

**RESOLUTION NO. 2021-3**

**A RESOLUTION AUTHORIZING THE CITY OF Chetopa, KANSAS TO APPLY FOR THE CITY UTILITY LOW-INTEREST LOAN PROGRAM FOR THE PURPOSE OF OBTAINING A LOAN FROM THE STATE OF KANSAS TO FINANCE EXTRAORDINARY ELECTRIC AND/OR NATURAL GAS COSTS INCURRED DURING THE EXTREME WINTER WEATHER EVENT OF FEBRUARY 2021.**

**WHEREAS**, the health, safety, and economic well-being of our residents is the top priority for the governing body of the City of Chetopa, Kansas (the “City”); and

**WHEREAS**, on February 14, 2021, pursuant to the Kansas Emergency Management Act, Chapter 48, Article 9, of the Kansas Statutes Annotated, Governor Laura Kelly proclaimed a State of Disaster Emergency, recognizing power outages and critical energy supply shortages were anticipated; and

**WHEREAS**, during February 2021, the City faced a winter weather emergency that resulted in extraordinary electric and/or natural gas costs; and

**WHEREAS**, annually, the City budgets \$ 541,660.00<sup>1</sup> to cover the costs associated with electricity needs and \$ N/A<sup>2</sup> to cover the costs associated with natural gas needs; and

**WHEREAS**, as of this date, the City estimates it will have an obligation to pay a total of \$ 470,770.00<sup>3</sup> in electricity and \$ N/A<sup>4</sup> in natural gas costs as a result of the unprecedented prices charged during the extreme winter weather conditions in February 2021; and

**WHEREAS**, without emergency action and aid, the increased prices required to purchase natural gas and/or electricity will result in significantly higher than normal utility bills for the citizens of the City threatening the financial health and the physical welfare of the City’s residents and businesses; and

**WHEREAS**, on March 3, 2021 Governor Laura Kelly signed into law House Substitute for Senate Bill 88, establishing the City Utility Low-Interest Loan Program and authorizing the State Treasurer to distribute up to \$100 million in loans for the purpose of providing loans to cities for extraordinary electric and/or natural gas costs incurred during the extreme winter weather event of February 2021.

**THEREFORE, BE IT RESOLVED BY THE CITY OF Chetopa, KANSAS AS FOLLOWS:**

1. The City shall begin the process of borrowing funds in the amount of not to exceed \$ 250,000.00<sup>5</sup> from the State of Kansas through the City Utility Low-Interest Loan Program, to pay the extraordinary electric and/or natural gas costs incurred during the extreme winter

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<sup>1</sup> Insert budgeted amount for annual electric system expenditures for FY 2021.

<sup>2</sup> Insert budgeted amount for annual natural gas system expenditures for FY 2021.

<sup>3</sup> Insert estimated amount of additional electric system expenditures due to unprecedented prices charged for electricity during the extreme winter weather conditions in February 2021.

<sup>4</sup> Insert estimated amount of additional natural gas system expenditures due to unprecedented prices charged for electricity during the extreme winter weather conditions in February 2021.

<sup>5</sup> Insert total amount of loan request.

weather event of February 2021 (the “Extraordinary Costs”). The Governing Body hereby certifies that such amounts are attributable only to extraordinary electric and/or natural gas costs incurred during the extreme winter weather event of February 2021 and not to any other utility costs previously budgeted for by the City

2. The Governing Body agrees to the following terms designed to ensure the lawful use of funds and transparency, equity, and accountability:

a. The loan shall be used only for those extraordinary electric and/or natural gas costs incurred during the extreme winter weather event of February 2021 as certified by the Governing Body and not for any other utility costs previously budgeted for by the City.

b. The City requests that the term of the loan be for a period of not to exceed 10<sup>6</sup> years.

c. The interest rate on the loan shall be 2% below the market rate as provided in K.S.A. 75-4237, and amendments thereto, and shall be recalculated on the first business day of January of each year using the market rate then in effect. The minimum interest rate shall be 0.25% if the market rate is below 2.25%.

d. Payments on the loan will begin no later than July 1, 2021. The City requests the loan provide for monthly<sup>7</sup> payment arrangements.

e. The City understands that the final terms of the loan, including amortization terms and repayment schedule, will be established through a loan agreement between the City and the State Treasurer’s Office. Upon delivery to the City of the form loan agreement, the City will have 5 business days to return an executed loan agreement. In the event the City does not return an executed loan agreement, it will be required to repay the loan in full plus accrued interest. The plan for such repayment must be submitted to the State Treasurer within 5 business days of the City receiving the form loan agreement, and the repayment plan must be accomplished with all reasonable dispatch.

f. The City certifies that if the City receives any federal monies related to the extreme winter weather event of February 2021, the first priority for expenditure of such amounts (or any similar amounts received by the State of Kansas for the benefit of the City) will be the payment of any outstanding balance of the loan made to the City under the City Utility Low-Interest Loan Program as provided in Section 4(b) of the legislation creating the loan program. If the City receives any recoveries as a result of settlement or litigation or other refunds of Extraordinary Costs paid by the City that relate to the extreme winter weather event of February 2021, such amounts (or any similar amounts received by the State of Kansas for the benefit of the City) will be used to pay any outstanding balance of the loan made to the City under the City Utility Low-Interest Loan Program. The City will establish a dedicated source of revenue for repayment of the loan from rates, fees and charges for the use and services furnished by or through its related utility system.

3. 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 Resolution, and to make alterations, changes or additions in the

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<sup>6</sup> Term may not exceed 10 years.

<sup>7</sup> City may request monthly, quarterly or semi-annual payments.

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.

4. This resolution shall take effect and be in force immediately upon its adoption and shall remain in effect until future action is taken by the Governing Body.

**ADOPTED** this 5<sup>th</sup> day of March 2021 and **SIGNED** by the Mayor.

Tammy Bushong  
Mayor

Attested:

Toni A. Crumrine  
City Clerk

