to exercise any option, right, or remedy herein contained, shall not be construed as a waiver or relinquishment for the future of such term, provision, option, right, or remedy, but the same shall continue and remain in full force and effect. No waiver by either party of any term or provision hereof shall be deemed to have been made unless expressed in writing and signed by the waiving party.

- (h) Notwithstanding the termination of this Agreement, the Parties obligations with respect to indemnification, and any other terms and conditions that by their nature shall survive termination, shall survive termination of this Agreement.

- (i) This Agreement may be amended only by an agreement approved and signed by both parties.

To evidence the parties' agreement to this Service Agreement, they have executed and delivered it on the date set forth in the preamble.

League of Kansas Municipalities

City of Herington

Nathan Eberline _____
Executive Director **Date**

Eric Gares _____
Mayor **Date**

ATTEST:

Megan Lawrenz
City Clerk

LIMITED SCOPE RECRUITMENT*

\$14,184

Effective January 2025

THE LIMITED SCOPE RECRUITMENT INCLUDES:

- Professional services provided by designated executive recruiter
- **Recruitment Brochure** - SGR utilizes a professional graphic designer and professional writer to produce a position profile brochure based on information and photos provided by the organization.
- **Marketing & Advertising**
 - Marketing period, typically 30 days
 - Custom-made graphics for email and social media marketing
 - Announcement in SGR's servant leadership e-newsletter, which reaches over 40,000 subscribers across all 50 states
 - Post on SGR's website (GovernmentResource.com)
 - Ad on SGR's Job Board (SGRjobs.com), the 2nd largest local government job board in the nation, which averages more than 16,000 unique visitors per month and has more than 2,000 jobs listed at any given time
 - Targeted job blast to our opt-in subscriber database for SGR recruitments only
 - Promotion on SGR's LinkedIn
 - Evaluate position and develop list of ad placement recommendations based on type of position and region
 - Write advertising copy
 - Place ads (pass-through costs for ad placements not included in price above)
- **Application Management & Screening** – SGR's designated executive recruiter will:
 - Receive resumes and cover letters on behalf of the organization through SGR's applicant tracking system
 - Communicate with applicants throughout the application submittal period
 - Email or schedule a phone call with the organization on a weekly basis to provide an overview on the status of the search
 - Evaluate applicants
 - Conduct a virtual briefing with the organization after the position closes
 - Send emails to retain or release applicants after the briefing with the organization
 - Provide application materials of retained applicants to the organization
 - Transition search to the organization

* Limited scope recruitments are primarily offered for non-public safety positions and positions that do not report to a governing body

CONTACT US

Recruitment@GovernmentResource.com

Main Office: 817-337-8581 | www.GovernmentResource.com



PROPOSAL FOR EXECUTIVE RECRUITMENT SERVICES

**City Manager
City of Herington, Kansas**

February 19, 2026

This proposal is valid for 60 days

Strategic Government Resources
P.O. Box 1642, Keller, Texas 76244
Office: 817-337-8581



Rebecca L. Fleury, President of Executive Recruitment
RebeccaFleury@GovernmentResource.com

February 19, 2026

Hon. Mayor Eric Gares & City Commission
City of Herington, Kansas



Dear Mayor & Commissioners,

Strategic Government Resources (SGR) is thankful for the opportunity to submit this proposal to assist the City of Herington in your recruitment for a City Manager. Our nationwide reach, deep municipal expertise, and servant leadership mindset help us deliver tailored recruitment services that will strengthen your culture and community.

We would like to highlight some key aspects that set SGR apart from other firms:

- **Local government experience:** Our team brings decades of direct local government experience, giving us an insider's understanding of your unique challenges. We've conducted executive searches for over 450 local governments across 37 states, including recent experience with Olathe, KS; Parkville, MO; & Shawnee, KS. This experience provides us with valuable insight into the unique needs of recruiting a City Manager in the Midwestern United States.
- **National reach and candidate pipeline:** With over 21,000 LinkedIn followers, 35,000 subscribers to our Servant Leadership e-newsletter, and over 4,500 city & county management Job Alert subscribers, your SGR recruitment will be seen by a vast audience engaged in the profession.
- **Active engagement in the profession:** As recognized thought leaders in local government management, we are directly involved in the latest operations, challenges, and best practices. This ongoing engagement ensures we are attuned to the evolving skills and leadership qualities needed in today's local government leaders.

Clay Pearson, Senior Vice President, will serve as your Executive Recruiter and primary contact for this recruitment. Clay has over 30 years of experience in local government. Clay served as Chair of the International City-County Management Association (ICMA) International Committee for multiple years and held various other leadership positions with ICMA, state associations, and the Alliance for Innovation (AFI).

We are eager to partner with the City of Herington to identify your next leader. We look forward to the opportunity to discuss our proposed approach in more detail and are available for a meeting at your convenience.

Respectfully submitted,

A handwritten signature in black ink that reads "Rebecca L. Fleury".

Rebecca L. Fleury, President of Executive Recruitment
RebeccaFleury@GovernmentResource.com

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About SGR

Strategic Government Resources, Inc. (SGR) exists to help local governments become more successful by recruiting, assessing, and developing innovative, collaborative, and authentic leaders. SGR was incorporated in Texas in 2002 with the mission to facilitate innovative leadership in local government. SGR is fully owned by former City Manager Ron Holifield, who spent two high-profile decades in city management and served as a City Manager in several cities.

SGR's business model is truly unique. Although we are a private company, SGR operates like a local government association. Most of SGR's principals are former local government officials, allowing SGR to bring a perspective and depth of local government expertise to every project that no other firm can match.

SGR's Core Values are Customer Service, Integrity, Philanthropy, Continuous Improvement, Agility, Collaboration, Protecting Relationships, and the Golden Rule.

SGR is a full-service firm, specializing in providing solutions for local governments in the areas of recruitment and retention, leadership development and training, innovation and future readiness, and everything in between.

With 21 full-time employees, 21 recruiters, 22 facilitators, and multiple consultants who function as subject matter experts on a variety of projects, SGR offers comprehensive expertise. View all SGR team members and their bios at: [GovernmentResource.com/Meet-the-Team](https://www.GovernmentResource.com/Meet-the-Team)

The company operates as a fully remote organization, with team members located in Texas, Arizona, California, Colorado, Florida, Georgia, Maine, Michigan, Montana, Nevada, New York, North Carolina, North Dakota, Ohio, Oklahoma, and South Carolina.

SGR's Unique Qualifications

Extensive Network of Prospects

SGR is intent on being a leader in executive recruitment and firmly believes in the importance of proactively building a workforce that reflects the diversity of the communities we serve. We leverage an extensive and diverse network to reach potential applicants.

- Your position will be announced in SGR's Servant Leadership e-newsletter, which reaches over 35,000 subscribers across all 50 states.
- We will send targeted emails to over 4,500 opt-in subscribers of SGR's City & County Management Job Alerts.
- Your position will appear on SGR's Website which attracts approximately 20,000 visitors per month. [GovernmentResource.com/Open-Recruitments](https://www.governmentresource.com/open-recruitments)
- Your position will be posted on SGR's Job Board which typically has over 2,000 job listings at any given time and receives approximately 16,000 unique visitors per month. [SGRJobs.GovernmentResource.com](https://www.sgrjobs.governmentresource.com)
- SGR implements a comprehensive social media marketing campaign that includes custom-made graphics and distribution on SGR's LinkedIn page.
- We frequently collaborate with various local government associations, including the League of Women in Government, Alliance for Innovation, and the National Forum for Black Public Administrators.
- Approximately 65% of semifinalists selected by our clients learn about open recruitments through our website, servant leadership e-newsletter, job board, job alert emails, social media, or personal contact.

Collective Local Government Experience

Our recruiters have decades of experience in local government, as well as regional and national networks of relationships. Our executive recruiters leverage the professional networks of all SGR recruiters when recruiting for a position, enabling outreach to a wide and diverse array of prospective applicants. SGR team members are active on a national basis in local government organizations and professional associations. Many SGR team members frequently speak and/or write on issues of interest to local government executives. SGR can navigate relevant networks as both peers and insiders.

Equal Opportunity Commitment

SGR does not discriminate and believes that equal opportunity is an ethical issue. SGR will not enter an engagement with an entity or organization that directs bias or expects bias to be demonstrated on any basis other than factors that affect the ability of the candidate to do the job. Although SGR cannot guarantee the makeup of the semifinalist or finalist groups, SGR has relationships and contacts nationwide to encourage the meaningful participation of underrepresented groups, and we continue to evaluate and improve our processes by embedding a lens of equity and inclusion into our recruitment practices.

Listening to Your Unique Needs

SGR devotes significant time to actively listening to your organization and helping you define and articulate your needs. We work diligently to conduct a comprehensive recruitment process tailored specifically to your organization. SGR dedicates a prodigious amount of energy to understanding your organization's unique culture, environment, and local issues to ensure an alignment in terms of values, philosophy, and management style perspectives.

While we have established systems for achieving success, we are a "boutique" firm capable of adapting to meet a client's specific needs and providing insights on the pros and cons of their preferred approach.

Trust of Candidates

SGR has a track record of providing remarkable confidentiality and wise counsel to candidates and next-generation leaders, earning their trust. As a result, we can bring exceptional prospects to the applicant pool. Candidates trust SGR to assess the situation accurately, communicate honestly, and maintain their confidentiality to the greatest extent possible.

Accessibility and Communication

Your executive recruiter will keep you informed of the search status and will be readily accessible throughout the recruitment process. Candidates and clients can reach the recruiter at any time via cell phone or email. Additionally, the recruiter maintains communication with active applicants, ensuring they are well-informed about the community and the opportunity.

Comprehensive Evaluation and Vetting of Candidates

SGR offers a comprehensive screening process designed to ensure a thorough understanding of candidate backgrounds and to minimize surprises. Our vetting process for a full-service recruitment includes the following key components:

- Prescreening questions and technical review of resumes
- Cross-communication among our recruiters regarding candidates who have been involved in previous searches, providing greater insight into their background and skills.
- Written questionnaires to gain insights beyond what is available through a resume.
- Recorded semifinalist interviews.
- Media search reports incorporating both internet and social media results tailored to each candidate based on their previous places of residence and work.
- Thorough, automated, and anonymous reference checks that provide feedback on candidates from a well-rounded group of references.
- Background checks completed by a licensed private investigation firm.

Executive Recruitment Clients

SGR has partnered on executive recruitments with more than 450 local government clients in 37 states. We take great pride in the long-term relationships we have developed with many of our clients who continue to partner with us on future recruitment needs.

Project Personnel

Clay Pearson, Senior Vice President

Email: claypearson@governmentresource.com

Phone: (713) 816-8639



Clay J. Pearson joins SGR as Senior Vice President after serving more than 30 years in local government. A seasoned city manager, Clay's career includes impactful roles in Fort Worth and Pearland, Texas; Novi, Michigan; and Elgin, Illinois, contributing to his expertise in community and economic development, budget and finance, public safety, and technology. His tenure in diverse states and situations, working with cities ranging from 60,000 to one million, has equipped him with experience, perspective and a unique ability to collaborate with elected officials and assist community leaders in transforming their visions into actionable plans. Clay holds a Bachelor's Degree in Economics from Gustavus Adolphus College (St. Peter, MN) and a Master of Public Administration from The University of Kansas. Clay served as Chair of the International City-County Management Association (ICMA) International Committee for multiple years and held various other leadership positions with ICMA, state associations, and the Alliance for Innovation (AFI). His global perspective and extensive network enhance his contributions to SGR and its clients.

Attending the University of Virginia Weldon Cooper Center for Public Service early in his career provided a foundation for creating High Performance Organizations. He has used that expertise to support teams, leadership at all levels, and understanding strategy to build up organizations across the country to be nimble and effective.

At SGR, Clay specializes in executive recruitment, bringing his wealth of knowledge and experience to support local governments nationwide. Clay is passionate about traveling and engaging with like-minded public servants. He lives near Houston with his wife Jennifer.

Approach and Methodology

A limited scope recruitment typically entails the following steps:

Step 1. Organization/Position Insight and Analysis

- Project Kickoff Meeting and Develop Anticipated Timeline
- Stakeholder Interviews and Listening Sessions
- Develop Recruitment Brochure

Step 2. Recruitment Campaign and Communication with Candidates

- Advertising and Marketing
- Sourcing Prospective and Active Candidates
- Communication with Prospective Applicants
- Communication with Active Applicants

Step 3. Initial Screening and Review by Executive Recruiter

Step 4. Search Committee Briefing to Review Applicant Pool and Select Semifinalists

Step 5. Transition the Search to the Organization

Step 1: Organization/Position Insight and Analysis

Project Kickoff Meeting and Develop Anticipated Timeline

SGR will virtually meet with the organization at the outset of the project to discuss the recruitment strategy and timeline. At this time, SGR will also request that the organization provide us with photos and information on the community, organization, and position to assist us in drafting the recruitment brochure.

Stakeholder Interviews and Listening Sessions

Stakeholder interviews and listening sessions are integral to SGR's approach. SGR devotes tremendous energy to understanding your organization's unique culture, environment, and goals to ensure you get the right match for your specific needs. Obtaining a deep understanding of your organizational needs is the crucial foundation for a successful executive recruitment. In collaboration with the organization, SGR will compile a list of internal and external stakeholders to meet with regarding the position. These interviews and listening sessions will identify potential issues that may affect the dynamics of the recruitment and contribute to a comprehensive understanding of the position, special considerations, and the political environment. This process fosters organizational buy-in and will assist us in creating the position profile.

Develop Recruitment Brochure

After the stakeholder meetings, SGR will develop a recruitment brochure, which will be reviewed and revised in partnership with your organization until we are in agreement that it accurately represents the sought-after leadership and management attributes.

View sample recruitment brochures here: GovernmentResource.com/Open-Recruitments

Step 2: Recruitment Campaign and Communication with Candidates

Advertising and Marketing

The Executive Recruiter and the client work together to determine the best ways to advertise and recruit for the position. SGR's Servant Leadership e-newsletter, with a reach of over 35,000 subscribers in all 50 states, will announce your position. Additionally, we will send targeted emails to opt-in subscribers of SGR's Job Alerts, and your position will be posted on SGR's website and Job Board. SGR provides a comprehensive social media marketing campaign that includes custom-made graphics and distribution on SGR's LinkedIn page. Furthermore, we will provide a recommended list of ad placements to be approved by the client, targeting the most effective venues for reaching qualified candidates for that particular position.

Sourcing Prospective and Active Candidates

SGR's innovative recruitment strategies are designed to give our clients a competitive edge in attracting and retaining top-tier talent. By employing a dual approach of passive and active candidate sourcing, we tap into a broader talent pool that includes high-caliber professionals who may not be actively job-seeking. Our advanced technology and deep industry connections enable us to identify candidates with the precise skills and cultural fit for your organization. We round out sourcing efforts through personalized candidate engagement and outreach with a constant focus on transparency and relationship building.

Communication with Prospective Applicants

SGR maintains regular communication with interested prospects throughout the recruitment process. Outstanding candidates often conduct thorough research on the available position before submitting their resumes. As a result, we receive a significant number of inquiries, and it is crucial for the executive search firm to be well-prepared to respond promptly, accurately, and comprehensively, while also offering a warm and personalized approach. This initial interaction is where prospective candidates form their first impression of the organization, and it is an area in which SGR excels.

Communication with Active Applicants

Handling the flow of resumes is an ongoing and significant process. On the front end, it involves tracking resumes and promptly acknowledging their receipt. It also involves timely and personalized responses to any questions or inquiries. SGR maintains frequent communication with applicants to ensure they remain enthusiastic and well-informed about the opportunity. Additionally, SGR communicates with active applicants, keeping them informed about the organization and community.

Step 3: Initial Screening and Review by Executive Recruiter

SGR uses a triage process to identify high-probability, medium-probability, and low-probability candidates. This triage ranking is focused on overall assessment based on interaction with the

applicant, qualifications, any known issues concerning previous work experience, and evaluation of cultural fit with the organization.

In contrast with the triage process mentioned above, which focuses on subjective assessment of the resumes and how the candidates present themselves, we also evaluate each candidate to ensure that the minimum requirements of the position are met and determine which preferred requirements are satisfied. This sifting process examines how well candidates' applications align with the recruitment criteria outlined in the position profile.

Step 4: Search Committee Briefing to Review Applicant Pool and Select Semifinalists

At this briefing, SGR will conduct a comprehensive presentation to the Search Committee and facilitate the selection of semifinalists. The presentation will include summary information on the process to date, outreach efforts, the candidate pool demographics, and any identified trends or issues. Additionally, a briefing on each candidate and their credentials will be provided.

Step 5: Transition the Search to the Organization

SGR will send emails to retain or release applicants after the briefing with the Search Committee, and provide application materials of retained applicants to the organization.

Post-Hire Services

We offer additional post-hire services such as executive coaching, team-building retreats, and performance review assistance at the six-month or one-year mark. For more information or to request a customized proposal, please email training@governmentresource.com or visit GovernmentResource.com/leadership-and-professional-development/leadership-development-services/.

Typical Timeline

The timeline below is an example only, and we will work with you to finalize and approve a timeline, with adjustments made if needed after the position is posted. *

Initial Steps Prior to Posting Position:	
<ul style="list-style-type: none"> ● Contract Execution ● Kickoff Meeting to Discuss Recruitment Strategy and Timeline ● Organization/Position Insight and Analysis ● Stakeholder Interviews and Listening Sessions ● Deliverable: Draft Recruitment Brochure ● Deliverable: Recommended Ad Placements ● Organization Approves Ad Placements ● Search Committee Reviews and Approves Brochure 	<p><i>Timing varies. Estimated to take 2 weeks.</i></p>

Task	Week
<ul style="list-style-type: none"> ● Post Position and Firm up Timeline ● Recruitment Campaign and Outreach to Prospective Applicants ● Initial Screening and Review by Executive Recruiter 	Weeks 1-4
<ul style="list-style-type: none"> ● Search Committee Briefing to Review Applicant Pool and Select Semifinalists 	Week 5

* Timeline is dependent upon Search Committee availability and Holidays. Organization agrees to timely provide photos/graphics and information necessary to develop recruitment brochure, narrow candidate field, and conduct candidate screening; failure to do so, may in SGR's reasonable discretion, extend timeline and can negatively impact the outcome of the process.

Fee Proposal

Limited Scope Recruitment Fee: \$14,184

** Ad placement costs are not included in the price listed above. Ad placement costs are estimated to be between \$2,000 to \$3,000 and shall be added to the total cost of services upon approval from the organization.*

The Limited Scope Recruitment Fee includes:

- Virtual Stakeholder Interviews and Listening Sessions
- Production of a Professional Recruitment Brochure
- Recruitment Campaign and Outreach:
 - Outreach to Prospective Applicants
 - Custom Graphics for Email and Social Media Marketing
 - Announcement in SGR's Servant Leadership e-Newsletter
 - Post on SGR's Website
 - Ad on SGR's Job Board
 - Two (2) Targeted Job Blasts to SGR's Opt-In Subscriber Database
 - Promotion on SGR's LinkedIn
- Application Management and Screening
- Search Committee Briefing to Review Applicant Pool and Select Semifinalists
- Transition the Search to the Organization

A La Carte Services/Other Expenses not included in the Limited Scope Recruitment Fee:

- There may be additional charges for substantial and substantive changes made to the recruitment brochure after the brochure has been approved by the Organization and the position has been posted online. The Organization would be notified of any supplemental costs prior to changes being made.
- Ad placements are billed at actual cost. No ad placement costs will be incurred without prior approval of the Organization.
- **Stakeholder Survey / \$1,531**
 - SGR will provide recommended survey questions within three (3) business days of project initiation. SGR will set up an online survey within one (1) business day after the organization has reviewed and approved the survey questions. Stakeholders can be directed to a web page or invited to take the survey by email. SGR and the organization will agree to the open survey time period, typically ten (10) to thirty (30) days.
 - The organization shall be responsible for marketing and promoting the survey to stakeholders.
 - A written summary of results is provided to the organization within three (3) business days of survey close date. Survey is not validated statistically.
- **Questionnaire / \$230 per candidate**
 - SGR develops a written exercise customized to the position. SGR distributes

questionnaire to candidates, evaluates questionnaires, and holds a virtual briefing with Organization after questionnaires are received.

- SGR will provide a draft questionnaire to Organization within three (3) business days of request. SGR will send questionnaires to candidates within two (2) business days of Organization's approval of questionnaire. Candidates are typically given one (1) week to complete the questionnaire. SGR will be prepared to hold briefing with Organization within three (3) business days after receiving completed questionnaires from candidates.
- **Recorded Interviews / \$256 per candidate**
 - SGR offers recorded one-way or two-way interviews. SGR provides recommended position-specific questions for the organization's approval, coordinates candidate interviews, and emails a link to the organization to view the recorded interviews.
 - SGR will provide a link with the candidate interviews within two (2) business days after interviews are completed.
- **Media Reports / \$1,276 per candidate**
 - Our media search process involves web-based and social media research, enabling efficient and thorough vetting of candidates and minimizing the risk of overlooking critical information. These media reports have proven helpful by uncovering issues that may not have been previously disclosed by prospective candidates.
 - SGR will provide media report via email within two (2) weeks of receiving completed release form from candidate.
- **Management Style Assessments / \$179 per candidate**
 - SGR uses the DiSC Management psychometric assessment to provide detailed insights regarding how a candidate would lead and manage an organization. SGR will also provide a DiSC Management Comparison Report, which presents a side-by-side view of each candidate's preferred management style.
 - Candidates are typically given two (2) to three (3) business days to complete the assessments. The assessment reports will be provided to the organization within two (2) business days of assessment completion by candidates.
- **Background Investigation Report / \$511 per candidate**
 - Through SGR's partnership with a licensed private investigations firm, we are able to provide detailed comprehensive background reports.
 - Background check reports include: SSN trace and address verification; credit bureau report (if requested); personal information, address, and employment comparisons; county criminal and civil records search (for counties where the candidate has lived or worked in the last 10 years); state criminal records search (for states where the candidate has lived in the last 10 years); county warrants and warrants (for counties where the candidate has lived or worked in the last 10 years); Federal criminal records search; InstaCriminal national search; Global homeland security search; sex offender records search; driving/motor vehicle records; education verification for highest degree obtained; employment

verification (if requested); and military verification (if requested).

- **Reference Checks / \$256 per candidate**
 - SGR provides the organization a specific list of contacts to request from the candidate, based on the type of position. SGR provides a written (anonymous) summary of reference checks.
- **Supplemental Services / \$256 per hour**
 - If the organization desires any supplemental services not mentioned in this section, an estimate of the cost and hours to be committed will be provided at that time, and no work shall be done without approval. Supplemental services will be billed at \$256 per hour.
- Should the Organization request printing of briefing materials, the reproduction and shipping of materials will be outsourced and be billed back at actual cost.
- Travel is not anticipated or taken into consideration in limited scope search pricing. If the Recruiter and the Organization agree that Recruiter travel is beneficial for the Limited Scope Recruitment, travel time for the recruiter will be paid at a rate of \$256 per hour, plus \$1,021 per day for each day the recruiter is working onsite, regardless of number of hours worked. Meals are billed back at a per diem rate of \$18 for breakfast, \$20 for lunch, and \$32 for dinner. Mileage will be reimbursed at the current IRS rate. All other travel-related expenses are billed back at actual cost with no markup for overhead.

Billing

SGR will bill the fee for the Limited Scope Recruitment in two (2) installments: 50% upon contract execution and 50% upon completion of services. Expenses, including reimbursable ad placement expenses, and supplemental services will be billed as incurred or provided. Payment terms are thirty (30) days from date of invoice. Balances that are unpaid after the payment deadline are subject to a fee of 5% per month or the maximum lawful rate, whichever is less, on the owed amount every month, charged monthly until the balance is paid.

Terms and Conditions

- The organization agrees not to discriminate against any candidate on the basis of age, race, creed, color, religion, sex, sexual orientation, national origin, disability, marital status, or any other basis that is prohibited by federal, state, or local law.
- The organization agrees to refer all prospective applicants to SGR and not to accept applications independently during the recruitment process.
- The organization agrees to provide SGR with any candidates that were previously accepted as applicants for the given position before engaging SGR to conduct the recruitment for the subject position.
- The organization shall specify how long SGR will accept applications for the position, up to a maximum of 45 days.
- Within seven (7) business days of application close date, SGR will conduct a virtual briefing with CLIENT and present candidate evaluations.
- The organization agrees to provide SGR with a list of any candidates to be released within two (2) weeks following the briefing with SGR. At that time, SGR will release any candidates that will not continue in the process and email the remaining candidates that the organization will be the primary contact from that point forward. If the organization does not provide a list of candidates to be released, SGR will email all candidates and notify them that the organization will be the primary contact from that point forward. SGR will then consider services fulfilled.
- If the organization wishes to place ads in local, regional, or national newspapers, the organization shall be responsible for paying directly for the ads and for placing the ads using language provided by SGR.
- The organization bears the cost of candidate travel, and candidates are reimbursed directly by the organization.

Service Guarantee

SGR is committed to your satisfaction with the results of our Limited Scope Recruitment process. If, for any reason, you are not satisfied with the applicant pool, SGR must be notified within three (3) weeks of triage briefing date, and SGR will then coordinate with the organization to reopen the position, for a maximum of 45 days, at no additional charge to the organization (with the exception of reimbursable expenses). After the second posting of the position, each additional opening will be charged as a new position for the full fee amount. Additionally, we promise not to directly solicit any candidate selected under this engagement for another position while they are employed with your organization.

SGR Similar Recruitments

The recruitments listed below are full service executive recruitments, except for those with an asterisk (*) noting a custom or limited scope recruitment engagement.

City & County Management Recruitments, 2021-Present

In Progress

- Annapolis, Maryland (pop. 40,000) - City Manager
- Azle, Texas (pop. 15,000) - City Manager
- Bowie, Maryland (pop. 58,000) - City Manager
- Farmersville, Texas (pop. 4,300) - City Manager
- Green Cove Springs, Florida (pop. 10,000) - City Manager
- Independence, Missouri (pop. 123,000) - City Manager
- Iowa Colony, Texas (pop. 17,200) - City Manager
- Ketchikan, Alaska (pop. 8,200) - City Manager/Ketchikan Public Utilities General Manager
- LaVista, Nebraska (pop. 16,746) - City Administrator
- Lisbon, Maine (pop. 9,800) - Town Manager *
- Madisonville, Texas (pop. 4,630) - City Manager
- Olathe, Kansas (pop. 149,000) - City Manager
- Ottawa, Kansas (pop. 12,630) - City Manager
- Palmer Lake, Colorado (pop. 2,600) - Town Administrator
- Perryton, Texas (pop. 8,500) - City Manager
- Portland, Oregon (pop. 650,000) - City Administrator
- Richlands, Virginia (pop. 5,260) - Town Manager
- Waco, Texas (pop. 140,000) - City Manager
- Wadena County, Minnesota (pop. 14,400) - County Administrator

2025

- Aledo, Texas (pop. 7,000) - City Manager
- Abilene, Texas (pop. 125,000) - City Manager
- Argyle, Texas (pop. 6,000) - Town Administrator
- Athens-Clarke County Unified Government, Georgia (pop. 130,000) - County Manager
- Battle Creek, Michigan (pop. 52,700) - City Manager
- Biddeford, Maine (pop. 22,300) - City Manager
- Blaine, Minnesota (pop. 75,900) - City Manager
- Bonner Springs, Kansas (pop. 7,600) - City Manager
- Cameron, Missouri (pop. 8,300) - City Manager
- Canadian, Texas (pop. 2,300) - City Manager
- Clay County, Missouri (pop. 260,000) - County Administrator

- Dundee, Florida (pop. 5,700) - Town Manager
- Elgin, Texas (pop. 12,800) - City Manager
- Finney County, Kansas (pop. 38,000) - County Administrator
- Florence, Colorado (pop. 3,800) - City Manager
- Garden Ridge, Texas (pop. 5,000) - City Manager
- Heath, Texas (pop. 10,400) - City Manager
- Jonestown, Texas (pop. 2,500) - City Administrator
- La Junta, Colorado (pop. 7,200) - City Manager
- Lamar, Colorado (pop. 7,700) - City Administrator
- North Central Texas Council of Governments (NCTCOG), Texas - Executive Director
- Oak Point, Texas (pop. 6,000) - City Manager
- Pacific, Missouri (pop. 7,800) - City Administrator
- Plainview, Texas (pop. 20,000) - City Manager
- Sedalia, Missouri (pop. 22,000) - City Administrator
- Springfield, Missouri (pop. 170,200) - City Manager
- Stevenson, Washington (pop. 1,600) - City Administrator
- Trinidad, Colorado (pop. 8,100) - City Manager

2024

- Brunswick, Maine (pop. 21,800) - Town Manager
- Chester County, Pennsylvania (pop. 540,000) - Chief Executive Officer
- Coffeyville, Kansas (pop. 8,800) - City Manager
- Des Moines, Washington (pop. 32,400) - City Manager
- Duncan, Oklahoma (pop. 23,000) - City Manager
- DuPont, Washington (pop. 10,200) - City Administrator
- Edwardsville, Kansas (pop. 4,700) - City Manager
- Leander, Texas (pop. 67,000) - City Manager
- Leavenworth, Kansas (pop. 37,600) - City Manager
- Manhattan, Kansas (pop. 55,000) - City Manager
- Marysville, Kansas (pop. 3,500) - City Administrator
- Medford, Oregon (pop. 90,900) - City Manager
- Miami, Oklahoma (pop. 12,200) - City Manager
- New Rochelle, New York (pop. 80,800) - City Manager
- New Smyrna Beach, Florida (pop. 32,400) - City Manager
- Orono, Maine (pop. 11,400) - Town Manager
- San Juan County, Washington (pop. 18,600) - County Manager
- St. Joseph, Missouri (pop. 72,000) - City Manager
- Topeka, Kansas (pop. 125,500) - City Manager
- Treasure Island, Florida (pop. 6,500) - City Manager

2023

- Camp Verde, Arizona (pop. 12,000) - Town Manager
- Cleburne, Texas (pop. 33,000) - City Manager
- Bristol, Tennessee (pop. 27,000) - City Manager
- Dobbs Ferry, New York (pop. 11,000) - Village Administrator
- Gatesville, Texas (pop. 16,000) - City Manager
- Glastonbury, Connecticut (pop. 35,000) - Town Manager
- Great Bend, Kansas (pop. 15,000) - City Administrator
- Justin, Texas (pop. 5,000) - City Manager
- Lafayette, Colorado (pop. 30,000) - City Administrator
- Laredo, Texas (pop. 256,000) - City Manager
- Largo, Florida (pop. 84,000) - City Manager
- Lawton, Oklahoma (pop. 90,000) - City Manager
- Mexia, Texas (pop. 7,000) - City Manager
- Nassau Bay, Texas (pop. 5,000) - City Manager
- Navajo County, Arizona (pop. 106,000) - County Manager
- Ottawa, Kansas (pop. 12,500) - City Manager
- Parker, Arizona (pop. 3,500) - Town Manager
- Rowlett, Texas (pop. 68,000) - City Manager
- Shawnee, Kansas (pop. 69,000) - City Manager
- Snoqualmie, Washington (pop. 14,000) - City Administrator
- Snyder, Texas (pop. 11,000) - City Manager
- Stillwater, Oklahoma (pop. 48,000) - City Manager
- Trophy Club, Texas (pop. 13,000) - Town Manager
- Williston, North Dakota (pop. 29,000) - City Administrator

2022

- Aledo, Texas (pop. 5,500) - City Manager
- Blaine, Washington (pop. 6,000) - City Manager
- Crandall, Texas (pop. 4,000) - City Manager
- Dalhart, Texas (pop. 8,500) - City Manager
- Edinburg, Texas (pop. 100,000) - City Manager
- Fort Collins, Colorado (pop. 175,000) - City Manager
- Frisco, Colorado (pop. 3,000) - Town Manager
- Graham, Texas (pop. 8,000) - City Manager
- Hutto, Texas (pop. 40,000) - City Manager
- Johnston, Iowa (pop. 24,000) - City Administrator
- Kennebunk, Maine (pop. 11,000) - Town Manager
- Kennedale, Texas (pop. 9,000) - City Manager
- Ketchikan, Alaska (pop. 8,000) - City Manager/Public Utilities General Manager
- Klamath Falls, Oregon (pop. 22,000) - City Manager
- Leawood, Kansas (pop. 34,000) - City Administrator

- Levelland, Texas (pop. 14,000) - City Manager
- Live Oak, Texas (pop 16,000) - City Manager
- Madisonville, Texas (pop. 4,500) - City Manager
- Manor, Texas (pop. 15,000) - City Manager
- Marshall, Texas (pop. 23,000) - City Manager
- Mineral Wells, Texas (pop. 15,000) - City Manager
- Mont Belvieu, Texas (pop. 8,000) - City Manager
- Montgomery, Texas (pop. 2,400) - City Administrator
- Parkville, Missouri (pop. 7,000) - City Administrator
- Rocky Hill, Connecticut (pop. 21,000) - Town Manager
- Sunnyvale, Texas (pop. 8,000) - Town Manager
- Tolland, Connecticut (pop. 15,000) - Town Manager
- Walla Walla, Washington (pop. 34,000) - City Manager
- West Lake Hills, Texas (pop. 3,000) - City Administrator
- Wethersfield, Connecticut (pop. 26,000) - Town Manager
- Wickenburg, Arizona (pop. 7,500) - Town Manager

2021

- Bainbridge Island, Washington (pop. 25,000) - City Manager
- Breckenridge, Texas (pop. 5,000) - City Manager
- Bridgeport, Texas (pop. 6,500) - City Manager
- Briarcliff Manor, New York (pop. 8,000) - Village Manager
- Chandler, Arizona (pop. 270,000) - City Manager
- Chanhassen, Minnesota (pop. 27,000) - City Manager
- Chickasha, Oklahoma (pop. 16,000) - City Manager
- Choctaw, Oklahoma (pop. 12,000) - City Manager
- Clermont, Florida (pop. 44,000) - City Manager
- Flower Mound, Texas (pop. 79,000) - Town Manager
- Johnson City, Tennessee (pop. 65,000) - City Manager
- Kennett Square, Pennsylvania (pop. 6,000) - Borough Manager
- Lago Vista, Texas (pop. 8,000) - City Manager
- Lamar, Colorado (pop. 7,500) - City Administrator
- Monett, Missouri (pop. 9,000) - City Administrator
- North Port, Florida (pop. 77,000) - City Manager
- Port Chester, New York (pop. 30,000) - Village Manager
- Sherwood, Oregon (pop. 20,000) - City Manager
- Spokane, Washington (pop. 220,000) - City Administrator



CITY MANAGER

Olathe, Kansas

Annual Salary:
Competitive DOE/DOQ



Are you a decisive, visionary, strategic leader who thrives in complexity and can inspire people and drive excellence across all facets of city government? If so, apply to be Olathe's next City Manager!

The City of Olathe is seeking an exceptional communicator and relationship-builder who can:

- Shepherd organizational culture and continuous improvement with a focus on innovative workforce strategies.
- Drive strategic planning.
- Provide hands-on financial stewardship for a \$1B+ organization.
- Lead economic development, downtown redevelopment and major initiatives.

This is a rare opportunity to lead one of the nation's most well-run and liveable cities.

Olathe: Setting the Standard for Excellence in Public Service – read on to learn more!

ABOUT THE COMMUNITY

Olathe, Kansas, the “capital” of Johnson County, is a vibrant, fast-growing community that blends suburban comfort with cosmopolitan amenities. Consistently ranked as one of the best places to live in Kansas and in the Country, Olathe is known for its excellent schools, thriving economy and innovative city services. Olathe continues to attract families, entrepreneurs, and businesses seeking opportunity in a welcoming environment.

Located just 20 miles southwest of downtown Kansas City, Olathe offers outstanding connectivity to regional transportation, professional sports, major employers, healthcare, and higher education. The community enjoys a revitalized downtown, accessible parks and trails, and unique destinations such as a soon to be completed ultra-accessible theme park and arena.

As the international home of Garmin, and with businesses such as Honeywell, John Deere, and Amazon, Olathe has a thriving business environment with tremendous opportunity for the future. It is also home to Kansas State University/Olathe and Mid-America Nazarene University, both offering high quality higher education and workforce development. At the same time, Olathe maintains its small-town feel while offering modern amenities, diverse housing options and a nationally recognized quality of life. Residents value its affordability, strong sense of community and the city’s forward-thinking strategic plan, Olathe 2040: Future Ready.



POPULATION
146,000+



MEDIAN HOUSEHOLD INCOME
\$113,624



MEDIAN HOME VALUE
\$437,600+
AVERAGE MONTHLY RENT
\$2095

Olathe 2040:
Future Ready



History



Elevate Olathe



GOVERNANCE & ORGANIZATION

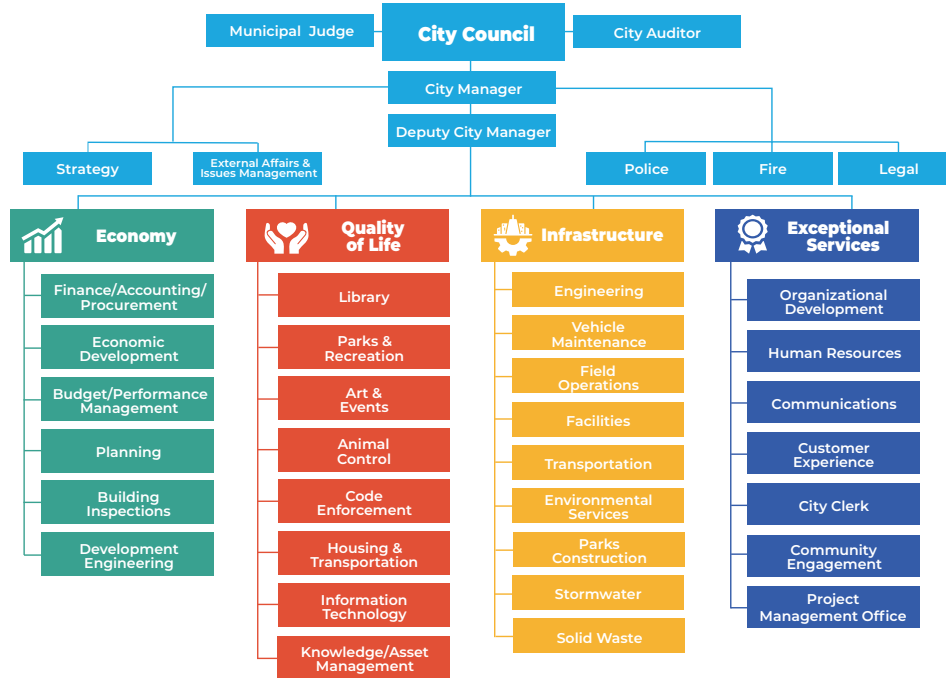
Olathe operates under a Council-Manager form of government. The City Council is made up of a directly-elected Mayor and six other Council Members all serving staggered four-year terms.

Olathe is a full service city including:

- Public Safety (Police, Fire, Emergency Services)
- Water, Sewer, Solid Waste Services; and other public works services
- Parks, Recreation, Libraries, and Cultural Services
- Economic Development and Community Planning

Olathe is recognized as one of the most effective, innovative city governments in America, with a high performance team and a culture of excellence embraced across all departments. Olathe has a national reputation as one of the most effective, innovative city governments in America, with a values-based, customer-focused, metric-driven culture embraced across all departments.





THE JOB

As the City's chief administrative officer, the City Manager provides visionary leadership and ensures the delivery of high-quality municipal services.

The next City Manager will:

- Sustain and build upon Olathe's strong organizational culture.
- Lead long-range financial planning and economic development.
- Champion community redevelopment.
- Guide major infrastructure and continuing downtown revitalization projects.
- Be willing to take smart risks and be a change agent when necessary.
- Continue to drive operational excellence across all lines of business.
- Serve as a visible, trusted leader, building strong relationships with residents and stakeholders.

CITY QUICK FACTS



EMPLOYEES

1500+



DEPARTMENT BUDGET

\$627M | \$741M

OPERATING

CIP

KEY PROJECTS FOR 2026

- I-35/SANTA FEE INTERCHANGE (\$290M PROJECT)
- FIRE STATION 9 CONSTRUCTION AND POLICE FIRING RANGE.
- DOWNTOWN REDEVELOPMENT PROJECT INCLUDING RELOCATION OF POST OFFICE
- DEVELOPMENT OF A NEW ANIMAL CARE FACILITY
- CONSTRUCTION OF A NEW PARKING GARAGE IN DOWNTOWN
- APPROVAL OF NEW COMPREHENSIVE PLAN: ELEVATE OLATHE 2040
- PRIVATELY DEVELOPED ULTRA-ACCESSIBLE THEME PARK AND ARENA PROJECT



THE IDEAL CANDIDATE

The ideal candidate will be a driven, forward-looking, innovative leader with a proven track record in local government management. They will demonstrate impeccable integrity, political astuteness while remaining apolitical, and place a high value on community engagement.

This leader should bring strong generalist skills across finance, planning, redevelopment, and public safety while surrounding themselves with talented subject-matter-experts. They must be a consensus-builder, coach, and strong communicator who can navigate adaptive challenges with diplomacy.

Olathe seeks an energetic, servant leader, someone relatable and accessible who values teamwork and collaboration. The successful candidate will be inspirational, foster innovation, and build lasting relationships, ensuring Olathe continues to thrive as one of America's most admired cities.

EXPERIENCE & QUALIFICATIONS

Required:

- Master's degree in Public Administration, Business Administration, or related field.
- 10+ years of progressively responsible local government experience, including executive leadership.
- Demonstrated knowledge of modern public administration and municipal management practices.
- Permanent residency in Olathe within 6 months of appointment.

Preferred:

- Prior experience as senior executive in a full-service city.
- Strong background in economic development, redevelopment, and public finance.
- Credentialing and/or professional certifications (e.g., ICMA-CM).

What our residents are saying...

The City outperformed national benchmarks by more than 20% in 39 key areas, including parks and recreation, public safety, and street maintenance. Located in the heart of Johnson County, Olathe is a thriving Kansas community known for its strong local services, excellent schools, and commitment to maintaining a high quality of life for residents.

81/100

CUSTOMER SERVICE

89/100

OVERALL QUALITY OF SERVICE

232

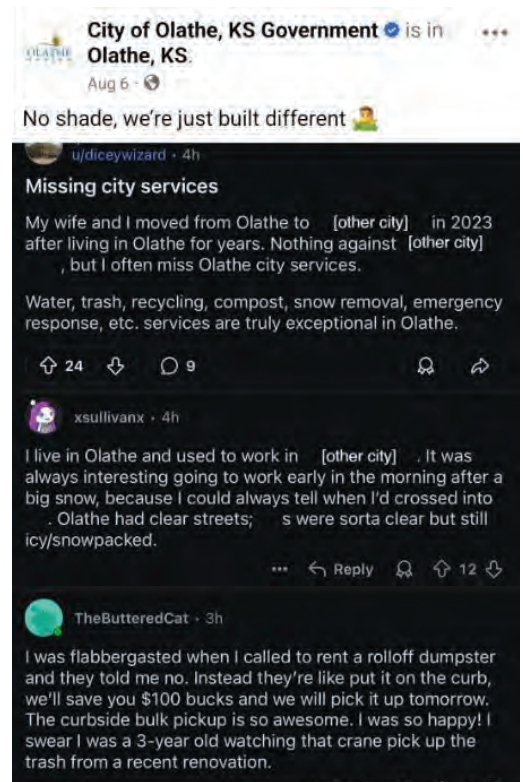
54 points above the national average

COMPOSITE SCORE

outperformed the national average by

>20%

Source: [ETC Institute - Leading the Way Awards \(Olathe\)](#)



SALARY & BENEFITS

Compensation: Competitive depending on experience/depending on qualifications. City contributes annually to deferred compensation.

Allowances: Car and phone allowances.

Health Benefits: Comprehensive healthcare with on-site health center, including physical therapy, behavioral health, and medical care — 100% City paid.

Paid Leave: 30 days of vacation annually, plus generous sick leave and holidays.

Retirement: Kansas Public Employees Retirement System (KPERs), plus deferred compensation options.

Additional Benefits:

- Strong employee wellbeing initiatives, including onsite Wellbeing Center and physical therapy services.
- Tuition assistance and professional development opportunities (e.g., ProSci change management, leadership programs).
- Access to Employee Assistance Program and mental health partnerships.
- Work-life balance supported by innovative organizational culture and flexible programs.

The City of Olathe consistently earns high employee engagement scores, with over 93% of staff reporting high or moderate engagement and 84% proud to work for the City.

[List of Full Benefits](#)



HOW TO APPLY

[Apply Here](#)



For more information on this position, contact:

Mark McDaniel, Senior Vice President, Executive Recruitment
markmcdaniel@governmentresource.com | 817-773-6558

The City of Olathe is an Equal Opportunity Employer and does not discriminate on the basis of race, religion, color, sex, disability, national origin, ancestry, marital status, familial status, military status, sexual orientation, or gender identity. Applicants selected as finalists for this position will be subject to a comprehensive background check.

**Agreement for Limited Scope Executive Recruitment Services (“PROJECT”)
to City of Herington, Kansas (“CLIENT”) between
CLIENT and Strategic Government Resources, Inc., DBA SGR (“SGR”)**

SGR and CLIENT (together, “Parties”) agree as follows, effective upon the date of the later signature below, in consideration of the mutual promises contained in this Agreement and other good and valuable consideration, the sufficiency of which each Party hereby acknowledges.

1. SGR promises and agrees:

- A. To perform the services described in SGR’s Proposal for PROJECT dated February 19, 2026 (“PROPOSAL”) substantially in the timeframe projected in the PROPOSAL.
- B. To honor the Service Guarantee stated in the PROPOSAL.
- C. To comply with all applicable open records, public information and similar laws, and consult with CLIENT if SGR is asked for information before disclosure, unless prevented by court order or law from doing so.

2. CLIENT promises and agrees:

- A. To pay SGR promptly as billed or invoiced for such services in accordance with the amounts stated in PROPOSAL, including Reimbursable Expenses and costs of any Supplemental Services or Other Expenses that CLIENT selects. Balances that are unpaid after the payment deadline are subject to a fee of 5% per month or the maximum lawful rate, whichever is less, on the owed amount every month, charged monthly until the balance is paid.
- B. To timely provide photos/graphics and information necessary to develop recruitment brochure, narrow candidate field, and conduct candidate screening and interviews; failure to do so may, in SGR’s reasonable discretion, extend timeline and can negatively impact the outcome of the process.
- C. To respond to drafts of documents and reports in a timely manner; failure to do so may, in SGR’s reasonable discretion, extend timelines and can negatively impact the outcome of the process.
- D. To refer all prospective applicants to SGR and not to accept applications independently during the recruitment process.
- E. To provide legal opinions to SGR regarding when and if any information relating to the PROJECT must or should be released in accordance with public information laws or legal process.
- F. That if CLIENT receives an open records request related to this PROJECT, CLIENT shall notify and share the request with SGR in writing as soon as possible but within no more than three (3) business days of receipt and that CLIENT shall provide sufficient time for SGR to notify and provide advance notice to the impacted individuals prior to CLIENT releasing the required information with protected information redacted.
- G. To directly reimburse finalists for travel-related expenses relating to in-person interviews.
- H. That CLIENT is ultimately responsible for candidate selections and CLIENT will not discriminate against any candidate on the basis of age, race, creed, color, religion, sex, sexual orientation, national origin, disability, marital status, or any other basis that is prohibited by federal, or applicable state, or local law.
- I. To comply with the Fair Credit Reporting Act.
- J. To cooperate with SGR and not impede SGR from performing its obligations to CLIENT.

3. Additional Terms and Conditions:

- A. The PROPOSAL is incorporated herein for all purposes including all terms defined therein, but if there is any conflict or inconsistency between the terms or conditions of this Agreement, this Agreement controls.
- B. SGR may substitute personnel other than those initially placed, who have substantially equivalent training and experience and subject to approval of CLIENT, due to factors such as SGR employee/consultant turnover, developing needs of the PROJECT, or CLIENT's request.
- C. CLIENT grants SGR permission to use any name, logo, or other identifying mark of CLIENT in SGR's social media content to refer to the relationship established by this agreement.
- D. Remedies
 - i. CLIENT can terminate this agreement at any time for no reason upon giving SGR seven (7) days advance written notice of the termination date. In such an event, SGR shall be compensated for all work satisfactorily performed up to and through the termination date.
 - ii. SGR can terminate this agreement upon seven (7) days advance written notice of the termination date to CLIENT if CLIENT has failed to promptly pay in full any undisputed portion of any bill or invoice (if the dispute is in good faith) or has failed to perform its contractual promises in a manner that materially impedes SGR's ability to successfully perform its obligations, including identifying and attracting qualified candidates. In such an event, SGR shall be compensated for all work satisfactorily performed up to and through the termination date.
- E. CLIENT acknowledges that the nature of executive recruitment is such that SGR engages in discussions with prospects through the process who may or may not ultimately become a candidate, and that SGR is utilizing its proprietary network of relationships to identify and engage prospective candidates, and that premature release of such proprietary information, including names of prospective candidates with whom SGR may be having conversations as part of the recruitment process, may be damaging to the prospects, CLIENT, and SGR. Accordingly, CLIENT acknowledges and, to the extent permitted by law, agrees that all information related to this search is proprietary, and remains the property of and under the exclusive control of SGR, regardless of whether such information has been shared with CLIENT.
- F. There are no third-party beneficiaries to this Agreement.
- G. If any term or condition of this Agreement is invalidated by final judgment of a court of competent jurisdiction or becomes impossible to perform, the Parties will confer about whether to continue performance without amending the Agreement, without prejudice to either Party's right to terminate the Agreement without cause.
- H. This Agreement embodies the complete and final understandings, contract, and agreement between the Parties, superseding any and all prior written or verbal representations, understandings, or agreements pertaining to this PROJECT. This Agreement can be modified only by signed written amendment. Electronic communications purporting to amend this Agreement will be effective only if the electronic communication includes specific reference to this Agreement or PROJECT.
- I. This Agreement will be governed by the substantive laws of the State of Kansas without regard to the jurisdiction's choice-of-law doctrines. Venue for any litigation relating to this Agreement will be exclusively in Dickinson County of the State of Kansas.

- J. To the extent it may be permitted to do so by applicable law, CLIENT does hereby agree to defend, hold harmless, and indemnify SGR, and all officers, employees, and contractors of SGR, from any and all demands, claims, suits, actions, judgments, expenses, and attorneys' fees incurred in any legal proceedings brought against them as a result of action taken by SGR, its officers, employees, and contractors, providing the incident(s), which is (are) the basis of any such demand, claim, suit, actions, judgments, expenses, and attorneys' fees, arose or does arise in the future from an act or omission of SGR acting within the course and scope of SGR's engagement with CLIENT; excluding, however, any such demand, claim, suit, action, judgment, expense, and attorneys' fees for those claims or any causes of action where it is determined that SGR committed official misconduct, or committed a willful or wrongful act or omission, or an act or omission constituting gross negligence, or acted in bad faith. In the case of such indemnified demand, claim, suit, action, or judgment, the selection of SGR's legal counsel shall be with the mutual agreement of SGR and CLIENT if such legal counsel is not also CLIENT's legal counsel. A legal defense may be provided through insurance coverage, in which case SGR's right to agree to legal counsel provided will depend on the terms of the applicable insurance contract. The provisions of this paragraph shall survive the termination, expiration, or other end of this agreement and/or SGR's engagement with CLIENT.
- K. Notices related to this Agreement will go to the respective Parties as follows but either Party can change the addressee for notices to that Party by written notice to the other Party.
- i. For the purposes of this Agreement, legal notice shall be required for all matters involving potential termination actions, litigation, indemnification, and unresolved disputes. This does not preclude legal notice for any other actions having a material impact on the Agreement.
 - ii. Any notice required be given by this Agreement shall be deemed to have been given within three (3) days of emailing or depositing in the mail.

Legal Notices:

SGR

Attn: Melissa Valentine, Corporate Secretary
 PO Box 1642
 Keller, TX 76244

Melissa@GovernmentResource.com

CLIENT

Attn:
 Address:

Email:

PROJECT Representative:

SGR

Rebecca L. Fleury
 President of Executive Recruitment
RebeccaFleury@GovernmentResource.com
 817-337-8581

CLIENT

Name:
 Title:
 Email:
 Phone:

Billing and Invoicing:

SGR

CLIENT

Attn: Finance

Name:

Finance@GovernmentResource.com

Title:

817-337-8581

Email:

Phone:

- L. Unless sooner terminated, this Agreement shall terminate at such time as the PROJECT is completed and the requirements of this Agreement are satisfied, except that duties of payment, information disclosure, service guarantee, and any representations and warranties survive this Agreement.
- M. The Parties and each individual who executes this Agreement on behalf of a Party represent and warrant to the other Party that as to each Party's respective signatory, that signatory is authorized by their Party to execute this Agreement and to bind their Party hereto.
- N. Time is of the essence to this Agreement.
- O. This Agreement may be executed in counterparts which together will comprise the Agreement.
- P. This Agreement is subject to appropriation of funds by CLIENT.

Summary of Pricing

Service	Fee*
Limited Scope Recruitment	\$14,184
Ad Placement Expenses	<i>Billed at-cost. Estimated between \$2,000-\$3,000.</i>

Please initial below to confirm anticipated services. Services will be billed as incurred or provided.

A La Carte Service (optional)	Fees*	Initial for Services
Stakeholder Survey	\$1,531	
Questionnaires	\$230 per candidate	
Recorded Interviews	\$256 per candidate	
Media Reports	\$1,276 per candidate	
Management Style Assessment	\$179 per candidate	
Background Checks	\$511 per candidate	
Reference Checks	\$256 per candidate	

* Fees exclude reimbursable expenses or add-ons.

Signature blocks on next page.

SGR

CLIENT

Signature

Printed Name:

Title:

Date:

Signature

Printed Name:

Title:

Date:

(Published in [Official City Website] on March 4, 2026)

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN THE CITY OF HERINGTON, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

WHEREAS, the Federal Water Quality Act of 1987 (the “Federal Act”) established revolving fund program for public wastewater treatment systems to assist in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the “EPA”) to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 through 65-3329, inclusive (the “Loan Act”), the State of Kansas (the “State”) has established the Kansas Water Pollution Control Revolving Fund (the “Revolving Fund”) for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment (“KDHE”) is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the “Authority”) and KDHE have entered into a Master Financing Indenture (the “Master Indenture”) pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public wastewater treatment projects (the “Projects”) and to pledge the Loan Repayments (as defined in the Master Indenture) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the “Bonds”) for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

WHEREAS, the City of Herington, Kansas (the “Municipality”) is a municipality as said term is defined in the Loan Act which operates a wastewater collection and treatment

system (the "System"); and

WHEREAS, the System is a public Wastewater Treatment Works, as said term is defined in the Loan Act; and

WHEREAS, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain a loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:

Construction of improvements to the City's existing wastewater treatment facility. The project includes new influent pumps, the addition of an influent grinder, new mechanical bar screen, replacement of the aeration systems in the aeration basin and liquid sludge digester, addition of an entire plant standby generator, replacement of the motor control center and associated electrical components, and the addition of a sludge spreader for land application of dewatered sludge (the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-16-110 to 28-16-138 (the "Regulations") applicable thereto necessary to qualify for the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount of not to exceed \$3,614,120 (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the Loan and to enter into a loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the Loan Agreement.

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

Section 1. Authorization of Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain Loan Agreement, with an effective date of February 9, 2026, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Loan Agreement") to finance the Project Costs (as defined in the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the City Attorney, the Mayor's execution of the Loan Agreement being conclusive evidence of such approval.

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce

amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

In accordance with the Loan Act, the obligations under the Loan and the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

Section 3. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

PASSED by the governing body of the City on March 3, 2026, and signed and **APPROVED** by the Mayor.

(SEAL)

Eric Gares, Mayor

ATTEST:

Megan Lawrenz, City Clerk

[APPROVED AS TO FORM ONLY.]

Bradley D. Jantz, City Attorney

LOAN AGREEMENT

Between

**THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
ACTING ON BEHALF OF
THE STATE OF KANSAS**

AND

**HERINGTON, KANSAS
KWPCRF PROJECT NO.: C20 3112 01**

EFFECTIVE AS OF FEBRUARY 9, 2026

The interest of the Kansas Department of Health and Environment (“KDHE”) in the Loan Repayments to be made by the Municipality and certain other revenues (the “Revenues”) under this Loan Agreement have been pledged and assigned to the Kansas Development Finance Authority (the “Authority”) pursuant to a Master Financing Indenture, between KDHE and the Authority. The interest of the Authority in the Revenues has been pledged as security for the payment of the principal of, redemption premium, if any, and interest on the Authority's Kansas SRF Bonds, pursuant to a Master Financing Indenture adopted by the Authority.

This loan is considered a Non-Equivalency Loan which means it is not considered federal assistance.

LOAN AGREEMENT

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Not For Execution

KANSAS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT

THIS LOAN AGREEMENT, effective as of February 9, 2026, by and between the KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT (“KDHE”), acting on behalf of THE STATE OF KANSAS (the “State”), and the CITY OF HERINGTON, KANSAS, a “Municipality” according to K.S.A. 65-3321 hereinafter referenced as the “Municipality”;

WITNESSETH:

WHEREAS, the Federal Water Quality Act of 1987 (the “Federal Act”) established a state revolving fund program as a means to phase-out the Environmental Protection Agency (EPA) construction grants program and replace it with a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states (CFDA 66.458), on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 through 65-3329, inclusive (the “Loan Act”), the State of Kansas (the “State”) has established the Kansas Water Pollution Control Revolving Fund (the “Revolving Fund”) for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary (the “Secretary”) of the Kansas Department of Health and Environment (“KDHE”) is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Secretary, the Kansas Department of Administration, Division of Accounts and Reports (“the DOA”), and the Kansas Development Finance Authority (the “Authority”) have entered into an Inter-Agency Agreement effective December 23, 1999, (the “Inter-Agency Agreement”), to define the cooperative relationship between KDHE, DOA, and the Authority, to jointly administer certain provisions of the Loan Act; and

WHEREAS, the Authority and KDHE have supplemented the Inter-Agency Agreement by entering into a Master Financing Indenture, as the same has been amended and may be further amended and supplemented from time to time, (jointly the “Master Indenture”), pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities (as defined in the Loan Act) for Wastewater Treatment Projects (the “Projects”) and to pledge the Loan Repayments received pursuant to such Loan Agreements and certain other revenues to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the “Bonds”) for the purpose of providing funds to implement the State’s requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act);

WHEREAS, the Municipality has made timely application to KDHE for a Loan to finance all or a portion of the Project Costs; and

WHEREAS, KDHE has approved the Municipality’s application for a Loan, subject to the receipt of capitalization grants from the EPA pursuant to the Federal Act and proceeds of the Bonds when issued by the Authority; and

NOW, THEREFORE, for and in consideration of the award of the Loan by KDHE, the Municipality agrees to complete its Project and to perform under this Loan Agreement in accordance with the conditions, covenants and procedures set forth herein and attached hereto as a part hereof, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise or as otherwise defined in the Master Resolution, have the following meanings:

“**Act**” means the Constitution and laws of the State, including particularly the Loan Act and K.S.A. 74-8905(a), as amended and supplemented.

“**Additional Payments**” means the payments described in **Section 2.06** hereof.

“**Additional Revenue Obligations**” means any obligation for the payment of money undertaken by the Municipality which is payable from or secured by a pledge of, or lien upon, the System Revenues incurred after the date of execution and delivery of this Loan Agreement, and all Existing Revenue Obligations.

“**Annual Compliance Checklist**” means a questionnaire and/or checklist designed to ensure compliance with the requirements related to the use of proceeds of this Loan Agreement, the use of the Financed Facility and the investment of gross proceeds of this Loan Agreement that is completed each year by the Municipality initially in the form set forth in **Exhibit I**.

“**Authority**” means the Kansas Development Finance Authority, a public body politic and corporate and an instrumentality of the State, and its successors and assigns.

“Authorized Municipality Representative” means any person authorized pursuant to a resolution of the governing body of the Municipality to perform any act or execute any document relating to the Loan, or this Loan Agreement.

“Bonds” means the Kansas Development Finance Authority, Kansas Revolving Funds Revenue Bonds, issued in one or more series pursuant to the Master Indenture, and supplements thereto.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations thereunder promulgated by the Department of the Treasury.

“Continuing Disclosure Undertaking” means, with respect to any series of Bonds, the undertaking or agreement by KDHE and any other parties thereto with respect to continuing disclosure matters within the scope of the SEC Rule.

“Dedicated Source of Revenue” shall have the meaning ascribed thereto in *Exhibit B* attached hereto.

“EPA” means the Environmental Protection Agency of the United States, its successors and assigns.

“Event of Default” means any occurrence of the following events:

(a) failure by the Municipality to pay, or cause to be paid, any Loan Repayment required to be paid hereunder when due;

(b) failure by the Municipality to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraph (a) of this Section, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Municipality by KDHE, unless KDHE shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in such notice is correctable but cannot be corrected within the applicable period KDHE may not unreasonably withhold its consent to an extension of such time up to 90 days from the delivery of the written notice referred to above if corrective action is instituted by the Municipality within the applicable period and diligently pursued until the Event of Default is corrected;

(c) failure by the KDHE to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Agreement which shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to KDHE by the Municipality, unless the Municipality shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in such notice is correctable but cannot be corrected within the applicable period the Municipality may not unreasonably withhold its consent to an extension of such time up to 90 days from the delivery of the written notice referred to above if corrective action is instituted by KDHE within the applicable period and diligently pursued until the Event of Default is corrected;

(d) any representation made by or on behalf of the Municipality contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement or the Loan, is intentionally false or misleading in any material respect;

(e) any representation made by or on behalf of KDHE contained in this Agreement, or in any instrument furnished in compliance with or with reference to this Agreement, is intentionally false or misleading in any material respect;

(f) a petition is filed by or against the Municipality under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Municipality, such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal;

(g) the Municipality shall generally fail to pay its debts as such debts become due;

(h) failure of KDHE to promptly pay any Project Costs when reasonably requested to do so by the Municipality pursuant to **Section 2.03** hereof.

“Existing Revenue Obligation” means any obligation for the payment of money undertaken by the Municipality, which is payable from or secured, by a pledge of, or lien upon, the System Revenues existing or outstanding at the time of execution and delivery of this Loan Agreement by the Municipality.

“Federal Act” means the Federal Water Quality Act of 1987, as amended.

“Federal Tax Regulations” means all regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Bonds.

“Financed Facility” means the portion of the Project consisting of property financed or refinanced with the proceeds of this Loan Agreement as described herein.

“GAAP” means generally accepted accounting principles as applicable to municipal utility systems.

“Indebtedness” means any financial obligation of the Municipality evidenced by an instrument executed by the Municipality, including this Loan, Existing Revenue Obligations, Additional Revenue Obligations, general obligation bonds or notes, lease or lease-purchase agreement or similar financial transactions.

“Indenture” means collectively the Master Financing Indenture, dated as of November 1, 2010, among the Authority, KDHE and the trustee named therein, and any supplemental indentures executed from time to time by the Authority, KDHE and the trustee named therein, in accordance with the provisions of the Master Financing Indenture.

“KDHE” means the Kansas Department of Health and Environment or its successors in interest.

“**Loan Act**” means the Constitution and laws of the State of Kansas, including particularly K.S.A. 65-3321 through 65-3329, inclusive, as amended and supplemented.

“**Loan Agreement**” means this Loan Agreement, including the Exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

“**Loan Repayments**” means the payments payable by the Municipality pursuant to **Section 2.05** of this Loan Agreement.

“**Loan Terms**” means the terms of this Loan Agreement provided in **Article II** hereof.

“**Management or Operating Agreement**” means a legal agreement with a Non-Qualified User where the Non-Qualified User provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. However, a contract for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing or similar services) is not a Management or Operating Agreement.

“Master Indenture” means the Master Financing Indenture adopted by the Board of Directors of the Authority, as amended and supplemented from time to time by Supplemental Resolutions.

“**Municipality**” means City of Herington, Kansas, its successors and assigns.

“**Non-Qualified Use**” generally means any use of the Financed Facility in a trade or business carried on by any Non-Qualified User that is different in form or substance to the use made of the Financed Facility by any other member of the general public. The rules set out in Federal Tax Regulations § 1.141-3 determine whether the Financed Facility is “used” in a trade or business. Generally, ownership, a lease, a Management or Operating Agreement or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility, will constitute use under Federal Tax Regulations § 1.141-3.

“**Non-Qualified User**” means any person or entity other than a Qualified User.

“**Opinion of Bond Counsel**” means the written opinion of a firm of nationally recognized Bond Counsel acceptable to the Authority to the effect that the proposed action or the failure to act will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

“**Qualified User**” means the City, a State, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“**Project**” means the acquisition, construction, improvement, repair, rehabilitation or extension of the System described in **Exhibit A** hereto, which constitutes a project pursuant to the Loan Act for which KDHE is making a Loan to the Municipality pursuant to this Loan Agreement.

“Project Costs” means all costs or expenses which are necessary or incident to the Project and which are directly attributable thereto, including, but not limited to: (a) costs of any Loan reserves; (b) interest on the Loan during the construction of the Project; (c) financing and administrative costs associated with the Loan Agreement; and (d) subject to the approval of Bond Counsel and the Authority, payment of temporary financing obligations issued by the Municipality to pay Project Costs;

“Regulations” means Kansas Administrative Regulations (K.A.R.) 28-16-110 to 28-16-138, and any amendments thereto promulgated by KDHE pursuant to the Loan Act.

“Revolving Fund” means the Kansas Water Pollution Control Revolving Fund established by the Loan Act.

“SEC Rule” means Rule 15c2-12 adopted by the Securities and Exchange Council under the Securities Exchange Act of 1934, as may be amended from time to time or such other similar rule regarding disclosure of information in securities transactions.

“Secretary” means the Secretary of KDHE

“State” means the State of Kansas, acting, unless otherwise specifically indicated, by and through KDHE, and its successors and assigns.

“System” means wastewater collection and treatment system of the Municipality, as the same may be modified or enlarged from time to time, including the Project described in **Exhibit A**, for which the Municipality is making the borrowing under this Loan Agreement, which constitutes or includes a Wastewater Treatment System.

“System Revenues” means all revenues derived by the Municipality from the ownership and operation of the System.

“Wastewater Treatment System” means any Wastewater Treatment Works, as defined in the Federal Act, that is publicly owned, and as further described in the Regulations.

Section 1.02. Rules of Interpretation.

- (a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.
- (b) Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.
- (c) All references in this Loan Agreement to designated “Articles,” “Sections” and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and subdivisions of this Loan Agreement as originally executed. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

- (d) The Table of Contents and the Article and Section headings of this Loan Agreement shall not be treated as a part of this Loan Agreement or as affecting the true meaning of the provisions hereof.

ARTICLE II

LOAN TERMS

Section 2.01. Amount of the Loan. Subject to all of the terms, provisions and conditions of this Loan Agreement, and subject to the availability of State and Federal funds and proceeds of Bonds, KDHE will loan an amount not to exceed \$3,614,120 to the Municipality to pay all or a portion of Project Costs described in **Exhibit A** hereto. The final actual amount of the Loan may be reduced without revision of any other terms, provisions or conditions of this Loan Agreement, other than the Loan Repayment Schedule (**Exhibit B** hereto), to reflect reductions in the estimated or actual total Project Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Municipality shall be responsible for any costs incurred by the Municipality in connection with the Project in addition to the amount of the Loan. Any amendment to **Exhibit B** shall be effected by written amendment to the Loan Agreement executed by all parties.

Section 2.02. Interest Rate. The gross interest rate on the loan shall be 3.35% per annum, which shall be assessed on the unpaid principal balance to be paid as set out in the Loan Repayment Schedule, **Exhibit B** hereto. This gross interest rate consists of a net loan interest rate, and a service fee, as described in **Exhibit B**.

Section 2.03. Disbursement of Loan Proceeds.

(a) Subject to the conditions described in this Section, KDHE agrees to disburse the proceeds of the Loan during the progress of the Project for Project Costs. Requests for disbursement may be submitted by the Municipality (in substantially the form attached hereto as **Exhibit E**), not more than once per month, in accordance with the procedures set forth by KDHE. Any request for disbursement must be supported by proper invoices and a certificate of the Authorized Municipality Representative to the effect that all representations made in this Loan Agreement remain true as of the date of the request and, based upon that information then available to such person, no adverse developments affecting the financial condition of the Municipality or its ability to complete the Project or to repay the Loan have occurred.

The Municipality may request disbursement for the following Project Costs:

- (1) any eligible planning/design costs incurred prior to execution of this Loan Agreement;
- (2) disbursement for eligible Project Costs if such Project Costs have been incurred and are due and payable to Project contractors (actual payment of such Project Costs by the Municipality is not required as a condition of the payment request); or

(3) interest becoming due on the Loan prior to the initial scheduled payment of principal; and

(4) the principal of and interest on any temporary financing obligations issued by the Municipality to pay Project Costs.

(b) KDHE shall not be under any obligation to disburse any Loan proceeds to the Municipality under this Loan Agreement unless:

(1) there are moneys available in the Revolving Fund to fund the Loan, as determined solely by KDHE;

(2) the Municipality shall certify to KDHE that it has executed a Project contract or contracts and has funds available to pay for that portion of the Project Costs not eligible (pursuant to the Loan Act or the Federal Act) to be funded under this Loan Agreement, if any;

(3) no Event of Default by the Municipality shall have occurred and be continuing; and

(4) the Municipality continues to maintain reasonable progress towards completion of the Project.

Section 2.04. Schedule of Compliance; Completion of Project.

(a) The Municipality agrees to complete the Project in accordance with the Conditions Applicable to Construction of the Project set forth in **Exhibit C** attached hereto.

(b) The completion of the construction of the Project shall be evidenced to KDHE by a certificate signed by the Authorized Municipality Representative stating: (1) that the construction of the Project has been completed in accordance with the plans and specifications therefore; and (2) that all Project Costs have been paid, except Project Costs the payment of which is not yet due or is being retained or contested in good faith by the Municipality. Such certificate shall be given not later than the date established by KDHE, which shall be approximately the date that the Project is capable of being placed into operation by the Municipality. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

Section 2.05. Repayment of the Loan.

(a) *Loan Repayments.* The Municipality shall pay to KDHE, on or before the due dates, installments of principal and interest on the Loan in accordance with *Exhibit B* attached hereto, until the Loan has been paid in full. Installments of principal and interest on the Loan shall be computed and paid in accordance with the Loan Repayment Schedule on *Exhibit B* as in effect at any time under this Loan Agreement. Notwithstanding any other provision of this Loan Agreement, the first payment of principal and interest due on the Loan shall be made no more than one year after project initiation of operation. The final installment of principal under the Loan shall be fully repaid not later than 31 years after Project completion.

(b) *Prepayment of the Loan.* The Municipality may prepay the outstanding principal of the Loan, in whole, or in part, without penalty, if consent from KDHE is obtained. The municipality must provide a written request to KDHE of its desire to prepay, such request shall indicate the actual source of funds that will be used to make the prepayment (specifically proceeds from a tax exempt bond issue, proceeds from a taxable bond issue, cash on hand, or some other instrument) and the desired date of prepayment. KDHE may require the prepayment date coincide with a scheduled repayment date. A partial prepayment may be made only if the prepayment amount is the greater of 10% of the original principal amount of the Loan or \$50,000. A new **Exhibit B** will be prepared by KDHE following receipt of any acceptable partial prepayment, reamortizing the remaining principal amount over the remaining term of the Loan.

Section 2.06. Additional Payments. The Municipality shall pay as Additional Payments the following amounts:

(a) Any amounts required to be paid by the Authority to the United States of America as arbitrage rebate, arising due to the Municipality's failure to expend proceeds of the Loan at the times certified to KDHE by the Municipality, that result in arbitrage rebate liability for the Authority, but only to the extent that the funds in the Rebate Fund established by the Master Resolution are insufficient to make such payments; and.

(b) All other payments of whatever nature which the Municipality has agreed to pay or assume hereunder.

ARTICLE III

REPRESENTATIONS AND COVENANTS OF MUNICIPALITY

Section 3.01. Representations of the Municipality. The Municipality makes the following representations:

(a) **Organization and Authority.**

(1) The Municipality is a municipal corporation duly created and validly existing under and pursuant to the constitution and statutes of the State.

(2) The Municipality has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain its System, to carry on its activities relating thereto, to execute and deliver this Loan Agreement, to undertake and complete the Project, and to carry out and consummate all transactions contemplated by this Loan Agreement.

(3) The Ordinance (adopted substantially in the form attached hereto as **Exhibit F**) and other proceedings of the Municipality's governing body approving this Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Municipality, and authorizing the Municipality to undertake and complete the Project have been duly and lawfully adopted.

(4) This Loan Agreement has been duly authorized, executed and delivered on behalf of the Municipality, and, constitutes the legal, valid and binding obligation of the Municipality enforceable in accordance with its terms.

(b) **Full Disclosure.** To the best knowledge of the Municipality, there is no fact that the Municipality has not disclosed to KDHE in writing on the Municipality's application for the Loan or otherwise that materially adversely affects or that will materially adversely affect the properties, activities, or its System, or the ability of the Municipality to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreement under this Loan Agreement.

(c) **Non-Litigation.** There is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way: (1) the legal organization of the Municipality; (2) its boundaries; (3) the right or title of any of its officers to their respective offices; (4) the legality of any official act taken in connection with obtaining the Loan; (5) the constitutionality or validity of the indebtedness represented by the Loan Agreement; (6) any of the proceedings had in relation to the authorization or execution of this Loan Agreement; (7) the collection of revenues of the System; (8) the levy and collection of unlimited *ad valorem* taxes to pay the principal of and interest on the Loan; or (9) the ability of the Municipality to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(d) **Compliance with Existing Laws and Agreements.** To the best knowledge of the Municipality, the authorization, execution and delivery of this Loan Agreement by the Municipality, and the performance by the Municipality of its duties, covenants, obligations and agreements thereunder will not result in any breach of any existing law or agreement to which the Municipality is a party.

(e) **No Defaults.** No event has occurred and no condition exists that would constitute an Event of Default. The Municipality is not presently aware of any violation of any agreement, which would materially adversely affect the ability of the Municipality to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(f) **Compliance with Law.** The Municipality has, to the best of the Authorized Municipality's Representative's knowledge:

(1) complied with all laws, ordinances, governmental rules and regulations to which it is subject, including, without limitation, any public hearing or public notice requirements or environmental review requirements contained in the Loan Act, the Regulations and the Federal Act, the failure to comply with which would materially adversely affect the ability of the Municipality to conduct its activities, enter into this Loan Agreement or undertake or complete the Project; and

(2) obtained all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its property which, if not obtained, would materially adversely affect the ability of the Municipality to complete the Project or operate the Project.

(g) **Use of Loan Proceeds.** The Municipality will apply the proceeds of the Loan as described in **Exhibit D**: (1) to finance or refinance a portion of the Project Cost; and (2) where applicable, to reimburse the Municipality for a portion of the Project Costs, which portion was paid or incurred in anticipation of reimbursement by KDHE and is eligible for such reimbursement pursuant to the Regulations and the Code.

(h) **Project Costs.** The Municipality certifies that the Project Costs, as listed in **Exhibit D**, is a reasonable and accurate estimation and, upon direction of KDHE, will supply the same with a certificate from its engineer stating that such Costs are reasonable and accurate estimations, taking into account investment income to be realized during the course of construction of the Project, if any, and other lawfully available money that would, absent the Loan, have been used to pay the Project Costs.

Section 3.02. Particular Covenants of the Municipality.

(a) **Dedicated Source of Revenue for Repayment of the Loan.** The Municipality hereby establishes the Dedicated Source of Revenue described on **Exhibit B** attached hereto, which Dedicated Source of Revenue is hereby pledged to the Loan Repayments, Additional Payments and all other obligations of the Municipality under this Loan Agreement.

(b) **Performance Under Loan Agreement.** The Municipality covenants and agrees in the performance of its obligations under this Loan Agreement:

(1) to comply with all applicable State and federal laws, rules and regulations (including, but not limited to the conditions set forth in **Exhibit C** hereto) as are applicable to this Loan Agreement; and

(2) to cooperate with KDHE in the observance and performance of the respective duties, covenants, obligations and agreements of the Municipality and KDHE under this Loan Agreement (including, without limitation the requirements contained in **Exhibit C** hereto).

(c) **Completion of Project and Provision of Moneys Therefore.** The Municipality covenants and agrees:

(1) to exercise its best efforts in accordance with prudent utility practice to complete the Project and to so accomplish such completion on or before the estimated Project completion date set forth in **Exhibit C** hereto; and

(2) to provide, from its own financial resources, all moneys, in excess of the total amount of proceeds it receives under the Loan, required to complete the Project.

(d) **Delivery of Documents and Payment of Fees.** Concurrently with the delivery of this Loan Agreement and the closing of the Loan, the Municipality will cause to be delivered to KDHE:

(1) fully executed counterparts of this Loan Agreement;

(2) copies of the ordinance of the governing body of the Municipality authorizing the execution and delivery of this Loan Agreement, certified by an Authorized Municipality Representative, which shall be in substantially the form attached hereto as **Exhibit F** together with an affidavit of publication thereof in the official newspaper of the Municipality;

(3) an opinion of the Municipality's counsel substantially in the form set forth in **Exhibit G** attached hereto;

(4) such other certificates, documents, opinions and information as KDHE may reasonably require.

(e) **Operation and Maintenance of System.** The Municipality covenants and agrees that it shall, in accordance with prudent wastewater treatment utility practice:

(1) at all times operate the properties of its System in an efficient manner in accordance with applicable laws and regulations;

(2) maintain its System, making all necessary and proper repairs, renewals, replacements, additions, betterments and improvements necessary to maintain its System in good repair, working order and operating condition;

(3) implement any modification of the rates fees and charges for use of the System that comprise the Dedicated Source of Revenues as the Secretary may require to ensure repayment of the Loan in accordance with the provisions of the Loan Act; and

(4) take such other action as the Secretary may require in accordance with powers granted to the Secretary under the Loan Act and the Regulations.

(f) **Disposition of System.** The Municipality shall not sell, lease or otherwise transfer ownership of all or substantially all of its System without the consent of the Secretary. In no event shall the Municipality sell, abandon or otherwise transfer ownership of the System to any person or entity other than a city, county, township, sewer district, improvement district, or other political subdivision of the State, or any combination thereof, that has legal responsibility to treat wastewater. The Municipality shall provide the Secretary with ninety (90) days' prior written notice to KDHE of such sale, lease or transfer. No such sale, lease or transfer shall be effective unless compliance is with the provisions of *Section 4.02* hereof, assuming such sale, lease or transfer is deemed to be an assignment for the purposes of such Section. The provisions of this paragraph shall not be construed to prohibit the lease of portions of the System by the Municipality in connection with a lease-purchase transaction to finance improvements to the System; provided that a termination or an event of default by the Municipality under such arrangement shall not have a material adverse effect on the Municipality's Dedicated Source of Revenues.

(g) **Records and Accounts**

(1) The Municipality shall keep accurate records and accounts for its System (the "System Records"), separate and distinct from its other records and accounts (the "General Accounts"). Such System Records shall be audited annually in accordance with generally accepted auditing standards if the total Disbursement of Loan Proceeds exceed \$25,000 for the Municipalities fiscal year. This audit shall be completed by an independent certified public accountant or firm of independent certified public accountants, or by an independent registered municipal accountant, and may be part of the single agency audit made on the Municipality's General Accounts in accordance with the Federal Single Audit Act of 1984, OMB Circular No. A-133, **Audits of States, Local Governments, and Non-Profit Organizations** as amended in 1996 and 2003 and as may be further amended and revised. Such System Records and General Accounts shall be made available for inspection by KDHE at any reasonable time, and a copy of the Municipality's annual audit, including all written comments and recommendations of such accountant, shall be furnished to KDHE within 270 days of the close of the Municipal Fiscal Year being so audited.

(2) The Municipality shall maintain Project accounts in accordance with generally accepted government accounting standards including standards relating to the reporting of infrastructure assets.

(h) **Inspections.** The Municipality shall permit the EPA, KDHE and any party designated by KDHE to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, including the System Records and General Accounts, and shall supply such reports and information as the EPA and KDHE may reasonably require in connection therewith.

(i) **Financial Information.**

(1) Obligation to Provide Information if Notified by KDHE. The Municipality agrees to provide to KDHE such annual financial information and operating data, together with ongoing notice of the occurrence of any "material event" (defined below), each with respect to the Municipality, as is necessary for KDHE to comply with each Continuing Disclosure Undertaking from time to time in effect. Such information, data and notices pursuant to this section will be required to be provided by the Municipality upon notice from KDHE that the Municipality is a Principal Participating Municipality (which is a borrower for which information and notices are required to be filed pursuant to a Continuing Disclosure Undertaking), as defined in a Continuing Disclosure Undertaking.

(2) Timing. Any such financial information and operating data shall be provided by the Municipality to KDHE as soon as practicable after it is available, and any such notice of a material event shall be provided by the Municipality to KDHE promptly following the occurrence of the event. Existing Continuing Disclosure Undertakings require that any such financial information and operating data shall be filed by KDHE within 270 days after the end of the Municipal Fiscal

Year, as defined in a Continuing Disclosure Undertaking, and that any such notice of a material event be filed by KDHE within 10 business days of the occurrence of the material event. The timing of such requirements may be different in a future Continuing Disclosure Undertaking, and a request by KDHE to the Municipality pursuant to this section may require that such information be provided to KDHE a reasonable period in advance of the filing dates required by a Continuing Disclosure Undertaking.

(3) **Annual Information.** Any such financial information shall be accompanied by an audit report prepared in accordance with the provisions of subsection (g)(2) hereof, unless such subsection exempts the Municipality from such audit report requirement. The financial information shall be prepared in accordance with GAAP, unless the Municipality has received a waiver from such requirement as permitted by State Law, in which case it shall be prepared on such other basis of accounting that demonstrates compliance with State law. Such requirement for financial information and operating data may be satisfied by submitting the Municipality's annual comprehensive financial report (ACFR) and/or annual report of its System (if System revenues are included in the dedicated source of repayment), unless KDHE notifies the Municipality of the need for additional information. If an audit report is required to be prepared, but is not available within 270 days of the end of the Municipal Fiscal Year, un-audited financial information shall be provided to KDHE pending receipt of the audit report. If the method of preparation and the basis of accounting is changed to a basis less comprehensive than previously described, the Municipality shall provide a specific notice of such change to KDHE when the financial information is provided.

(4) **Event Notices.** For purposes of this section, "material event" shall mean any event with respect to the Municipality (if it is a Principal Participating Municipality) required to be reported by KDHE pursuant to a Continuing Disclosure Undertaking. Upon a determination by KDHE that the Municipality is a Principal Participating Municipality, KDHE will provide instructions to the Municipality identifying such events then required to be reported, and the Municipality agrees to report such events to the extent required by a Continuing Disclosure Undertaking. The existing Continuing Disclosure Undertakings require reporting by a Principal Participating Municipality of four events, relating generally to (i) bankruptcy or insolvency, (ii) merger, consolidation or acquisition, (iii) incurrence of a financial obligation or debt and (iv) default, acceleration, termination or modification of a financial obligation or debt.

(j) ***Insurance.*** The Municipality will carry and maintain such reasonable amount of all-risk insurance on all properties and all operations of its System as would be carried by similar municipal operators of Systems, insofar as the properties are of an insurable nature. The Municipality also will carry general liability insurance in amounts not less than the maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the Kansas Tort Claims Act, K.S.A. 75-6101 *et seq.*, or other similar future law (currently \$500,000 per occurrence).

(k) ***Notice of Material Adverse Change.*** The Municipality shall promptly notify KDHE of any material adverse change in the activities, prospects or condition (financial or otherwise) of the System, or in the ability of the Municipality to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(l) **Additional Covenants and Requirements.** The parties hereto acknowledge that this Loan Agreement may be assigned or pledged to secure financings of the Authority. Should it be necessary to modify any covenants or obtain or enhance the security of the financings, the parties agree to take all reasonable actions and make reasonable covenants and agreements necessary to accomplish such purpose to the extent permitted by applicable laws.

Section 3.03 Federal Tax Compliance Representations and Covenants.

(a) The Municipality is the owner of the Financed Facility. As long as any portion of this Loan Agreement is unpaid, the Municipality will not dispose of any portion of the Financed Facility without first notifying the Authority and KDHE in writing and the Authority and KDHE obtaining favorable advice of Bond Counsel.

(b) As long as any portion of this Loan Agreement is unpaid, the Municipality will never permit any of the Financed Facility to be used in any Non-Qualified Use without first notifying the Authority and KDHE in writing and the Authority and KDHE obtaining favorable advice of Bond Counsel. In furtherance of this covenant, the Municipality will not enter into any Management or Operating Agreement of the Financed Facility or lease any portion of the Financed Facility to any Non-Qualified User or provide any Non-Qualified User with a special legal right or entitlement to use the Financed Facility without first notifying the Authority and KDHE in writing and the Authority and KDHE obtaining favorable advice of Bond Counsel.

(c) None of the proceeds of this Loan Agreement will be loaned directly or indirectly to any Non-Qualified User.

(d) All costs previously paid by the Municipality that are to be reimbursed from the proceeds of this Loan Agreement either (1) were paid by the Municipality after the date the Municipality filed its application with KDHE and not more than **3** years prior to the date reimbursement is requested or (2) were for costs incurred in connection with the planning or design of the Project paid prior to the date construction commenced.

(e) The Municipality will not take any action or permit any action to be taken which would cause this Loan Agreement to be "federally guaranteed" within the meaning of Code § 149.

(f) No operating costs or expenses of the Municipality are being paid from the proceeds of this Loan Agreement.

(g) Upon the written request of the Authority or KDHE, the Municipality will provide written confirmation of compliance with the federal tax requirements through use of an Annual Compliance Checklist in a form acceptable to the Authority and KDHE. A sample Annual Compliance Checklist is attached to this Loan Agreement as **Exhibit I**.

ARTICLE IV

ASSIGNMENT

Section 4.01. Assignment and Transfer by KDHE. The Municipality hereby approves and consents to any assignment or transfer of this Loan Agreement that KDHE deems necessary in connection with the operation and administration of the Revolving Fund. The Municipality hereby specifically approves the assignment and pledging of the Loan Repayments and Additional Payments to the Authority, and the Authority's pledging of all or a portion of the same to the Bonds.

Section 4.02. Assignment by the Municipality. This Loan Agreement may not be assigned by the Municipality for any reason, unless the following conditions shall be satisfied:

- (a) KDHE and the Authority shall have approved said assignment in writing;
- (b) the assignee is a city, county, township, sewer district, improvement district or other political subdivision of the State or any combination thereof that has legal responsibility to treat wastewater;
- (c) the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Municipality's duties, covenants, and obligations under this Loan Agreement; provided, however, such assignment shall not relieve the Municipality of its duties, covenants, and obligations under this Loan Agreement;
- (d) the assignment will not adversely impact KDHE's ability to meet its duties, covenants and obligations to the Authority under the Master Indenture, nor may the sale endanger the exclusion from gross income for federal income tax purposes of the interest on the Bonds; and
- (e) the Municipality shall, at its expense, provide KDHE and the Authority with an opinion of a qualified attorney that each of the conditions set forth in *subparagraphs (b), (c), and (d)* hereof have been met.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.01. Notice of Default. If an Event of Default shall occur, the non-defaulting party shall give the party in default and the Authority prompt telephonic notice of the occurrence of such Event of Default, provided the non-defaulting party has knowledge of such Event of Default. Such telephonic notice shall be immediately followed by written notice of such Event of Default given in the manner set forth in **Section 6.01** hereof.

Section 5.02. Remedies on Default.

(a) Whenever an Event of Default shall have occurred and be continuing, KDHE or the Municipality shall have the right to take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and to become due or to enforce the performance and observance of any obligation or agreement of KDHE or the Municipality (including, without limitation, withholding remaining Loan disbursements, cancellation of the Loan Agreement and acceleration of the remaining scheduled principal payments set forth on **Exhibit B**, or such other remedies provided to the Secretary in the Loan Act and the Regulations.

(b) Upon the occurrence of an Event of Default on the part of KDHE, and to the extent permitted by law and availability of appropriated funds by the Kansas Legislature, KDHE shall, on demand, pay to the Municipality the reasonable fees and expenses incurred by the Municipality in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of KDHE contained herein. Prior to incurring any such expenses, the Municipality shall provide written notice to KDHE that it intends to incur such expenses; provided, however, a failure by the Municipality to give such notice shall not affect the Municipality's right to receive payment for such expenses. Upon request by KDHE, the Municipality shall provide copies of statements evidencing the fees and expenses for which the Municipality is requesting payment.

Section 5.03. Expenses. Upon the occurrence of an Event of Default on the part of the Municipality, and to the extent permitted by law, the Municipality shall, on demand, pay to KDHE the reasonable fees and expenses incurred by KDHE in the collection of Loan Repayments or any other sum due hereunder or in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of the Municipality contained herein. Prior to incurring any such expenses, KDHE shall provide written notice to the Municipality that it intends to incur such expenses; provided, however, a failure by KDHE to give such notice shall not affect KDHE's right to receive payment for such expenses. Upon request by the Municipality, KDHE shall provide copies of statements evidencing the fees and expenses for which KDHE is requesting payment.

Section 5.04. Application of Moneys. Any moneys collected by KDHE pursuant to **Section 5.02** hereof shall be applied: (a) first, to pay interest on the Loan as the same becomes due and payable; (b) second, to pay principal due and payable on the Loan; (c) third, to pay expenses owed by the Municipality pursuant to **Section 5.03** hereof; and (d) fourth, to pay any other amounts due and payable hereunder as such amounts become due and payable.

Section 5.05. No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Parties hereto is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. The parties hereto, in good faith, shall exercise such remedies with due diligence in a timely manner, however, no delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the parties hereto to exercise any remedy reserved to them in this **Article V**, it shall not be necessary to give any notice, other than such notice as may be required in this **Article V**.

Section 5.06. Retention of Rights. Notwithstanding any assignment or transfer of this Loan Agreement pursuant to the provisions hereof, or anything else to the contrary contained herein, the parties hereto shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the defaulting party at law or in equity, as such party may, in its discretion, deem necessary to enforce the obligations of the defaulting party pursuant to this Loan Agreement.

Section 5.07. Financial and Management. Upon failure of the Municipality to pay one or more installments of the Loan Repayments in a timely manner, or in the event that the Secretary deems it advisable or necessary, the Secretary, after consultation with the governing body of the Municipality, may require the Municipality to undergo a financial and management operations review. The governing body shall correct any deficiencies noted during such review and adopt charges or surcharges as may be required by the Secretary during the term of this Loan Agreement.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when: (a) hand delivered; (b) mailed by registered or certified United States mail, postage prepaid; or (c) via telefax, with confirmation in the manner set forth in *subsection (b)*, to the parties hereinafter set forth at the following addresses:

(1) to KDHE:

Department of Health and
Environment
1000 SW Jackson Street, Suite 420
Topeka, Kansas 66612-1367
Attention: Bureau of Water

with a copy to its General Counsel

(2) to the Authority:

Kansas Development Finance
Authority
534 South Kansas Avenue, Suite 800
Topeka, Kansas 66603
Attention: President,

with a copy to its General Counsel

(3) to the Municipality:

at the address set forth on ***Exhibit H***.

All notices given by telefax as aforesaid shall be deemed given as of the date of evidence of receipt thereof by the recipient. All notices given by registered or certified mail as aforesaid shall be deemed duly given as of the date they are so deposited in the United States Postal Service, if postage is prepaid. Any of the foregoing parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others.

Section 6.02. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon KDHE and the Municipality and their respective successors and assigns.

Section 6.03. Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 6.04. Amendments, Supplements and Modifications. This Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Authority.

Section 6.05. Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 6.06. Governing Law and Regulations. This Loan Agreement shall be governed by and construed in accordance with the laws of the State, including the Loan Act and the Regulations, which Regulations are, by this reference thereto, incorporated herein as a part of this Loan Agreement.

Section 6.07. Consents and Approvals. Whenever the written consent or approval of the State shall be required under the provisions of this Loan Agreement, such consent or approval may only be given by the Secretary.

Section 6.08. Further Assurances. The Municipality shall, at the request of KDHE, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be reasonably necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Agreement.

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IN WITNESS WHEREOF, KDHE and the Municipality have caused this Loan Agreement to be executed, sealed and delivered, effective as of the date above first written.

THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT, acting on behalf of THE STATE OF KANSAS



By: _____
Janet Stanek
Secretary
Kansas Department of Health and Environment

Date: _____

CITY OF HERINGTON, KANSAS

(Seal) By: _____
Title: Mayor
"Municipality"

Date: _____

ATTEST:

By: _____
Title: Clerk

EXHIBIT A

DESCRIPTION OF THE PROJECT

The project will construct improvements to the City's existing wastewater treatment facility. The project includes new influent pumps, the addition of an influent grinder, new mechanical bar screen, replacement of the aeration systems in the aeration basin and liquid sludge digester, addition of an entire plant standby generator, replacement of the motor control center and associated electrical components, and the addition of a sludge spreader for land application of dewatered sludge.

**COPY
Not For Execution**

EXHIBIT B

DEDICATED SOURCE OF REVENUES AND LOAN REPAYMENT SCHEDULE

Dedicated Source of Revenue

The Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

Loan Repayment Schedule

The Municipality and KDHE have agreed that interest becoming due semiannually on the Loan during the construction period for the Project may be capitalized and repaid as a part of the Loan. In this regard, KDHE shall give the Municipality written notice of each semiannual installment of interest becoming due during the construction period. At its option, the Municipality may elect to pay such amounts, and if so elected, must pay such amounts on or before the associated semiannual installment date. If the Municipality does not elect to pay such amounts, the amount then due and owing as semiannual interest on the Loan shall be capitalized and added to the principal amount of the Loan and shall bear interest at the rate of interest set forth in **Section 2.02** hereof.

KANSAS WATER POLLUTION CONTROL REVOLVING FUND

Preliminary Schedule for Construction Loan Agreement
Amortization of Loan Costs as of 02/09/2026

Project Principal: 3,614,120.00
Interest During Const.: 0.00
Service Fee During Const.: 0.00
Gross Loan Costs: 3,614,120.00

Prepared for:
City of Herington, Project No. C20 3112 01

<u>Gross Interest Rate Allocation</u>	thru 9/1/2031	after 9/1/2031	Gross Interest Rate:	3.35%
Service Fee Rate:	3.10%	0.25%	First Payment Date:	3/1/2028
Net Loan Interest Rate:	0.25%	3.10%	Number of Payments:	60

Payment Number	Payment Date	Beginning Balance	Interest Payment	Principal Payment	Service Fee	Total Payment	Ending Balance
1	3/1/2028	3,614,120.00	4,517.65	35,416.77	56,018.86	95,953.28	3,578,703.23
2	9/1/2028	3,578,703.23	4,473.38	36,010.00	55,469.90	95,953.28	3,542,693.23
3	3/1/2029	3,542,693.23	4,428.37	36,613.16	54,911.75	95,953.28	3,506,080.07
4	9/1/2029	3,506,080.07	4,382.60	37,226.44	54,344.24	95,953.28	3,468,853.63
5	3/1/2030	3,468,853.63	4,336.07	37,849.98	53,767.23	95,953.28	3,431,003.65
6	9/1/2030	3,431,003.65	4,288.75	38,483.97	53,180.56	95,953.28	3,392,519.68
7	3/1/2031	3,392,519.68	4,240.65	39,128.57	52,584.06	95,953.28	3,353,391.11
8	9/1/2031	3,353,391.11	4,191.74	39,783.98	51,977.56	95,953.28	3,313,607.13
9	3/1/2032	3,313,607.13	51,360.91	40,450.36	4,142.01	95,953.28	3,273,156.77
10	9/1/2032	3,273,156.77	50,733.93	41,127.90	4,091.45	95,953.28	3,232,028.87
11	3/1/2033	3,232,028.87	50,096.45	41,816.79	4,040.04	95,953.28	3,190,212.08
12	9/1/2033	3,190,212.08	49,448.29	42,517.22	3,987.77	95,953.28	3,147,694.86
13	3/1/2034	3,147,694.86	48,789.27	43,229.39	3,934.62	95,953.28	3,104,465.47
14	9/1/2034	3,104,465.47	48,119.21	43,953.49	3,880.58	95,953.28	3,060,511.98
15	3/1/2035	3,060,511.98	47,437.94	44,689.70	3,825.64	95,953.28	3,015,822.28
16	9/1/2035	3,015,822.28	46,745.25	45,438.25	3,769.78	95,953.28	2,970,384.03
17	3/1/2036	2,970,384.03	46,040.95	46,199.35	3,712.98	95,953.28	2,924,184.68
18	9/1/2036	2,924,184.68	45,324.86	46,973.19	3,655.23	95,953.28	2,877,211.49
19	3/1/2037	2,877,211.49	44,596.78	47,759.99	3,596.51	95,953.28	2,829,451.50
20	9/1/2037	2,829,451.50	43,856.50	48,559.97	3,536.81	95,953.28	2,780,891.53
21	3/1/2038	2,780,891.53	43,103.82	49,373.35	3,476.11	95,953.28	2,731,518.18
22	9/1/2038	2,731,518.18	42,338.53	50,200.35	3,414.40	95,953.28	2,681,317.83
23	3/1/2039	2,681,317.83	41,560.43	51,041.20	3,351.65	95,953.28	2,630,276.63
24	9/1/2039	2,630,276.63	40,769.29	51,896.14	3,287.85	95,953.28	2,578,380.49
25	3/1/2040	2,578,380.49	39,964.90	52,765.40	3,222.98	95,953.28	2,525,615.09
26	9/1/2040	2,525,615.09	39,147.03	53,649.23	3,157.02	95,953.28	2,471,965.86
27	3/1/2041	2,471,965.86	38,315.47	54,547.85	3,089.96	95,953.28	2,417,418.01
28	9/1/2041	2,417,418.01	37,469.98	55,461.53	3,021.77	95,953.28	2,361,956.48
29	3/1/2042	2,361,956.48	36,610.33	56,390.50	2,952.45	95,953.28	2,305,565.98
30	9/1/2042	2,305,565.98	35,736.27	57,335.05	2,881.96	95,953.28	2,248,230.93
31	3/1/2043	2,248,230.93	34,847.58	58,295.41	2,810.29	95,953.28	2,189,935.52
32	9/1/2043	2,189,935.52	33,944.00	59,271.86	2,737.42	95,953.28	2,130,663.66
33	3/1/2044	2,130,663.66	33,025.29	60,264.66	2,663.33	95,953.28	2,070,399.00
34	9/1/2044	2,070,399.00	32,091.18	61,274.10	2,588.00	95,953.28	2,009,124.90
35	3/1/2045	2,009,124.90	31,141.44	62,300.43	2,511.41	95,953.28	1,946,824.47
36	9/1/2045	1,946,824.47	30,175.78	63,343.97	2,433.53	95,953.28	1,883,480.50
37	3/1/2046	1,883,480.50	29,193.95	64,404.98	2,354.35	95,953.28	1,819,075.52
38	9/1/2046	1,819,075.52	28,195.67	65,483.77	2,273.84	95,953.28	1,753,591.75
39	3/1/2047	1,753,591.75	27,180.67	66,580.62	2,191.99	95,953.28	1,687,011.13
40	9/1/2047	1,687,011.13	26,148.67	67,695.85	2,108.76	95,953.28	1,619,315.28
41	3/1/2048	1,619,315.28	25,099.39	68,829.75	2,024.14	95,953.28	1,550,485.53
42	9/1/2048	1,550,485.53	24,032.53	69,982.64	1,938.11	95,953.28	1,480,502.89
43	3/1/2049	1,480,502.89	22,947.79	71,154.86	1,850.63	95,953.28	1,409,348.03
44	9/1/2049	1,409,348.03	21,844.89	72,346.70	1,761.69	95,953.28	1,337,001.33
45	3/1/2050	1,337,001.33	20,723.52	73,558.51	1,671.25	95,953.28	1,263,442.82
46	9/1/2050	1,263,442.82	19,583.36	74,790.62	1,579.30	95,953.28	1,188,652.20
47	3/1/2051	1,188,652.20	18,424.11	76,043.35	1,485.82	95,953.28	1,112,608.85
48	9/1/2051	1,112,608.85	17,245.44	77,317.08	1,390.76	95,953.28	1,035,291.77
49	3/1/2052	1,035,291.77	16,047.02	78,612.15	1,294.11	95,953.28	956,679.62
50	9/1/2052	956,679.62	14,828.53	79,928.90	1,195.85	95,953.28	876,750.72
51	3/1/2053	876,750.72	13,589.64	81,267.70	1,095.94	95,953.28	795,483.02
52	9/1/2053	795,483.02	12,329.99	82,628.94	994.35	95,953.28	712,854.08
53	3/1/2054	712,854.08	11,049.24	84,012.97	891.07	95,953.28	628,841.11
54	9/1/2054	628,841.11	9,747.04	85,420.19	786.05	95,953.28	543,420.92
55	3/1/2055	543,420.92	8,423.02	86,850.98	679.28	95,953.28	456,569.94
56	9/1/2055	456,569.94	7,076.83	88,305.74	570.71	95,953.28	368,264.20
57	3/1/2056	368,264.20	5,708.10	89,784.85	460.33	95,953.28	278,479.35
58	9/1/2056	278,479.35	4,316.43	91,288.75	348.10	95,953.28	187,190.60
59	3/1/2057	187,190.60	2,901.45	92,817.84	233.99	95,953.28	94,372.76
60	9/1/2057	94,372.76	1,462.78	94,372.76	117.74	95,953.28	0.00
Totals		1,585,750.93	3,614,120.00	557,325.87	5,757,196.80		

EXHIBIT C

CONDITIONS APPLICABLE TO CONSTRUCTION OF THE PROJECT

1. Municipality agrees to expeditiously initiate and complete the Project in accordance with the following schedule:
 - a. Advertising for bids within 30 days of authorization to advertise.
 - b. Bid opening no sooner than 30 days after advertisement for bids.
 - c. Contract award within 60 days of bid opening.
 - d. Issuance of notice to proceed within 30 days of contract award.
 - e. Initiation of operation within 270 days of notice to proceed or no later than June 30, 2027.
 - f. Finalization of construction within 300 days of notice to proceed.
 - g. Project Performance Certification 365 days following Initiation of Operation.

KDHE must be promptly notified of any proposed changes.

2. Prior to giving a notice to proceed, the Municipality must certify that all easements and rights-of-way necessary to allow construction of the Project have been obtained (*i.e.*, all real property has been acquired, bonafide options have been taken or formal condemnation proceedings have been initiated for necessary real property).
3. The municipality must comply with and include the requirements of the Prohibition Statement below in all contracts and subcontracts made to private entities.
 - a. The Contractor, its employees, subcontractors and subcontractors' employees may not engage in severe forms of trafficking in persons during the period of time that the contract is in effect; procure a commercial sex act during the period of time that the contract is in effect; or use forced labor in the performance of the contract or subcontract.
4. The Municipality agrees to comply with the Kansas Act Against Discrimination, K.S.A. 44-1001, *et seq.* and the Kansas Age Discrimination in Employment Act, K.S.A. 44-1111, *et seq.* as provided by law and to include those provisions in every contract or purchase order relating to the Project so that they are binding upon such subcontractors or vendors.
5. If the project is for construction, alteration, and repair of treatment works, the municipality shall comply with KWPCRF wage rate requirements listed below:
 - a. insert in full in any contract funded by this loan agreement in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in § 5.1, wage rate contract provisions, found in 29 CFR 5.5, as indicated by EPA and US Department of Labor, generally known as Davis Bacon requirements;

- b. while the solicitation remains open, shall monitor <https://beta.sam.gov/> on a weekly basis to ensure that the wage determination contained in the solicitation remains current. The municipality shall amend the solicitation if DOL issues a modification more than 10 days prior to the closing date (i.e. bid opening) for the solicitation. If DOL modifies or supersedes the applicable wage determination less than 10 days prior to the closing date, the Municipality may request a finding from KDHE that there is not reasonable time to notify interested contractors of the modification of the wage determination. KDHE will provide a report of its findings to the Municipality.
- c. incorporate any modifications or supersedes DOL makes to the wage determination contained in the solicitation if the contract is not awarded within 90 days of bid opening. Unless KDHE, at the request of the Municipality, obtains an extension of the 90 day period from DOL pursuant to 29 CFR 1.6(c)(3)(iv). The Municipality shall monitor <https://beta.sam.gov/> on a weekly basis if it does not award the contract within 90 days of closure of the solicitation to ensure that wage determinations contained in the solicitation remain current.
- d. review all subcontracts subject to Davis-Bacon entered into by prime contractors to verify that the prime contractor has required its subcontractors to include the applicable wage determinations.
- e. either terminate the contract or ordering instrument and issue a revised solicitation or ordering instrument or incorporate DOL's wage determination retroactive to the beginning of the contract or ordering instrument by change order, if the Department of Labor (DOL) issues a revised wage determination applicable to the contract after the award of a contract or the issuance of an ordering instrument due to a DOL determination that the municipality has failed to incorporate a wage determination or has used a wage determination that clearly does not apply to the contract or ordering instrument. The Municipality's contractor must be compensated for any increases in wages resulting from the use of DOL's revised wage determination.
- f. provide written confirmation in a form satisfactory to KDHE indicating whether or not the project is in compliance with the requirements of 29 CFR 5.5(a)(1) based on the most recent payroll copies for the specified week. The payrolls shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on the weekly payrolls;
- g. interview a sufficient number of employees entitled to Davis Bacon Act prevailing wages (covered employees) to verify that contractors or subcontractors are paying the appropriate wage rates. As provided in 20 CFR 5.6 (a)(6), all interviews must be conducted in confidence. The Municipality must use Standard Form 1445 or equivalent documentation to memorialize the interviews. Copies of SF 1445 are available from EPA on request;
- h. establish and follow an interview schedule based on its assessment of the risks of noncompliance with Davis-Bacon posed by contractors or subcontractors and the

duration of the contract or subcontract. The municipality shall immediately conduct necessary interviews in response to an alleged violation of the prevailing wage requirements. All interviews shall be conducted in confidence.

- i. periodically conduct spot checks of a representative sample of weekly payroll data to verify that contractors or subcontractors are paying the appropriate wage rates. The municipality shall establish and follow a spot check schedule based on its assessment of the risks of noncompliance with Davis-Bacon posed by contractors or subcontractors and the duration of the contract or subcontract. At a minimum, the municipality must spot check payroll data within two weeks of each contractor or subcontractor's submission of its initial payroll data and two weeks prior to the completion date the contract or subcontract. The municipality must conduct more frequent spot checks if the initial spot check or other information indicates that there is a risk that the contractor or subcontractor is not complying with Davis-Bacon. In addition, during the examinations the municipality shall verify evidence of fringe benefit plans and payments thereunder by contractors and subcontractors who claim credit for fringe benefit contributions.
 - j. periodically review contractors and subcontractors use of apprentices and trainees to verify registration and certification with respect to apprenticeship and training programs approved by either the U.S Department of Labor or a state, as appropriate, and that contractors and subcontractors are not using disproportionate numbers of, laborers, trainees and apprentices. These reviews shall be conducted in accordance with the schedules for spot checks and interviews described in Item (h) and (i) above.
 - k. must immediately report potential violations of the DB prevailing wage requirements to the EPA DB contact Julie Milazzo at Milazzo.Julie@epa.gov or 206-553-2429 ; and to the appropriate DOL Wage and Hour District Office listed at www.dol.gov/whd/america2.htm.
6. The Municipality certifies that it is not suspended or debarred from participating in federal assistance and benefit programs and further agrees to fully comply with Subpart C of 2 CFR Part 180 and Subpart C of 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions." The Municipality must ensure that any lower tier covered transaction, as described in Subpart B of 2 CFR Part 180 and Subpart B of 2 CFR Part 1532, entitled "Covered Transactions," includes a term or condition requiring compliance with Subpart C. Recipient may search for exclusion records at www.sam.gov.
 7. The Municipality agrees that all bid solicitations will include the Anti-Lobbying Certification form, which must be completed and returned with the bid form.
 8. The owner or successful bidder must obtain, prior to construction, permit coverage from KDHE to discharge stormwater runoff associated with construction activity for most any project which disturbs one acre or more of soils. A Notice of Intent form (NOI) must be submitted to KDHE 60 days before the start of construction and a permit determination from KDHE must be made before construction can begin. The Kansas construction stormwater general permit, a Notice of Intent (application form), a frequently asked questions file, and supplemental materials are available online on the KDHE Stormwater Web Page at www.kdhe.state.ks.us/stormwater.

9. The Municipality shall follow applicable state procurement laws and regulations. KDHE approval is required prior to procurement.
10. The Municipality agrees to make prompt payment to its contractor(s) of sums due for construction and to retain only such amounts as may be justified by specific circumstances and provisions of this Loan Agreement or the construction contract.
11. The Municipality will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the completed work conforms with the approved plans and specifications per K.A.R. 28-16-55 and Water Quality Policy Memorandum No. 2-78 dated January 18, 1978 and will furnish progress reports and such other information as the State may require.
12. The Municipality hereby assures that the engineering firm principally responsible for supervising construction and for providing engineering services during construction (engineer associated with the design build team) will continue its relationship with the Municipality for a period of up to one year after initiation of operation of the Project. During this period, the engineering firm shall direct the operation of the Project, train operating personnel and prepare curricula and training material for operating personnel. The following specific requirements apply:
 - a. The Municipality agrees the performance standards applicable to the Project are:
 - (1) All construction deficiencies have been resolved.
 - b. One year after completion of construction and initiation of operation of the Project, the Municipality shall certify to KDHE whether or not such Project meets the design specifications and effluent limitations contained in subparagraph a. of this condition. Any statement of non-compliance must be accompanied by a corrective action report containing: an analysis of the cause of the Project's inability to meet performance standards; actions necessary to bring it into compliance, and a reasonably scheduled date for positive certification of the Project. Timely corrective action will be executed by the Municipality.
 - c. Municipality agrees to furnish KDHE with an annual report describing actions taken to date to achieve positive certification, planned future activities, the Project's status and potential for positive certifications.
13. A final plan of operation and draft O&M Manual shall be submitted by the Municipality for approval by KDHE at or prior to 50 percent construction completion and the Final O&M Manual must be submitted at 90% construction completion. The plan of operation must include, but is not limited to, an assessment of the employee skills necessary to carry out the operation and maintenance function and a training plan designed to provide employees with the necessary skills. Details on the skills assessment must be submitted along with the final plan of operation. Necessary training as indicated by the skills assessment must be provided in accordance with the approved training plan.
14. The rates and ordinances enacting the System user charges and System use requirements shall be enacted prior to initiation of operation.

15. The municipality agrees to provide a Fiscal Sustainability Plan (FSP) document to KDHE, including an appropriate Asset Management Plan, prior to final closeout of the Loan Agreement project. The required scope of the FSP will be provided to the municipality by letter from KDHE.
16. None of the funds made available by this loan agreement shall be used for a project for the construction, alteration, maintenance, or repair of a wastewater collection system or wastewater treatment plant unless all of the iron and steel products used in the project are produced in the United States. The term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.
17. This Project is consistent with the Kansas Water Quality Management Plan, subject to the provisions of Section 208(d) and 208(e) of the Federal Water Pollution Control Act, as amended. Service by the Project will not be denied or conditioned on the basis of factors or issues unrelated to wastewater management.
18. The Loan Recipient must comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. Other civil rights laws may impose additional requirements on the Loan Recipient. These laws include, but are not limited to, Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.
19. The Municipality hereby agrees to request and obtain intergovernmental environmental evaluations of the proposed Project and the Municipality hereby agrees to implement measures to mitigate all known adverse environmental effects of the project.
20. The Municipality is prohibited from procuring goods or services from persons who have been convicted of violations of the Clean Air Act or the Clean Water act.
21. The Municipality shall obtain any required Corps of Engineers Section 404 and/or Section 10 permit prior to awarding the construction contract.
22. If this Project is for a segment of a total project for the System, KDHE does not assume any obligation, commitment, or responsibility for funding any other anticipated steps, phases, segments or stages or any other improvements to the System not constituting the Project. The Municipality agrees to complete the total System improvements of which this Project is a part in accordance with the schedule presented in Exhibit C(1), regardless of whether KDHE funding is available for the remaining System improvements.

EXHIBIT D

USE OF LOAN PROCEEDS

Construction of improvements to the City's existing wastewater treatment facility. The project includes new influent pumps, the addition of an influent grinder, new mechanical bar screen, replacement of the aeration systems in the aeration basin and liquid sludge digester, addition of an entire plant standby generator, replacement of the motor control center and associated electrical components, and the addition of a sludge spreader for land application of dewatered sludge.

The loan proceeds will be utilized to pay the costs of:

1. Construction: All actual construction costs of the improvements to the wastewater collection and treatment system and incidental work associated with construction.
2. Engineering: All actual costs of construction services including basic services, design, procurement, inspection, final plan of operation, user charge and sewer use ordinance development, one year project performance evaluation, and all items as included in the engineering contract for the project, including the Fiscal Sustainability Plan.
3. Administrative: All reasonable costs of legal and financial administrative support directly provided for the project, including financial audits.

Unallowable Costs: The costs of full time employees of the municipality.

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EXHIBIT E

INSTRUCTIONS FOR REQUESTING DISBURSEMENTS

1. All payment requests must be filed on the Outlay Report and Request for Disbursement Form and represent the actual completion level of the project at the date the request is prepared.
2. All cost entries must be based upon allowable work in place, which is due and payable. This means that you may **not** request payment for:
 - a. Any work or services, which have not been explicitly approved by the KDHE in the Loan Agreement or subsequent amendments.
 - b. Any work performed under a change order unless written approval of the change order has been given by the State.
 - c. Any ineligible project costs.
 - d. Any retainage which you are withholding from the construction contractor, engineer, etc.
 - e. Expenditures relating to site acquisition, easements, rights-of way, EXCEPT: (1) additional work required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act such as appraisal and certification services; (2) when the site itself is allowable in accordance with Federal SRF regulations and guidance; and (3) costs incurred in eminent domain proceedings.
 - f. Costs associated with the approval, preparation, issuance and sale of Bonds, and other costs incidental to normal operating overhead of a Municipality, whether performed by Municipal employees, the engineer, or the attorney.

It is essential that you understand the cost basis of the approved Loan amount. It is, therefore, necessary that you read the Loan Agreement (including all conditions) and its transmittal letter, any Loan amendments and Project correspondence, and that you maintain current and accurate files on all approved change orders. Failure to follow these procedures may result in your requesting and subsequently receiving overpayment of loan funds, which later may, in turn, result in substantial inconvenience to you and the Municipality. This could include repayment or crediting to KDHE the interest earned on overpaid funds, and any penalties that can result from this action.

3. Submit an original signature of the form and one set of supporting documentation directly to:

Kansas Department of Health & Environment
Bureau of Water
Municipal Programs
1000 SW Jackson Street, Suite 420
Topeka, Kansas 66612-1367

You should retain one copy for your records.

EXHIBIT E - REQUEST FOR DISBURSEMENT FROM KDHE REVOLVING LOAN PROGRAMS

INDICATE WHICH LOAN PROGRAM THIS REQUEST IS FOR: KANSAS WATER POLLUTION CONTROL REVOLVING FUND _____ KANSAS PUBLIC WATER SUPPLY LOAN FUND _____	KDHE PROJECT NUMBER (REFER TO LOAN AGREEMENT) KWPCRF PROJECT # C20 KPWSLF PROJECT #
--	--

IS THIS THE FINAL DISBURSEMENT REQUEST FOR THIS LOAN? YES _____ NO _____	RECIPIENT INFORMATION NAME : ADDRESS or PO box (include City, State, Zip) :
PAYMENT REQUEST NUMBER :	

The undersigned hereby requests that the following amounts be disbursed for the following Project Costs as defined in the loan agreement:

Classification	Invoice amounts (invoices must be attached)	Invoiced from (list payee(s))	Description
a. Administrative expense (loan admin services, publication fees, attorney fees, etc.)			
b. Engineering services expense			
c. Land, easements			
d. Construction Contract Expense			
e. Equipment (by separate KDHE approved contract or procedure)			
f. Miscellaneous cost (not categorized above)			
Total of Invoices Submitted g. (sum of lines a thru f)			
h. Deductions for other sources of funding used (from grants or cash on hand)			
i. Total Disbursement Requested from KDHE * (Line g minus line h)			

CERTIFICATION: I hereby state and certify that: (i) the amounts requested, are or were necessary and appropriate in connection with the purchase, construction and installation of the Project, have been properly incurred and are a proper disbursement of the proceeds of the Loan and that an inspection has been performed and all work is in accordance with the terms of the Loan; have been paid or are justly due as stated above; and have not been the basis of any previous requisition from the proceeds of the Loan; (ii) all representations made in the Agreement remain true as of the date of this request; and (iii) no adverse developments affecting the financial condition of the Recipient or its ability to complete the Project or to repay the Loan have occurred.

RECIPIENT NAME:

Signature of Authorized Certifying Official

Typed or Printed Name and Title

Date Signed	Telephone (Area Code, number & ext.)	Email
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EXHIBIT F

FORM OF MUNICIPALITY ORDINANCE

**EXCERPT OF MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF HERINGTON, KANSAS
HELD ON [ORDINANCE DATE]**

The Governing Body of the City met in [regular/special] session at the usual meeting place in the City, at [meeting time], the following members being present and participating, to-wit:

Absent:

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

(Other Proceedings)

Thereupon, there was presented an Ordinance entitled:

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN THE CITY OF HERINGTON, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

Thereupon, [Council member] _____ moved that said Ordinance be passed. The motion was seconded by [Council member] _____. Said Ordinance was duly read and considered, and upon being put, the motion for the passage of said Ordinance was carried by the vote of the Governing Body, the vote being as follows:

Yes: _____.

No: _____.

Thereupon, the Mayor declared said Ordinance duly passed and the Ordinance was then duly numbered Ordinance No. _____ and was signed and approved by the Mayor and attested by the Clerk. The Clerk was directed to publish the Ordinance one time in the official newspaper of the City.

(Other Proceedings)

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

(SEAL)

Clerk

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COPY
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ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BETWEEN THE CITY OF HERINGTON, KANSAS AND THE STATE OF KANSAS, ACTING BY AND THROUGH THE KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT FOR THE PURPOSE OF OBTAINING A LOAN FROM THE KANSAS WATER POLLUTION CONTROL REVOLVING FUND FOR THE PURPOSE OF FINANCING A WASTEWATER TREATMENT PROJECT; ESTABLISHING A DEDICATED SOURCE OF REVENUE FOR REPAYMENT OF SUCH LOAN; AUTHORIZING AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH THE LOAN AGREEMENT.

WHEREAS, the Federal Water Quality Act of 1987 (the “Federal Act”) established revolving fund program for public wastewater treatment systems to assist in financing the costs of infrastructure needed to achieve or maintain compliance with the Federal Act and to protect the public health and authorized the Environmental Protection Agency (the “EPA”) to administer a revolving loan program operated by the individual states; and

WHEREAS, to fund the state revolving fund program, the EPA will make annual capitalization grants to the states, on the condition that each state provide a state match for such state's revolving fund; and

WHEREAS, by passage of the Kansas Water Pollution Control Revolving Fund Act, K.S.A. 65-3321 through 65-3329, inclusive (the “Loan Act”), the State of Kansas (the “State”) has established the Kansas Water Pollution Control Revolving Fund (the “Revolving Fund”) for purposes of the Federal Act; and

WHEREAS, under the Loan Act, the Secretary of the Kansas Department of Health and Environment (“KDHE”) is given the responsibility for administration and management of the Revolving Fund; and

WHEREAS, the Kansas Development Finance Authority (the “Authority”) and KDHE have entered into a Master Financing Indenture (the “Master Indenture”) pursuant to which KDHE agrees to enter into Loan Agreements with Municipalities for public wastewater treatment projects (the “Projects”) and to pledge the Loan Repayments (as defined in the Master Indenture) received pursuant to such Loan Agreements to the Authority; and

WHEREAS, the Authority is authorized under K.S.A. 74-8905(a) and the Loan Act to issue revenue bonds (the “Bonds”) for the purpose of providing funds to implement the State's requirements under the Federal Act and to loan the same, together with available funds from the EPA capitalization grants, to Municipalities within the State for the payment of Project Costs (as said terms are defined in the Loan Act); and

WHEREAS, the City of Herington, Kansas (the “Municipality”) is a municipality as said term is defined in the Loan Act which operates a wastewater collection and treatment system (the “System”); and

WHEREAS, the System is a public Wastewater Treatment Works, as said term is defined in the Loan Act; and

WHEREAS, the Municipality has, pursuant to the Loan Act, submitted an Application to KDHE to obtain a loan from the Revolving Fund to finance the costs of improvements to its System consisting of the following:

Construction of improvements to the City's existing wastewater treatment facility. The project includes new influent pumps, the addition of an influent grinder, new mechanical bar screen, replacement of the aeration systems in the aeration basin and liquid sludge digester, addition of an entire plant standby generator, replacement of the motor control center and associated electrical components, and the addition of a sludge spreader for land application of dewatered sludge (the "Project"); and

WHEREAS, the Municipality has taken all steps necessary and has complied with the provisions of the Loan Act and the provisions of K.A.R. 28-16-110 to 28-16-138 (the "Regulations") applicable thereto necessary to qualify for the loan; and

WHEREAS, KDHE has informed the Municipality that it has been approved for a loan in amount of not to exceed \$3,614,120 (the "Loan") in order to finance the Project; and

WHEREAS, the governing body of the Municipality hereby finds and determines that it is necessary and desirable to accept the Loan and to enter into a loan agreement and certain other documents relating thereto, and to take certain actions required in order to implement the Loan Agreement.

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

Section 1. Authorization of Loan Agreement. The Municipality is hereby authorized to accept the Loan and to enter into a certain Loan Agreement, with an effective date of February 9, 2026, with the State of Kansas acting by and through the Kansas Department of Health and Environment (the "Loan Agreement") to finance the Project Costs (as defined in the Loan Agreement). The Mayor and Clerk are hereby authorized to execute the Loan Agreement in substantially the form presented to the governing body this date, with such changes or modifications thereto as may be approved by the Mayor and the City Attorney, the Mayor's execution of the Loan Agreement being conclusive evidence of such approval.

Section 2. Establishment of Dedicated Source of Revenue for Repayment of Loan. Pursuant to the Loan Act, the Municipality hereby establishes a dedicated source of revenue for repayment of the Loan. In accordance therewith, the Municipality shall impose and collect such rates, fees and charges for the use and services furnished by or through the System, including all improvements and additions thereto hereafter constructed or acquired by the Municipality as will provide System Revenues or levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce amounts which are sufficient to (a) pay the cost of the operation and maintenance of the

System, (b) pay the principal of and interest on the Loan as and when the same become due, and (c) pay all other amounts due at any time under the Loan Agreement; provided, however, no lien or other security interest is granted by the Municipality to KDHE on the System Revenues under this Agreement. In the event that the System Revenues are insufficient to meet the obligations under the Loan and the Loan Agreement, the Municipality shall levy ad valorem taxes without limitation as to rate or amount upon all the taxable tangible property, real or personal, within the territorial limits of the Municipality to produce the amounts necessary for the prompt payment of the obligations under the Loan and Loan Agreement.

In accordance with the Loan Act, the obligations under the Loan and the Loan Agreement shall not be included within any limitation on the bonded indebtedness of the Municipality.

Section 3. Further Authority. The Mayor, Clerk and other City officials are hereby further authorized and directed to execute any and all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of the Ordinance, and to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 4. Governing Law. The Ordinance and the Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Kansas.

Section 5. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the City and publication in the official City newspaper.

PASSED by the governing body of the City on [Ordinance Date] and [signed][and **APPROVED**] by the Mayor.

(SEAL)

Mayor

ATTEST:

Clerk

[APPROVED AS TO FORM ONLY.]

[City Attorney]

EXHIBIT G

FORM OF OPINION OF MUNICIPALITY'S COUNSEL

[Date]

Kansas Development Finance Authority
Topeka, Kansas

The Kansas Department of Health and
Environment, acting on behalf of
The State of Kansas
Topeka, Kansas

Re: Loan Agreement effective as of February 9, 2026, between the Kansas Department of Health and Environment (“KDHE”), acting on behalf of the State of Kansas (the “State”), and the City of Herington, Kansas (the “Municipality”)

I have acted as counsel to the Municipality in connection with the authorization, execution and delivery of the above referenced Loan Agreement (the “Loan Agreement”). In my capacity as counsel to the Municipality, I have examined original or certified copies of minutes, ordinances of the Municipality and other documents relating to the authorization of the Project, the authorization, execution and delivery of the Loan Agreement, and the establishment of a Dedicated Source of Revenue (as defined in the Loan Agreement) for repayment of the Loan evidenced by the Loan Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Loan Agreement.

In this connection, I have examined the following:

- (a) an executed or certified copy of the Loan Agreement;
- (b) proceedings adopted or taken by the Municipality to authorize and approve the Project to be constructed with the proceeds of the Loan evidenced by the Loan Agreement;
- (c) Ordinance No. _____ of the Municipality (the “Ordinance”) adopted on [Ordinance Date], and other proceedings of the Municipality taken and adopted in connection with the authorization, execution and delivery of the Loan Agreement, and the establishment of a Dedicated Source of Revenue for repayment of the Loan evidenced by the Loan Agreement; and
- (d) such other proceedings, documents and instruments as I have deemed necessary or appropriate to the rendering of the opinions expressed herein.

In this connection, I have reviewed such documents, and have made such investigations of law, as deemed relevant and necessary as the basis for the opinions hereinafter expressed.

Based upon the foregoing, it is my opinion, as of the date hereof, that:

1. The Municipality is a municipal corporation duly created, organized and existing under the laws of the State.
2. The Municipality operates a public Wastewater Treatment Works, as said term is defined in the Loan Act.
3. The Project has been duly authorized by the Municipality.
4. The Municipality has all requisite legal power and authority to, and has been duly authorized under the terms and provisions of the Ordinance to, execute and deliver, and perform its obligations under, the Loan Agreement.
5. The Loan Agreement has been duly authorized, executed and delivered by the Municipality and constitutes a valid and binding agreement of the Municipality enforceable in accordance with its terms, subject as to enforcement of remedies to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights heretofore or hereafter enacted, and subject further to the exercise of judicial discretion in accordance with general principles of equity. In rendering this opinion I have assumed due authorization, execution and delivery of the Loan Agreement by the State, acting by and through KDHE.
6. The Municipality has duly authorized the Dedicated Source of Revenue for repayment of the Loan to be made pursuant to the Loan Agreement.
7. To the best of my knowledge, the execution and delivery of the Loan Agreement by the Municipality will not conflict with or result in a breach of any of the terms of, or constitute a default under, any ordinance, indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Municipality is a party or by which it or any of its property is bound or any of the rules or regulations applicable to the Municipality or its property or of any court or other governmental body.

Very truly yours,

EXHIBIT H

MUNICIPALITY'S NOTICE ADDRESS

Mayor and City Council
Herington City Hall
P.O. Box 31
17 N. Broadway
Herington, KS 67449

**COPY
Not For Execution**

EXHIBIT I

BORROWER SAMPLE ANNUAL COMPLIANCE CHECKLIST (Example – Do Not Complete)

Name of Borrower: City of Herington, Kansas
Number of Borrower Loan financing the Financed Facility: KWPCRF Proj. No. C20 3112 01
Financed Facility and Placed in Service Date: The project will construct improvements to the City’s existing wastewater treatment facility. The project includes new influent pumps, the addition of an influent grinder, new mechanical bar screen, replacement of the aeration systems in the aeration basin and liquid sludge digester, addition of an entire plant standby generator, replacement of the motor control center and associated electrical components, and the addition of a sludge spreader for land application of dewatered sludge. This loan agreement (C20 3112 01) provides funds for planning, administrative, design and construction costs and interest during construction.
Issue Date of Borrower Loan: February 9, 2026
Name of Borrower Bond Compliance Officer:
Period covered by request (“Annual Period”):

Item	Question	Response
1 Project Completion	Has the Project intended to be financed from proceeds of the Borrower Loan been completed?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Please provide the completion date of the Borrower Project, or, if the Borrower Project is not yet complete, the <i>expected</i> completion dates of the Project.	

Item	Question	Response
2 Ownership	Was the Financed Facility owned by the Borrower during the entire Annual Period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “No,” please describe the assets no longer owned and indicate whether KDFA and KDHE were notified and advice or an Opinion of Bond Counsel obtained prior to the transfer. Include a copy of any advice or Opinion of Bond Counsel in your response.	

Item	Question	Response
3 Leases and Other Rights to Possession	During the Annual Period, was any part of the Financed Facility used by any entity other than the Borrower at any time pursuant to a lease or similar agreement for more than 50 days (e.g., has the Borrower entered into an agreement permitting a cell phone tower or advertisement on a Financed Facility)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If the answer above was “Yes”, describe the Financed Facility subject to the lease or similar use agreement and indicate whether KDFA and KDHE were notified and advice or Opinion of Bond Counsel obtained prior to entering into the lease or use agreement. Include a copy of any advice or Opinion of Bond Counsel and a copy of the agreement in your response.	

Item	Question	Response
4 Management or Service Agreements	During the Annual Period, has the Borrower entered into an agreement with another entity to manage the operation of the Financed Facility? (for example, does a private entity operate the System on behalf of the Borrower)	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If the answer above was "Yes", describe the Financed Facility subject to the management or operating agreement and indicate whether KDFA and KDHE were notified and advice or Opinion of Bond Counsel obtained prior to entering into the management or operating agreement. Include a copy of any advice or Opinion of Bond Counsel and a copy of the agreement in your response.	

Item	Question	Response
5 Other Use	During the Annual Period, was any agreement entered into with an individual or entity that grants special legal rights to the Financed Facility (e.g., has the Borrower entered into a take or pay contract or similar agreement related to output from the Financed Facility)?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If the answer above was "Yes", describe the Financed Facility subject to the agreement and indicate whether KDFA and KDHE were notified and advice or Opinion of Bond Counsel obtained prior to entering into the agreement. Include a copy of any advice or Opinion of Bond Counsel and a copy of the agreement in your response.	

Borrower Authorized Representative (Print Name): _____

Borrower Authorized Representative (Signature): _____

Date: _____

Not For Execution

Uniform Program to Incentivize Commercial Cultivation (UPTICC) Grant

PERSONAL GUARANTEE

The undersigned is an applicant with the Uniform program to Incentivize Commercial Cultivation (UPTICC) Grant with the City of Herington for a business located at

906 Industrial Road, Herington, Kansas, and located within the City of Herington.

As an inducement for the City of Herington to accept the Applicant's application for the UPTICC Grant, the undersigned hereby agrees to be personally responsible for re-payment of any grant monies awarded by the City of Herington to the Applicant should the Applicant fail to live up to the compliance terms established by the City of Herington's UPTICC Grant.

A photographic or facsimile copy of this Personal Guarantee Form shall be as valid as the original.

EXECUTION SECTION

This guarantee is executed on this 27 day of January, 2026.

Name: Jessica Gernhard Signature: [Handwritten Signature]

SS#: 50 783280

Street Address: 38 Hillcrest Dr

City, State, Zip: Marion KS 66860

Phone: 670 382 5451 Email: dr-jesse@shcglobal.net

NOTARY SECTION

State of Kansas County of Marion

This instrument was acknowledged before me on Jan. 27, 2026

By Jessica Gernhard

[Handwritten Signature: Traci A. Helmer]

Signature - Notary Public



(SEAL)

My Appointment Expires: 3/8/28



Uniform Program to Incentivize Commercial Cultivation Grant (UPTICC)

The City of Herington (City) hereby establishes the Uniform Program to Incentivize Commercial Cultivation (UPTICC) Grant Program to support business development in the City of Herington, KS. Funds for the program will be provided by the City for a 3-year program for 2024, 2025 and 2026. If successful, it will automatically renew for another 3-year period.

The purpose of the UPTICC program is to assist businesses through grants that will support improvements that help with the launch of a new business inside the City limits or help combat storefront blight. The City recognizes the value of the businesses located in Herington and the impact they have on the community. Grants under the UPTICC program will be provided to those projects that have the greatest value and preference will be given to currently operating or start-up businesses as well as projects that show personal financial investment from the applicant. Vacant and blighted buildings will be given priority for funding. City Staff have the authority to recommend or adjust project needs. Meaning, if there are code violations on the property, staff can recommend dollars be utilized to address these outstanding issues before other business needs.

Applicant Eligibility

1. Existing or new business (*buildings which are in violation of code or considered dangerous structures will be given preference. The City will be allowed to conduct a building inspection on said building before a grant award is considered*)
2. Property owner, lessor, or lessee of properties
3. Located within the City of Herington city limits
4. The business location must be primarily for business purposes only. Residential apartments or homes do not qualify
5. Business must be current on all taxes and City utility services. Business owners must also be current on City Utilities.
6. The business will only be eligible for a maximum of \$5,000 every 3-years. This can be broken into numerous grants. For example, if a business is only awarded \$2,500 one year, they would be eligible and prioritized for an additional \$2,500 the following year. If the full \$5,000 is awarded initially, a business is **NOT** eligible for another grant for a 3-year (36 month) window.
7. Previous grant winners from 2021-2023 can be eligible again, only after 3 years from the previous date of award. Only 2021 winners will be eligible in 2024, 2022 winners in 2025 and 2023 winners in 2026.
8. Other applicants will be awarded grants on a first-come, first serve basis. Meaning, applications will be awarded as they come. If all money has been awarded, no further grant applications will be accepted until the following year.

Approved January 2024

Use of Grant Funds

- 1) Facility/façade improvement
- 2) Renovation/remodel costs
- 3) Acquisition of machinery and/or equipment
- 4) Acquisition of inventory for business
- 5) Business start-up costs (requires pre-approval from City)

Prohibited use of Grant Funds

- 1) Purchase of real estate or land
- 2) Paying off or refinancing debt
- 3) Working or reserve capital
- 4) Salaries or payroll expenses
- 5) Payment of any taxes or utilities
- 6) Demolition

Application Requirements/Process

1. The application must be submitted to City at least 30 days before the start of the project
2. City staff will assist the applicant as needed
3. Applicant must provide evidence that all taxes are current
4. The applicant must provide details of the project and the use of funds, including a summary of total investment. Preference will be given to applications that show matching or concurrent funds being expended by the property owner or business.
5. Funded project must begin no more than 30 days from award of funds and must be completed within 90 days of the award unless prior extension approval is given by the City
6. Facility improvements must be made under the City's Code of Ordinances.
7. Applicant must agree to participate in media coverage and promotion of the program

Award Process

1. Applications will be reviewed, evaluated by, and approved the City Manager and City Clerk within 30 days of the application
2. All grants will be presented in front of the City Commission for follow-up
3. Award decisions are final and not eligible for appeal. However, awardees can adjust and reapply the next year.

Compliance

1. City staff will follow up with award recipient to ensure that funds are used for the defined purpose and that all program requirements are met
2. The recipient will provide all documentation required under the program, including receipts, invoices, and financial documentation
3. All facility improvement and signage projects require inspection/approval by City Staff including the City inspector
4. All proceeds from the UPTICC program must be used in the manner outlined on the application within the timeline specified
5. Business must remain in operation in the location specified in the application for a minimum of one (1) year from the date of the award
6. Any funds not spent as approved, in the time designated, will be repaid to the City within 30 days of ending project date

7. Any recipient who fails to meet these compliance requirements will be required to repay the grant amount in full to the City (approved applicants sign personal guarantees)

Funding

1. The City will provide \$20,000.00 per year for grants and operation of the UPTICC program. Commission may authorize additional grant funding during the year from the Special Projects budget if a formal vote is made to do so.
2. The minimum grant amount per recipient will be \$1,000.00
3. The maximum grant amount per recipient will be \$5,000.00
4. The total number of grants awarded per year will be determined based on the availability of funds budgeted for the program and the total number of eligible applications. The availability of grant funds is subject to change based on Commission directives.

The City of Herington's Uniform Program to Incentivize Commercial Cultivation (UPTICC) Grant is available to all eligible business applicants regardless of race, age, gender, religious or sexual orientation. Awards will be based on the value of the investment to the business and the City, the ability of the applicant to move forward with the proposed project promptly, the ability of the applicant to repay the funds to the City in the event of noncompliance, and the availability of funds.

City of Herington UPTICC Grant Application

Business name: _____
Address: _____ City: _____ State: _____ Zip: _____
Website: _____
Ownership: Private _____ Public _____
Business Structure (Proprietorship, Partnership, Corporation): _____
Year business was established: _____
Amount of grant funds requested: _____

1. Why are grant funds necessary for the project to succeed financially?
2. Describe the activity to be undertaken, the facility's use, and the product or service produced.
3. Classification of business
4. Schedule: Start Date _____ Completion Date _____
5. Does/will the applicant own or lease the project's property?
If leased, indicate the landlord/owner

If leased, indicate the lease term
6. Current workforce: Full-time _____ Part-time _____ Seasonal _____
7. Has the business previously received an incentive from the City of Herington?
8. Does the business meet all building qualifications and eligibility guidelines?
9. How much money/assets/time will be personally invested in the business or approved the project in addition to the grant amount awarded?
10. Is the business current on all taxes and city utilities?

Sign and Date _____

Approved or declined _____

Uniform Program to Incentivize Commercial Cultivation (UPTICC) Grant

PERSONAL GUARANTEE

The undersigned is an applicant with the Uniform program to Incentivize Commercial Cultivation (UPTICC) Grant with the City of Herington for a business located at _____, Herington, Kansas, and located within the City of Herington.

As an inducement for the City of Herington to accept the Applicant’s application for the UPTICC Grant, the undersigned hereby agrees to be personally responsible for re-payment of any grant monies awarded by the City of Herington to the Applicant should the Applicant fail to live up to the compliance terms established by the City of Herington’s UPTICC Grant.

A photographic or facsimile copy of this Personal Guarantee Form shall be as valid as the original.

EXECUTION SECTION

This guarantee is executed on this _____ day of _____, 20____.

Name: _____ Signature: _____

SS#: _____

Street Address: _____

City, State, Zip: _____

Phone: _____ Email: _____

NOTARY SECTION

State of _____ County of _____

This instrument was acknowledged before me on _____, by

_____.

Signature – Notary Public

(SEAL)

My Appointment Expires: _____

City of Herington UPTICC Grant Application

Business name: Animal Health Center of Marion Co. Inc. dba Tri-County Veterinary Center

Address: 906 Industrial Street

City: Herington State: Kansas Zip: 67449

Website: TriCountyVC.com

Ownership: Private xx Public no

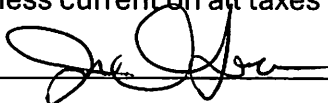
Business Structure (Proprietorship, Partnership, Corporation): S-Corp

Year business was established: 2006

Amount of grant funds requested: \$5,000

1. Why are grant funds necessary for the project to succeed financially? Our margins are very close, and these funds will help the clinic to cashflow the project
2. Describe the activity to be undertaken, the facility's use, and the product or service produced. Tri-County Veterinary Center is a full service veterinary hospital and boarding facility. We will add three rooms, including a surgery room, a dedicated cat room and a treatment room. We will improve the size of both the reception area and the exam rooms.
3. Classification of business veterinary
4. Schedule: Start Date 3/1/2026 Completion Date 5/1/2026
5. Does/will the applicant own or lease the project's property? If leased, indicate the landlord/owner yes, Dr Jessica Gernhard owns the property, Tri-County Veterinary Center is the tenant, and the tenant will pay for the improvements to the facility. It's an automatic renewable 99 year lease
If leased, indicate the lease term
6. Current workforce: Full-time 4 Part-time 3 Seasonal 0
7. Has the business previously received an incentive from the City of Herington? no
8. Does the business meet all building qualifications and eligibility guidelines? yes
9. How much money/assets/time will be personally invested in the business or approved the project in addition to the grant amount awarded? \$180,000
10. Is the business current on all taxes and city utilities? yes

Sign and Date



4/27/2026