OSAWATOMIE CITY COUNCIL

WORK SESSION / MEETING AGENDA
Thursday, August 28, 2008
7:00 p.m., Memorial Hall

WORK SESSION

1. Discuss RWD #3 Becoming Water Provider to city of Fontana
2. Water Rate Analysis Presentation/Review
3. Discuss Number of Council Meetings Per Month
4. Options for Financing Additional Street Work

REGULAR MEETING – **7:30 p.m.**

A. Call to Order

B. Roll Call

C. Approval of Agenda
   1. Additional Lease Agreement – SRS Parking Lot
   2. Executive Session – Consultation with City Attorney which would be deemed privileged in the attorney-client relationship
   3. *Executive session – Personnel matter of non-elected personnel (City Manager annual evaluation)*

D. Adjournment of Regular Meeting

CITY OF OSAWATOMIE
439 Main Street
P.O. Box 37
Osawatomie, Kansas 66064
913-755-2146
FAX: 913-755-4164

To: Mayor & City Council of Osawatomie

From: Bret Glendening; City Manager

Re: RWD #3 Request to Serve City of Fontana with Water

Date: August 28, 2008

The City of Osawatomie's contract with RWD #3 stipulates under Paragraph 3 – Restriction of Number of Users and Service by Water District that:

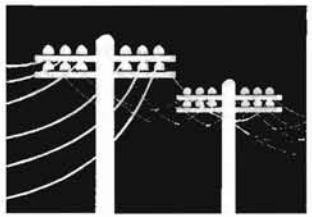
> *"The water district shall not, without first having obtained the written permission of the City: (B) – Serve any one customer by a water meter larger than one inch (1")."*

Without going into great detail, Rural Water District # 3 has been asked to serve as a "secondary source" of water for the City of Fontana. The concept would be that at an as yet to be constructed connection to Fontana's water system, a meter would be set to determine Fontana's water usage from RWD # 3.

Our contract with the water district also limits the number of gallons they can purchase at 125,000,000 per year. In reviewing their usage over the past 12 months, RWD # 3 has averaged 61, 835 gallons per month. A high of 74,500 gallons and a low of 49,000 gallons per month of actual usage is used to calculate this average. Over the course of the year, the water district utilized approximately 742,020 gallons.

The City of Fontana, based on the last water report we received from the State of Kansas indicates their average usage per capita, per day is 80. Multiplying this figure by their estimated population of 214 gives them an estimated usage of 17,120 gallons per day, or 6,248,800 gallons per year.

Our water plant has a maximum production capability of approximately 2.2 million gallons per day. We are currently producing on average, 800,000 gpd in the winter and 1,000,000 gpd in the summer.

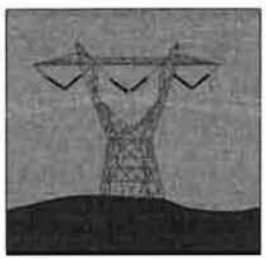


CITY OF OSAWATOMIE

OSAWATOMIE WATER FUND

FINANCIAL FORECASTING MODEL

10 Year Forecast



MAXIMUS

ASSUMPTIONS - SALES

Manual input cell	Growth Forecast Year 1 2010	Growth Forecast Year 2 2011	Growth Forecast Year 3 2012	Growth Forecast Year 4 2013	Growth Forecast Year 5 2014	Growth Forecast Year 6 2015	Growth Forecast Year 7 2016	Growth Forecast Year 8 2017	Growth Forecast Year 9 2018	Growth Forecast Year 10 2019
Assumptions Regarding-										
Water Utility Revenues:										
Water Sales	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Bulk Water Sales	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
New Utility Services	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
New Item										

CHARGES TO CUSTOMERS

Manual input cell No input required	Actuals 2007	Budget 2009	Forecast Year 1 2010	Forecast Year 2 2011	Forecast Year 3 2012	Forecast Year 4 2013	Forecast Year 5 2014	Forecast Year 6 2015	Forecast Year 7 2016	Forecast Year 8 2017	Forecast Year 9 2018	Forecast Year 10 2019
Charges to Customers:												
Water Sales	$758,249	$840,000	$856,800	$873,936	$891,415	$909,243	$927,428	$945,976	$964,896	$984,194	$1,003,878	$1,023,955
Bulk Water Sales	18,192	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902	24,380
New Utility Services	1,500	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757	1,793	1,828
New Item	(2)	0	0	0	0	0	0	0	0	0	0	0
Total Charges to Cust.	777,939	861,500	878,730	896,305	914,231	932,515	951,166	970,189	989,593	1,009,385	1,029,572	1,050,164

MISCELLANEOUS CASH RECEIPTS

Manual input cell No input required	Actuals 2007	Budget 2009	Forecast Year 1 2010	Forecast Year 2 2011	Forecast Year 3 2012	Forecast Year 4 2013	Forecast Year 5 2014	Forecast Year 6 2015	Forecast Year 7 2016	Forecast Year 8 2017	Forecast Year 9 2018	Forecast Year 10 2019
Miscellaneous:												
Misc. Revenue	2,565	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Reimbursed Expense	10,833	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Water Protection Tax	3,938	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
New Item	361	0	0	0	0	0	0	0	0	0	0	0
Total Misc. Cash Receipts	17,697	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000

EXPENDITURES AND TRANSFERS

Manual input cell No input required	Actuals 2007	Budget 2009	Forecast Year 1 2010	Forecast Year 2 2011	Forecast Year 3 2012	Forecast Year 4 2013	Forecast Year 5 2014	Forecast Year 6 2015	Forecast Year 7 2016	Forecast Year 8 2017	Forecast Year 9 2018	Forecast Year 10 2019
Expenditures and Transfers:												
Water Administration-												
4% Total Personnel Services	114	0	0	0	0	0	0	0	0	0	0	0
4% Total Contractual Services	16,915	30,700	31,928	33,205	34,533	35,915	37,351	38,845	40,399	42,015	43,696	45,443
4% Total Commodities	2,258	2,400	2,496	2,596	2,700	2,808	2,920	3,037	3,158	3,285	3,416	3,553
Total Capital Outlay	0	0	0	0	0	0	0	0	0	0	0	0
Total Debt Service	64,983	67,186	67,186	67,186	67,186	67,186	67,186	67,186	67,186	67,186	67,186	67,186
4% Total Other Expenses	16,748	59,000	61,360	63,814	66,367	69,022	71,783	74,654	77,640	80,746	83,975	87,334
Aerial Comm. Tower Lease	(10,260)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
4% new item	361		0	0	0	0	0	0	0	0	0	0
Administration	91,119	144,286	147,970	151,801	155,786	159,930	164,240	168,722	173,383	178,231	183,273	188,516
Water Treatment-												
4% Total Personnel Services	231,792	160,266	166,677	173,344	180,277	187,489	194,988	202,788	210,899	219,335	228,108	237,233
4% Total Contractual Services	58,647	71,750	74,620	77,605	80,709	83,937	87,295	90,787	94,418	98,195	102,123	106,208
4% Total Commodities	129,049	226,950	236,028	245,469	255,288	265,499	276,119	287,164	298,651	310,597	323,021	335,941
Total Capital Outlay	13,250	10,000	0	0	0	0	0	0	0	0	0	0
4% new item			0	0	0	0	0	0	0	0	0	0
Treatment	432,738	468,966	477,325	496,418	516,274	536,925	558,402	580,738	603,968	628,127	653,252	679,382
Water Distribution-												
4% Total Personnel Services	89,438	77,852	80,966	84,205	87,573	91,076	94,719	98,508	102,448	106,546	110,808	115,240
4% Total Contractual Services	41,226	56,600	58,864	61,219	63,667	66,214	68,863	71,617	74,482	77,461	80,559	83,782
4% Total Commodities	44,279	44,750	46,540	48,402	50,338	52,351	54,445	56,623	58,888	61,243	63,693	66,241
Total Capital Outlay	59,217	0	0	0	0	0	0	0	0	0	0	0
4% new item	(2)		0	0	0	0	0	0	0	0	0	0
Distribution	234,158	179,202	186,370	193,825	201,578	209,641	218,027	226,748	235,818	245,250	255,060	265,263
Transfer Out-												
Transfer to General Fund	29,830	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
new item			0	0	0	0	0	0	0	0	0	0
Transfer Out	29,830	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total Expenditures & Transfers	787,845	837,454	856,665	887,044	918,638	951,496	985,669	1,021,208	1,058,169	1,096,608	1,136,585	1,178,161

CITY OF OSAWATOMIE, KANSAS
WATER FUND
Statement of Cash Receipts and Expenditures
Year Ended December 31,

Item	Actuals 2007	Estimated Budget 2009	Forecast Year 1 2010	Forecast Year 2 2011	Forecast Year 3 2012	Forecast Year 4 2013	Forecast Year 5 2014	Forecast Year 6 2015	Forecast Year 7 2016	Forecast Year 8 2017	Forecast Year 9 2018	Forecast Year 10 2019
Cash Receipts:												
Water Sales	$758,249	$840,000	$856,800	$873,936	$891,415	$909,243	$927,428	$945,976	$964,896	$984,194	$1,003,878	$1,023,955
Bulk Water Sales	18,192	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902	24,380
New Utility Services	1,500	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757	1,793	1,828
New Item	(2)	0	0	0	0	0	0	0	0	0	0	0
Total Charges to Cust.	777,939	861,500	878,730	896,305	914,231	932,515	951,166	970,189	989,593	1,009,385	1,029,572	1,050,164
Total Misc. Cash Receipts	17,697	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Total Cash Receipts	795,636	875,500	892,730	910,305	928,231	946,515	965,166	984,189	1,003,593	1,023,385	1,043,572	1,064,164
Expenditures & Transfers:												
Administration	91,119	144,286	147,970	151,801	155,786	159,930	164,240	168,722	173,383	178,231	183,273	188,516
Treatment	432,738	468,966	477,325	496,418	516,274	536,925	558,402	580,738	603,968	628,127	653,252	679,382
Distribution	234,158	179,202	186,370	193,825	201,578	209,641	218,027	226,748	235,818	245,250	255,060	265,263
Transfer Out	29,830	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total Expenditures & Transfers	787,845	837,454	856,665	887,044	918,638	951,496	985,669	1,021,208	1,058,169	1,096,608	1,136,585	1,178,161
Receipts Over (Under) Expenditures	7,791	38,046	36,065	23,261	9,593	(4,981)	(20,503)	(37,019)	(54,576)	(73,224)	(93,013)	(113,997)
Unencumbered Cash, Beginning	24,326	59,422	97,468	133,533	156,794	166,387	161,406	140,902	103,883	49,307	(23,916)	(116,929)
Unencumbered Cash, Ending	$ 32,117	$ 97,468	$ 133,533	$ 156,794	$ 166,387	$ 161,406	$ 140,902	$ 103,883	$ 49,307	$ (23,916)	$ (116,929)	$ (230,927)

Rate Increase to Maintain Fund Balance at Desired Level of Operating Expenditures-										
Desired Target Level Fund Balance (% of Total Oper Exp/Ded)	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
Dollar Amount of Target Fund Balance	$ 145,633	$ 150,797	$ 156,168	$ 161,754	$ 167,564	$ 173,605	$ 179,889	$ 186,423	$ 193,219	$ 200,287
Unencumbered Cash, Ending Forecast (from above)	$ 133,533	$ 156,794	$ 166,387	$ 161,406	$ 140,902	$ 103,883	$ 49,307	$ (23,916)	$ (116,929)	$ (230,927)
Unencumbered Cash, Ending Shortage or (Excess)	$ 12,100	$ (5,997)	$ (10,218)	$ 349	$ 26,661	$ 69,722	$ 130,581	$ 210,340	$ 310,149	$ 431,214
Rate Increase Required	1.38%	-0.67%	-1.12%	0.04%	2.80%	7.19%	13.20%	20.84%	30.12%	41.06%

CITY OF OSAWATOMIE, KANSAS
WATER FUND
Statement of Cash Receipts and Expenditures
Year Ended December 31,

Item	Actuals 2007	Estimated Budget 2009	Forecast Year 1 2010	Forecast Year 2 2011	Forecast Year 3 2012	Forecast Year 4 2013	Forecast Year 5 2014	Forecast Year 6 2015	Forecast Year 7 2016	Forecast Year 8 2017	Forecast Year 9 2018	Forecast Year 10 2019
Cash Receipts:												
Water Sales	$758,249	$840,000	$856,800	$873,936	$891,415	$909,243	$927,428	$945,976	$964,896	$984,194	$1,003,878	$1,023,955
Bulk Water Sales	18,192	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902	24,380
New Utility Services	1,500	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757	1,793	1,828
New Item	(2)	0	0	0	0	0	0	0	0	0	0	0
Total Charges to Cust.	777,939	861,500	878,730	896,305	914,231	932,515	951,166	970,189	989,593	1,009,385	1,029,572	1,050,164
Total Misc. Cash Receipts	17,697	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Total Cash Receipts	795,636	875,500	892,730	910,305	928,231	946,515	965,166	984,189	1,003,593	1,023,385	1,043,572	1,064,164
Expenditures & Transfers:												
Administration	91,119	144,286	147,970	151,801	155,786	159,930	164,240	168,722	173,383	178,231	183,273	188,516
Treatment	432,738	468,966	477,325	496,418	516,274	536,925	558,402	580,738	603,968	628,127	653,252	679,382
Distribution	234,158	179,202	186,370	193,825	201,578	209,641	218,027	226,748	235,818	245,250	255,060	265,263
Transfer Out	29,830	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Pay As You Go Capital Plan	-	-	263,000	105,500	110,000	269,000	-	-	-	-	-	-
Total Expenditures & Transfers	787,845	837,454	1,119,665	992,544	1,028,638	1,220,496	985,669	1,021,208	1,058,169	1,096,608	1,136,585	1,178,161
Receipts Over (Under) Expenditures	7,791	38,046	(226,935)	(82,239)	(100,407)	(273,981)	(20,503)	(37,019)	(54,576)	(73,224)	(93,013)	(113,997)
Unencumbered Cash, Beginning	24,326	59,422	97,468	(129,467)	(211,706)	(312,113)	(586,094)	(606,598)	(643,617)	(698,193)	(771,416)	(864,429)
Unencumbered Cash, Ending	$ 32,117	$ 97,468	$ (129,467)	$ (211,706)	$ (312,113)	$ (586,094)	$ (606,598)	$ (643,617)	$ (698,193)	$ (771,416)	$ (864,429)	$ (978,427)

Rate Increase to Maintain Fund Balance at Desired Level of Operating Expenditures-											
Desired Target Level Fund Balance (% of Total Oper Exp/Ded)	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
Dollar Amount of Target Fund Balance	$ 190,343	$ 168,732	$ 174,868	$ 207,484	$ 167,564	$ 173,605	$ 179,889	$ 186,423	$ 193,219	$ 200,287
Unencumbered Cash, Ending Forecast (from above)	$ (129,467)	$ (211,706)	$ (312,113)	$ (586,094)	$ (606,598)	$ (643,617)	$ (698,193)	$ (771,416)	$ (864,429)	$ (978,427)
Unencumbered Cash, Ending Shortage or (Excess)	$ 319,810	$ 380,438	$ 486,982	$ 793,579	$ 774,161	$ 817,222	$ 878,081	$ 957,840	$ 1,057,649	$ 1,178,714
Rate Increase Required	36.39%	42.45%	53.27%	85.10%	81.39%	84.23%	88.73%	94.89%	102.73%	112.24%

CITY OF OSAWATOMIE, KANSAS
WATER FUND
Statement of Cash Receipts and Expenditures
Year Ended December 31,

Item	Actuals 2007	Estimated Budget 2009	Forecast Year 1 2010	Forecast Year 2 2011	Forecast Year 3 2012	Forecast Year 4 2013	Forecast Year 5 2014	Forecast Year 6 2015	Forecast Year 7 2016	Forecast Year 8 2017	Forecast Year 9 2018	Forecast Year 10 2019
Cash Receipts:												
Water Sales	$758,249	$840,000	$856,800	$873,936	$891,415	$909,243	$927,428	$945,976	$964,896	$984,194	$1,003,878	$1,023,955
Bulk Water Sales	18,192	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	23,902	24,380
New Utility Services	1,500	1,500	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757	1,793	1,828
New Item	(2)	0	0	0	0	0	0	0	0	0	0	0
Total Charges to Cust.	777,939	861,500	878,730	896,305	914,231	932,515	951,166	970,189	989,593	1,009,385	1,029,572	1,050,164
Total Misc. Cash Receipts	17,697	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Total Cash Receipts	795,636	875,500	892,730	910,305	928,231	946,515	965,166	984,189	1,003,593	1,023,385	1,043,572	1,064,164
Expenditures & Transfers:												
Administration	91,119	144,286	147,970	151,801	155,786	159,930	164,240	168,722	173,383	178,231	183,273	188,516
Treatment	432,738	468,966	477,325	496,418	516,274	536,925	558,402	580,738	603,968	628,127	653,252	679,382
Distribution	234,158	179,202	186,370	193,825	201,578	209,641	218,027	226,748	235,818	245,250	255,060	265,263
Transfer Out	29,830	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
New Debt Service Plan	-	-	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Total Expenditures & Transfers	787,845	837,454	916,665	947,044	978,638	1,011,496	1,045,669	1,081,208	1,118,169	1,156,608	1,196,585	1,238,161
Receipts Over (Under) Expenditures	7,791	38,046	(23,935)	(36,739)	(50,407)	(64,981)	(80,503)	(97,019)	(114,576)	(133,224)	(153,013)	(173,997)
Unencumbered Cash, Beginning	24,326	59,422	97,468	73,533	36,794	(13,613)	(78,594)	(159,098)	(256,117)	(370,693)	(503,916)	(656,929)
Unencumbered Cash, Ending	$ 32,117	$ 97,468	$ 73,533	$ 36,794	$ (13,613)	$ (78,594)	$ (159,098)	$ (256,117)	$ (370,693)	$ (503,916)	$ (656,929)	$ (830,927)

Rate Increase to Maintain Fund Balance at Desired Level of Operating Expenditures-											
Desired Target Level Fund Balance (% of Total Oper Exp/Ded)	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
Dollar Amount of Target Fund Balance	$ 155,833	$ 160,997	$ 166,368	$ 171,954	$ 177,764	$ 183,805	$ 190,089	$ 196,623	$ 203,419	$ 210,487
Unencumbered Cash, Ending Forecast (from above)	$ 73,533	$ 36,794	$ (13,613)	$ (78,594)	$ (159,098)	$ (256,117)	$ (370,693)	$ (503,916)	$ (656,929)	$ (830,927)
Unencumbered Cash, Ending Shortage or (Excess)	$ 82,300	$ 124,203	$ 179,982	$ 250,549	$ 336,861	$ 439,922	$ 560,781	$ 700,540	$ 860,349	$ 1,041,414
Rate Increase Required	9.37%	13.86%	19.69%	26.87%	35.42%	45.34%	56.67%	69.40%	83.56%	99.17%

CITY OF OSAWATOMIE
439 Main Street
P.O. Box 37
Osawatomie, Kansas 66064
913-755-2146
FAX: 913-755-4164

To: Mayor and City Council of Osawatomie

From: Bret Glendening; City Manager

Re: Financing Options for Additional Street Work

Date: August 28, 2008

In 2005, the city's financial advisor made a presentation to the city council that showed a mill levy increase of 5.7 in order to issue $2.5 million dollars in street improvement bonds. This 5.7 mill increase assumed nominal increases in valuation.

Attached to this memo are 6 options for financing the six additional blocks of work if we were to issue bonds. The city's 2008 and 2009 mill levies for the bond and interest fund are shown at near the top of the spreadsheet. I will discuss the spreadsheet in greater detail at the August 28 council meeting. However, as you can see, the mill increase is no where near the 5.7 mills once estimated.

Bond Structuring Options (with 2% Assessed Valuation Growth)

City of Osawatomie, Kansas
Street Projects

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Option 3: Wrap Around Payments 3

$2,440,000 Bond Issue:

Option 4: Level Payments 4
Option 5: Reduce Payment in 2010 5
Option 6: Wrap Around Payments 6

Option 1: $2,140,000 Bond Issue - Level Payments
City of Osawatomie, Kansas

Mill Levy Projections - Bond & Interest Fund

Budget Year	Tax Roll Assessed Valuation	Bond Payments: Existing Bonds	Estimated Series 2008A Bonds: Principal	Rate	Interest	Total	Budget Total	Other Expenses (Revenues): Neighborhood Revitalization	Assessments	Motor Vehicles	Change in Reserve	Total	Net Amount to Levy	Estimated Mill Levy
2007	20,181,712	151,950					151,950	4,000	(23,025)	(17,122)	14,998	(21,149)	130,801	6.481
2008	20,628,151	91,373					91,373	4,000	-	(17,068)	16,103	3,035	94,408	4.577
2009	24,676,981	93,320	75,000	4.75	93,179	168,179	261,499	4,000	-	(11,812)	(89,457)	(97,269)	164,230	6.655
2010	25,170,521	70,055	70,000	4.75	98,088	168,088	238,143	4,000	-	(19,708)		(15,708)	222,435	8.837
2011	25,673,931	42,630	75,000	4.75	94,763	169,763	212,393	4,000	-	(26,692)		(22,692)	189,700	7.389
2012	26,187,410	41,505	75,000	4.75	91,200	166,200	207,705	4,000	-	(22,764)		(18,764)	188,941	7.215
2013	26,711,158	45,245	80,000	4.75	87,638	167,638	212,883	4,000	-	(22,673)		(18,673)	194,210	7.271
2014	27,245,381	43,775	85,000	4.75	83,838	168,838	212,613	4,000	-	(23,305)		(19,305)	193,307	7.095
2015	27,790,289	47,305	90,000	4.75	79,800	169,800	217,105	4,000	-	(23,197)		(19,197)	197,908	7.121
2016	28,346,094	45,625	90,000	4.75	75,525	165,525	211,150	4,000	-	(23,749)		(19,749)	191,401	6.752
2017	28,913,016	43,825	95,000	4.75	71,250	166,250	210,075	4,000	-	(22,968)		(18,968)	191,107	6.610
2018	29,491,277	47,025	100,000	4.75	66,738	166,738	213,763	4,000	-	(22,933)		(18,933)	194,830	6.606
2019	30,081,102	-	105,000	4.75	61,988	166,988	166,988	4,000	-	(23,380)		(19,380)	147,608	4.907
2020	30,682,724	-	110,000	4.75	57,000	167,000	167,000	4,000	-	(17,713)		(13,713)	153,287	4.996
2021	31,296,379	-	115,000	4.75	51,775	166,775	166,775	4,000	-	(18,394)		(14,394)	152,381	4.869
2022	31,922,306	-	120,000	4.75	46,313	166,313	166,313	4,000	-	(18,286)		(14,286)	152,027	4.762
2023	32,560,752	-	125,000	4.75	40,613	165,613	165,613	4,000	-	(18,243)		(14,243)	151,369	4.649
2024	33,211,967	-	135,000	4.75	34,675	169,675	169,675	4,000	-	(18,164)		(14,164)	155,511	4.682
2025	33,876,207	-	140,000	4.75	28,263	168,263	168,263	4,000	-	(18,661)		(14,661)	153,601	4.534
2026	34,553,731	-	145,000	4.75	21,613	166,613	166,613	4,000	-	(18,432)		(14,432)	152,180	4.404
2027	35,244,806	-	150,000	4.75	14,725	164,725	164,725	4,000	-	(18,262)		(14,262)	150,463	4.269
2028	35,949,702	-	160,000	4.75	7,600	167,600	167,600	4,000	-	(18,056)		(14,056)	153,544	4.271
Total		763,633	2,140,000		1,206,579	3,346,579	4,110,212	88,000	(23,025)	(441,582)	(58,356)	(434,963)	3,675,249	

Assessed Valuation Growth Rate: 2.00%

Prepared by George K. Baum & Company

08/18/08

Option 2: $2,140,000 Bond Issue - Reduce Payment in 2010
City of Osawatomie, Kansas

Mill Levy Projections - Bond & Interest Fund

Budget Year	Tax Roll Assessed Valuation	Bond Payments: Existing Bonds	Estimated Series 2008A Bonds: Principal	Rate	Interest	Total	Budget Total	Other Expenses (Revenues): Neighborhood Revitalization	Assessments	Motor Vehicles	Change in Reserve	Total	Net Amount to Levy	Estimated Mill Levy
2007	20,181,712	151,950					151,950	4,000	(23,025)	(17,122)	14,998	(21,149)	130,801	6.481
2008	20,628,151	91,373					91,373	4,000	-	(17,068)	16,103	3,035	94,408	4.577
2009	24,676,981	93,320	75,000	4.75	93,179	168,179	261,499	4,000	-	(11,812)	(89,457)	(97,269)	164,230	6.655
2010	25,170,521	70,055	40,000	4.75	98,088	138,088	208,143	4,000	-	(19,708)		(15,708)	192,435	7.645
2011	25,673,931	42,630	75,000	4.75	96,188	171,188	213,818	4,000	-	(23,092)		(19,092)	194,725	7.585
2012	26,187,410	41,505	80,000	4.75	92,625	172,625	214,130	4,000	-	(23,367)		(19,367)	194,763	7.437
2013	26,711,158	45,245	80,000	4.75	88,825	168,825	214,070	4,000	-	(23,372)		(19,372)	194,698	7.289
2014	27,245,381	43,775	85,000	4.75	85,025	170,025	213,800	4,000	-	(23,364)		(19,364)	194,436	7.136
2015	27,790,289	47,305	90,000	4.75	80,988	170,988	218,293	4,000	-	(23,332)		(19,332)	198,960	7.159
2016	28,346,094	45,625	95,000	4.75	76,713	171,713	217,338	4,000	-	(23,875)		(19,875)	197,462	6.966
2017	28,913,016	43,825	100,000	4.75	72,200	172,200	216,025	4,000	-	(23,695)		(19,695)	196,330	6.790
2018	29,491,277	47,025	100,000	4.75	67,450	167,450	214,475	4,000	-	(23,560)		(19,560)	194,915	6.609
2019	30,081,102	-	105,000	4.75	62,700	167,700	167,700	4,000	-	(23,390)		(19,390)	148,310	4.930
2020	30,682,724	-	110,000	4.75	57,713	167,713	167,713	4,000	-	(17,797)		(13,797)	153,915	5.016
2021	31,296,379	-	115,000	4.75	52,488	167,488	167,488	4,000	-	(18,470)		(14,470)	153,018	4.889
2022	31,922,306	-	120,000	4.75	47,025	167,025	167,025	4,000	-	(18,362)		(14,362)	152,663	4.782
2023	32,560,752	-	130,000	4.75	41,325	171,325	171,325	4,000	-	(18,320)		(14,320)	157,005	4.822
2024	33,211,967	-	135,000	4.75	35,150	170,150	170,150	4,000	-	(18,841)		(14,841)	155,309	4.676
2025	33,876,207	-	140,000	4.75	28,738	168,738	168,738	4,000	-	(18,637)		(14,637)	154,100	4.549
2026	34,553,731	-	150,000	4.75	22,088	172,088	172,088	4,000	-	(18,492)		(14,492)	157,595	4.561
2027	35,244,806	-	155,000	4.75	14,963	169,963	169,963	4,000	-	(18,911)		(14,911)	155,051	4.399
2028	35,949,702	-	160,000	4.75	7,600	167,600	167,600	4,000	-	(18,606)		(14,606)	152,994	4.256
Total		763,633	2,140,000		1,221,067	3,361,067	4,124,699	88,000	(23,025)	(443,193)	(58,356)	(436,574)	3,688,125	

Assessed Valuation Growth Rate: 2.00%

Prepared by George K. Baum & Company 08/18/08

Option 3: $2,140,000 Bond Issue - Wrap Around Payments
City of Osawatomie, Kansas

Mill Levy Projections - Bond & Interest Fund

Budget Year	Tax Roll Assessed Valuation	Bond Payments: Existing Bonds	Estimated Series 2008A Bonds: Principal	Rate	Interest	Total	Budget Total	Other Expenses (Revenues): Neighborhood Revitalization	Assessments	Motor Vehicles	Change in Reserve	Total	Net Amount to Levy	Estimated Mill Levy
2007	20,181,712	151,950					151,950	4,000	(23,025)	(17,122)	14,998	(21,149)	130,801	6.481
2008	20,628,151	91,373					91,373	4,000	-	(17,068)	16,103	3,035	94,408	4.577
2009	24,676,981	93,320	75,000	4.75	93,179	168,179	261,499	4,000	-	(11,812)	(89,457)	(97,269)	164,230	6.655
2010	25,170,521	70,055	25,000	4.75	98,088	123,088	193,143	4,000	-	(19,708)		(15,708)	177,435	7.049
2011	25,673,931	42,630	55,000	4.75	96,900	151,900	194,530	4,000	-	(21,292)		(17,292)	177,238	6.903
2012	26,187,410	41,505	60,000	4.75	94,288	154,288	195,793	4,000	-	(21,269)		(17,269)	178,524	6.817
2013	26,711,158	45,245	60,000	4.75	91,438	151,438	196,683	4,000	-	(21,423)		(17,423)	179,260	6.711
2014	27,245,381	43,775	65,000	4.75	88,588	153,588	197,363	4,000	-	(21,511)		(17,511)	179,851	6.601
2015	27,790,289	47,305	65,000	4.75	85,500	150,500	197,805	4,000	-	(21,582)		(17,582)	180,223	6.485
2016	28,346,094	45,625	65,000	4.75	82,413	147,413	193,038	4,000	-	(21,627)		(17,627)	175,411	6.188
2017	28,913,016	43,825	70,000	4.75	79,325	149,325	193,150	4,000	-	(21,049)		(17,049)	176,101	6.091
2018	29,491,277	47,025	70,000	4.75	76,000	146,000	193,025	4,000	-	(21,132)		(17,132)	175,893	5.964
2019	30,081,102	-	125,000	4.75	72,675	197,675	197,675	4,000	-	(21,107)		(17,107)	180,568	6.003
2020	30,682,724	-	130,000	4.75	66,738	196,738	196,738	4,000	-	(21,668)		(17,668)	179,069	5.836
2021	31,296,379	-	135,000	4.75	60,563	195,563	195,563	4,000	-	(21,488)		(17,488)	178,074	5.690
2022	31,922,306	-	140,000	4.75	54,150	194,150	194,150	4,000	-	(21,369)		(17,369)	176,781	5.538
2023	32,560,752	-	150,000	4.75	47,500	197,500	197,500	4,000	-	(21,214)		(17,214)	180,286	5.537
2024	33,211,967	-	155,000	4.75	40,375	195,375	195,375	4,000	-	(21,634)		(17,634)	177,741	5.352
2025	33,876,207	-	160,000	4.75	33,013	193,013	193,013	4,000	-	(21,329)		(17,329)	175,684	5.186
2026	34,553,731	-	170,000	4.75	25,413	195,413	195,413	4,000	-	(21,082)		(17,082)	178,330	5.161
2027	35,244,806	-	180,000	4.75	17,338	197,338	197,338	4,000	-	(21,400)		(17,400)	179,938	5.105
2028	35,949,702	-	185,000	4.75	8,788	193,788	193,788	4,000	-	(21,593)		(17,593)	176,195	4.901
Total		763,633	2,140,000		1,312,267	3,452,267	4,215,899	88,000	(23,025)	(450,478)	(58,356)	(443,859)	3,772,040	

Assessed Valuation Growth Rate: 2.00%

Prepared by George K. Baum & Company

08/18/08

Option 4: $2,440,000 Bond Issue - Level Payments
City of Osawatomie, Kansas

Mill Levy Projections - Bond & Interest Fund

Budget Year	Tax Roll Assessed Valuation	Bond Payments: Existing Bonds	Estimated Series 2008A Bonds: Principal	Rate	Interest	Total	Budget Total	Other Expenses (Revenues): Neighborhood Revitalization	Assessments	Motor Vehicles	Change in Reserve	Total	Net Amount to Levy	Estimated Mill Levy
2007	20,181,712	151,950					151,950	4,000	(23,025)	(17,122)	14,998	(21,149)	130,801	6.481
2008	20,628,151	91,373					91,373	4,000	-	(17,068)	16,103	3,035	94,408	4.577
2009	24,676,981	93,320	60,000	4.75	106,242	166,242	259,562	4,000	-	(11,812)	(89,457)	(97,269)	162,293	6.577
2010	25,170,521	70,055	80,000	4.75	113,050	193,050	263,105	4,000	-	(19,475)		(15,475)	247,630	9.838
2011	25,673,931	42,630	85,000	4.75	109,250	194,250	236,880	4,000	-	(29,716)		(25,716)	211,164	8.225
2012	26,187,410	41,505	90,000	4.75	105,213	195,213	236,718	4,000	-	(25,340)		(21,340)	215,378	8.224
2013	26,711,158	45,245	90,000	4.75	100,938	190,938	236,183	4,000	-	(25,845)		(21,845)	214,337	8.024
2014	27,245,381	43,775	95,000	4.75	96,663	191,663	235,438	4,000	-	(25,720)		(21,720)	213,717	7.844
2015	27,790,289	47,305	100,000	4.75	92,150	192,150	239,455	4,000	-	(25,646)		(21,646)	217,809	7.838
2016	28,346,094	45,625	105,000	4.75	87,400	192,400	238,025	4,000	-	(26,137)		(22,137)	215,888	7.616
2017	28,913,016	43,825	110,000	4.75	82,413	192,413	236,238	4,000	-	(25,907)		(21,907)	214,331	7.413
2018	29,491,277	47,025	115,000	4.75	77,188	192,188	239,213	4,000	-	(25,720)		(21,720)	217,493	7.375
2019	30,081,102	-	120,000	4.75	71,725	191,725	191,725	4,000	-	(26,099)		(22,099)	169,626	5.639
2020	30,682,724	-	125,000	4.75	66,025	191,025	191,025	4,000	-	(20,355)		(16,355)	174,670	5.693
2021	31,296,379	-	135,000	4.75	60,088	195,088	195,088	4,000	-	(20,960)		(16,960)	178,127	5.692
2022	31,922,306	-	140,000	4.75	53,675	193,675	193,675	4,000	-	(21,375)		(17,375)	176,300	5.523
2023	32,560,752	-	145,000	4.75	47,025	192,025	192,025	4,000	-	(21,156)		(17,156)	174,869	5.371
2024	33,211,967	-	155,000	4.75	40,138	195,138	195,138	4,000	-	(20,984)		(16,984)	178,153	5.364
2025	33,876,207	-	160,000	4.75	32,775	192,775	192,775	4,000	-	(21,378)		(17,378)	175,397	5.178
2026	34,553,731	-	170,000	4.75	25,175	195,175	195,175	4,000	-	(21,048)		(17,048)	178,127	5.155
2027	35,244,806	-	175,000	4.75	17,100	192,100	192,100	4,000	-	(21,375)		(17,375)	174,725	4.957
2028	35,949,702	-	185,000	4.75	8,788	193,788	193,788	4,000	-	(20,967)		(16,967)	176,821	4.919
Total		763,633	2,440,000		1,393,017	3,833,017	4,596,649	88,000	(23,025)	(491,206)	(58,356)	(484,587)	4,112,062	

Assessed Valuation Growth Rate: 2.00%

Prepared by George K. Baum & Company 08/18/08

Option 5: $2,440,000 Bond Issue - Reduce Payment in 2010
City of Osawatomie, Kansas

Mill Levy Projections - Bond & Interest Fund

Budget Year	Tax Roll Assessed Valuation	Bond Payments: Existing Bonds	Estimated Series 2008A Bonds: Principal	Rate	Interest	Total	Budget Total	Other Expenses (Revenues): Neighborhood Revitalization	Assessments	Motor Vehicles	Change in Reserve	Total	Net Amount to Levy	Estimated Mill Levy
2007	20,181,712	151,950					151,950	4,000	(23,025)	(17,122)	14,998	(21,149)	130,801	6.481
2008	20,628,151	91,373					91,373	4,000	-	(17,068)	16,103	3,035	94,408	4.577
2009	24,676,981	93,320	60,000	4.75	106,242	166,242	259,562	4,000	-	(11,812)	(89,457)	(97,269)	162,293	6.577
2010	25,170,521	70,055	50,000	4.75	113,050	163,050	233,105	4,000	-	(19,475)		(15,475)	217,630	8.646
2011	25,673,931	42,630	85,000	4.75	110,675	195,675	238,305	4,000	-	(26,116)		(22,116)	216,189	8.421
2012	26,187,410	41,505	90,000	4.75	106,638	196,638	238,143	4,000	-	(25,943)		(21,943)	216,200	8.256
2013	26,711,158	45,245	95,000	4.75	102,363	197,363	242,608	4,000	-	(25,944)		(21,944)	220,664	8.261
2014	27,245,381	43,775	100,000	4.75	97,850	197,850	241,625	4,000	-	(26,480)		(22,480)	219,145	8.043
2015	27,790,289	47,305	100,000	4.75	93,100	193,100	240,405	4,000	-	(26,297)		(22,297)	218,108	7.848
2016	28,346,094	45,625	105,000	4.75	88,350	193,350	238,975	4,000	-	(26,173)		(22,173)	216,802	7.648
2017	28,913,016	43,825	110,000	4.75	83,363	193,363	237,188	4,000	-	(26,016)		(22,016)	215,171	7.442
2018	29,491,277	47,025	115,000	4.75	78,138	193,138	240,163	4,000	-	(25,821)		(21,821)	218,342	7.404
2019	30,081,102	-	125,000	4.75	72,675	197,675	197,675	4,000	-	(26,201)		(22,201)	175,474	5.833
2020	30,682,724	-	130,000	4.75	66,738	196,738	196,738	4,000	-	(21,057)		(17,057)	179,681	5.856
2021	31,296,379	-	135,000	4.75	60,563	195,563	195,563	4,000	-	(21,562)		(17,562)	178,001	5.688
2022	31,922,306	-	140,000	4.75	54,150	194,150	194,150	4,000	-	(21,360)		(17,360)	176,790	5.538
2023	32,560,752	-	150,000	4.75	47,500	197,500	197,500	4,000	-	(21,215)		(17,215)	180,285	5.537
2024	33,211,967	-	155,000	4.75	40,375	195,375	195,375	4,000	-	(21,634)		(17,634)	177,741	5.352
2025	33,876,207	-	160,000	4.75	33,013	193,013	193,013	4,000	-	(21,329)		(17,329)	175,684	5.186
2026	34,553,731	-	170,000	4.75	25,413	195,413	195,413	4,000	-	(21,082)		(17,082)	178,330	5.161
2027	35,244,806	-	180,000	4.75	17,338	197,338	197,338	4,000	-	(21,400)		(17,400)	179,938	5.105
2028	35,949,702	-	185,000	4.75	8,788	193,788	193,788	4,000	-	(21,593)		(17,593)	176,195	4.901
Total		763,633	2,440,000		1,406,317	3,846,317	4,609,949	88,000	(23,025)	(492,698)	(58,356)	(486,079)	4,123,870	

Assessed Valuation Growth Rate: 2.00%

Prepared by George K. Baum & Company 08/18/08

Option 6: $2,440,000 Bond Issue - Wrap Around Payments
City of Osawatomie, Kansas

Mill Levy Projections - Bond & Interest Fund

Budget Year	Tax Roll Assessed Valuation	Bond Payments: Existing Bonds	Estimated Series 2008A Bonds: Principal	Rate	Interest	Total	Budget Total	Other Expenses (Revenues): Neighborhood Revitalization	Assessments	Motor Vehicles	Change in Reserve	Total	Net Amount to Levy	Estimated Mill Levy
2007	20,181,712	151,950					151,950	4,000	(23,025)	(17,122)	14,998	(21,149)	130,801	6.481
2008	20,628,151	91,373					91,373	4,000	-	(17,068)	16,103	3,035	94,408	4.577
2009	24,676,981	93,320	60,000	4.75	106,242	166,242	259,562	4,000	-	(11,812)	(89,457)	(97,269)	162,293	6.577
2010	25,170,521	70,055	35,000	4.75	113,050	148,050	218,105	4,000	-	(19,475)		(15,475)	202,630	8.050
2011	25,673,931	42,630	65,000	4.75	111,388	176,388	219,018	4,000	-	(24,316)		(20,316)	198,702	7.739
2012	26,187,410	41,505	70,000	4.75	108,300	178,300	219,805	4,000	-	(23,844)		(19,844)	199,961	7.636
2013	26,711,158	45,245	70,000	4.75	104,975	174,975	220,220	4,000	-	(23,995)		(19,995)	200,225	7.496
2014	27,245,381	43,775	75,000	4.75	101,650	176,650	220,425	4,000	-	(24,027)		(20,027)	200,398	7.355
2015	27,790,289	47,305	75,000	4.75	98,088	173,088	220,393	4,000	-	(24,048)		(20,048)	200,345	7.209
2016	28,346,094	45,625	80,000	4.75	94,525	174,525	220,150	4,000	-	(24,041)		(20,041)	200,109	7.059
2017	28,913,016	43,825	85,000	4.75	90,725	175,725	219,550	4,000	-	(24,013)		(20,013)	199,537	6.901
2018	29,491,277	47,025	90,000	4.75	86,688	176,688	223,713	4,000	-	(23,944)		(19,944)	203,768	6.909
2019	30,081,102	-	140,000	4.75	82,413	222,413	222,413	4,000	-	(24,452)		(20,452)	201,960	6.714
2020	30,682,724	-	145,000	4.75	75,763	220,763	220,763	4,000	-	(24,235)		(20,235)	200,527	6.536
2021	31,296,379	-	155,000	4.75	68,875	223,875	223,875	4,000	-	(24,063)		(20,063)	203,812	6.512
2022	31,922,306	-	160,000	4.75	61,513	221,513	221,513	4,000	-	(24,457)		(20,457)	201,055	6.298
2023	32,560,752	-	170,000	4.75	53,913	223,913	223,913	4,000	-	(24,127)		(20,127)	203,786	6.259
2024	33,211,967	-	175,000	4.75	45,838	220,838	220,838	4,000	-	(24,454)		(20,454)	200,383	6.033
2025	33,876,207	-	185,000	4.75	37,525	222,525	222,525	4,000	-	(24,046)		(20,046)	202,479	5.977
2026	34,553,731	-	195,000	4.75	28,738	223,738	223,738	4,000	-	(24,297)		(20,297)	203,440	5.888
2027	35,244,806	-	200,000	4.75	19,475	219,475	219,475	4,000	-	(24,413)		(20,413)	199,062	5.648
2028	35,949,702	-	210,000	4.75	9,975	219,975	219,975	4,000	-	(23,887)		(19,887)	200,088	5.566
Total		763,633	2,440,000		1,499,654	3,939,654	4,703,287	88,000	(23,025)	(500,139)	(58,356)	(493,520)	4,209,767	

Assessed Valuation Growth Rate: 2.00%

Prepared by George K. Baum & Company 08/18/08

LEASE AGREEMENT

THIS AGREEMENT, made and entered into this day by and between THE CITY OF OSAWATOMIE, MIAMI COUNTY, KANSAS, hereinafter referred to as "CITY", and GREATER OSAWATOMIE, INC., a corporation organized and owned by local individuals concerned with the betterment of the community of the City of Osawatomie, herinafter referred to as GO, INC.", WITNESSETH:

THAT WHEREAS, CITY is the owner of the following described real estate situated in Miami County, Kansas, to-wit:

> All of lot 18, the West Half (1/2) of Lot 17 and the West Half (1/2) of Fractional Lot 4, all in Block 66, William Chestnut's (Ellensville) Addition to the Town of Osawatomie, as per the plat thereof duly recorded and on file in the Office of the Recorder of Deeds, Miami County, Kansas, TOGETHER WITH the alley in said Block 66 accruing thereto by means of the legal vacation thereof; and

WHEREAS, the parties have heretofore orally agreed that GO, INC. may lease the subject premises from City for the purpose of constructing an office building and/or parking facility for the use of SRS; and

WHEREAS, the parties are now mutually desirous of reducing to writing their oral agreement, so now, therefore, the parties hereto agree as follows:

1. City herby leases unto GO, INC., the above described real estate through December 31, 2029, for the price and sum of $1.00 per year.

2. GO, INC. has constructed an office building for the use of SRS upon the adjacent premises, in the approximate size of 6,048 square feet.

3. Taxes, insurance, maintenance, and repairs to said land shall be the sole responsibility of GO, INC.; likewise, any rental income attributable to said land upon the premises shall belong to GO, INC. for the term of this lease.

4. Upon the expiration of this lease, GO, INC. agrees to surrender possession of the same to the city, and the City shall thereafter become the owner of any building and any other improvements located thereon.

5. It is understood between the parties that the subject premises are now used for municipal purposes, and, as such, are exempt from taxation. The parties further recognize that a state office building, if one is constructed herein, would likewise be tax exempt. The parties agree to assist each other in maintaining and utilizing the premises in such a manner as to continue to be used for municipal and/or state purposes and retain such tax exempt status.

IN WITNESS WHEREOF, the parties have caused this document to be signed this ____ day of August, 2008.

CITY OF OSAWATOMIE, KANSAS

By:_____
Philip A. Dudley, Mayor

ATTEST:

_____
Ann Elmquist, City Clerk

Approved As To Form:

_____
Richard Wetzler
Osawatomie City Attorney

GREATER OSAWATOMIE, INC

By:_____
Gordon L. Schrader
Chairman of the Board

ATTEST:

_____
Marilyn K. Shipley