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CITY OF PITTSBURG, KANSAS
COMMISSION AGENDA
Tuesday, June 27, 2017
5:30 PM

CALL TO ORDER BY THE MAYOR:

- a. Invocation
- b. Flag Salute Led by the Mayor
- c. Public Input

CONSENT AGENDA:

- a. Approval of the June 13, 2017, City Commission Meeting minutes.
- b. Approval of an agreement between the City of Pittsburg and Springsted Incorporated, in which Springsted Incorporated will provide the City municipal advisor services, and authorize the Director of Finance to sign the agreement on behalf of the City.
- c. Approval of the Appropriation Ordinance for the period ending June 27, 2017 subject to the release of HUD expenditures when funds are received.

ROLL CALL VOTE.

SPECIAL PRESENTATION:

- a. FIVE YEAR FINANCIAL FORECAST - City Manager Daron Hall and Finance Director Jamie Clarkson will provide information regarding the City's five-year financial forecast. **Receive for file.**

NON-AGENDA REPORTS & REQUESTS:

ADJOURNMENT

OFFICIAL MINUTES
OF THE MEETING OF THE
GOVERNING BODY OF THE
CITY OF PITTSBURG, KANSAS
June 13th, 2017

A Regular Session of the Board of Commissioners was held at 5:30 p.m. on Tuesday, June 13th, 2017, in the City Commission Room, located in the Law Enforcement Center, 201 North Pine, with Mayor Michael Gray presiding and the following members present: Jeremy Johnson, John Kettermann, Chuck Munsell, and Patrick O'Bryan.

Mayor Gray led the flag salute.

APPROVAL OF MINUTES – MAY 23rd, 2017 - On motion of Kettermann, seconded by Johnson, the Governing Body approved the May 23rd, 2017, City Commission Meeting minutes as submitted. Motion carried.

KANSAS HOUSING RESOURCES CORPORATION – TENANT BASED RENTAL ASSISTANCE GRANT – On motion of Kettermann, seconded by Johnson, the Governing Body authorized staff to submit an application to the Kansas Housing Resources Corporation's (KHRC) Tenant Based Rental Assistance (TBRA) program for a grant in the amount of \$200,000 to be used to provide security deposit assistance to income eligible households and authorized the Mayor to sign the appropriate documents on behalf of the City. Motion carried.

SUGAR CREEK SAMPLING STATION PROJECT – FINAL PAYMENT – On motion of Kettermann, seconded by Johnson, the Governing Body approved final payment in the amount of \$7,900.00 to Home Center Construction, Inc., of Pittsburg, for the Sugar Creek Sampling Station Project at the Airport Lift Station. Motion carried.

PURCHASE OF COOLING TOWER – FIRE STATION NO. 1 – On motion of Kettermann, seconded by Johnson, the Governing Body waived the purchasing policy and authorized staff to specify the cooling tower unit to be installed at Fire Station No. 1. Motion carried.

AIRPORT RUNWAY 16-34 EXTENSION PROJECT - CHANGE ORDER NO. 1 – On motion of Kettermann, seconded by Johnson, the Governing Body approved Change Order No. 1 to Capital Paving and Construction, LLC of Jefferson City, Missouri, for the Airport Runway 16-34 Extension Project reflecting a net increase of \$84,173.57 to the construction cost, making a new contract construction amount of \$998,586.60, with the City's share of the net change order being an additional \$7,841.33 for the FAA grant eligible items plus \$5,760.28 for the non-eligible items for a total of \$13,601.61 to the contract. Motion carried.

APPROPRIATION ORDINANCE – On motion of Kettermann, seconded by Johnson, the Governing Body approved the Appropriation Ordinance for the period ending June 13th, 2017, subject to the release of HUD expenditures when funds are received with the following roll call vote: Yea: Gray, Johnson, Kettermann, O'Bryan and Munsell. Motion carried.

OFFICIAL MINUTES
OF THE MEETING OF THE
GOVERNING BODY OF THE
CITY OF PITTSBURG, KANSAS
June 13th, 2017

DIRECTION OF TRAFFIC - CARLTON AND WILLIAMS – On motion of Munsell, seconded by O'Bryan, the Governing Body approved staff recommendation to enter into an agreement with TranSystems in which TranSystems will develop preliminary concepts and an estimate for a cost not to exceed \$12,000 to reverse the direction of Carlton, from Broadway to Joplin, from one way eastbound to one way westbound and Williams, from Broadway to Joplin, from one way westbound to one way eastbound including an evaluation for a bike lane and no parking on one side and authorized the Mayor to sign the agreement on behalf of the City of Pittsburg. Motion carried.

ENGINEERING SERVICES AGREEMENT - AIRPORT INDUSTRIAL PARK SEWER – On motion of O'Bryan, seconded by Gray, the Governing Body approved staff request to enter into an Engineering Services Agreement with Earles Engineering, in an amount not to exceed \$23,360.00, in which Earles Engineering will design and create the bid documents for a sewer extension to serve the Airport Industrial Park, and authorized the Mayor to sign the Agreement on behalf of the City. Motion carried.

DISPOSITION OF BIDS – Following a verbal recommendation, on motion of Ketterman, seconded by Munsell, the Governing Body awarded the bid for the KLINK Resurfacing Project on K-126 (4th Street) from the KCS Overpass to Free King Hwy to Heckert Construction of Pittsburg, Kansas, based on their low bid of \$375,596.32, contingent upon KDOT approval, and authorized the Mayor and City Clerk to execute the contract documents once prepared. Motion carried.

MID-CITY RENAISSANCE DISTRICT AREA WIDE PLAN – On motion of O'Bryan, seconded by Johnson, the Governing Body adopted the Mid-City Renaissance District Area Wide Plan, as prepared by Elan Consulting, through a grant from the Environmental Protection Agency (EPA), for the redevelopment of the area from 7th Street to Washington and Rouse to Joplin, and authorized the Mayor to sign any necessary documents on behalf of the City. Motion carried.

ADJOURNMENT: On motion of O'Bryan, seconded by Johnson, the Governing Body adjourned the meeting at 5:46 p.m. Motion carried.

Michael Gray, Mayor

ATTEST:

Tammy Nagel, City Clerk

**FINANCE AND ADMINISTRATION**201 West 4th Street · Pittsburg KS 66762

(620) 231-4100

www.pittks.org

Interoffice Memorandum

TO: Daron Hall, City Manager

FROM: Jamie Clarkson, Director of Finance

DATE: June 22, 2017

SUBJECT: Agenda Item – Updated Springsted Agreement

Attached is an agreement for municipal advisor services between the City of Pittsburg and Springsted Incorporated. Springsted is the City's advisor on City issued bonds and temporary notes. They also perform the arbitrage calculations on the City's existing bond issues. This new agreement is required due to new Security and Exchange (SEC) regulations governing the municipal advisory industry. The prior agreement from 2005 does not meet the new SEC requirements. Action necessary will be to approve the attached agreement.

If you have any questions concerning this matter, please do not hesitate to contact me.

cc: Tammy Nagel, City Clerk

AGREEMENT FOR MUNICIPAL ADVISOR SERVICES

THIS AGREEMENT FOR SERVICES ("Agreement") is made as of the 19 day of June, 2017 (the "Effective Date"), by and between the City of Pittsburg, Kansas ("Client") and Springsted Incorporated ("Advisor").

WHEREAS, the Client wishes to retain the services of the Advisor on the terms and conditions set forth herein, and the Advisor wishes to provide such services; and

NOW, THEREFORE, the parties hereto agree as follows:

1. Dodd-Frank Compliance. Springsted is a Municipal Advisor as defined in Section 15B of the Securities Exchange Act of 1934 and as amended by Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. For purposes of any Municipal Advisor Services rendered by Advisor, Springsted affirms that it is registered as a Municipal Advisor and in good standing with both the Securities and Exchange Commission (registration #867-00226) and the Municipal Securities Rulemaking Board (registration #K0457). The Advisor shall maintain such registration and compliance with applicable laws and regulations as they pertain to Municipal Advisors during the term of this Agreement.
2. Engagement; Duties. On the terms and conditions set forth herein, Client hereby engages Advisor as its Municipal Advisor. Advisor shall provide those services described in **Appendix A** to Client on an as-requested basis by Client; provided, however, that Advisor's obligations under this Agreement shall be expressly limited to such services. Notwithstanding the foregoing, if Client requests Advisor to provide services in connection with a particular municipal issuance-related matter and the parties agree that the services that will be required to be provided in connection therewith differ in scope from those services set forth on **Appendix A**, the parties shall negotiate a mutually agreeable set of services that will be provided by Advisor to Client. Upon the parties' agreement to a particular set of alternate services, Advisor shall deliver to Client an addendum to this Agreement (an "Addendum"). Any such Addendum shall set forth the scope of Advisor's engagement with respect to such municipal issuance-related matter, as well as any alterations to the terms of this Agreement that may have been agreed upon by the parties in connection with such alternate services.

Client authorizes its Finance Director ("Client Representative") to discuss with Advisor the terms of any such Addendum, and authorizes Client Representative to consult with other Client staff or counsel in order to take any and all actions necessary to negotiate, receive, acknowledge or undertake any other step(s) necessary to effectuate any such Addendum on behalf of Client.

3. Compensation and Expenses. Client shall compensate the Advisor and be responsible for the payment of such expenses as set forth on, and in accordance with, **Appendix B** attached hereto. Unless otherwise noted in Appendix B, compensation shall be due to the Advisor within thirty (30) days of the invoice date. The fees set out herein shall be effective for the twelve (12) month period immediately following the Effective Date and shall extend to any service provided by the Advisor pursuant to this Agreement within said 12-month period. Thereafter, the Advisor's compensation shall be at the rates charged other similar clients as of the time a Debt Obligation is commenced.
4. Term and Termination. This Agreement shall be effective as of the Effective Date and shall remain in effect until terminated by either party for any reason upon thirty (30) days prior written notice to the other party. Provided, however, that a termination of this Agreement shall not relieve Client of its obligations to pay Advisor for all services rendered and reimbursable expenses incurred prior to the effective date of termination.
5. Indemnification; Sole Remedy. The Client and the Advisor each hereby agree to indemnify, defend and hold the other harmless from and against any and all losses, claims, damages, expenses, including without limitation, reasonable attorney's fees, costs, liabilities, demands and cause of action (collectively referred to herein as "Damages") which the other may suffer or be subjected to as a consequence of any act, error, material misstatement or omission of the indemnifying party in connection with any information provided, or the performance or nonperformance of its obligations hereunder, less any payment for damages made to the indemnified party by a third party.

Notwithstanding the foregoing, no party hereto shall be liable to the other for Damages suffered by the other to the extent that those Damages are the consequence of: (a) events or conditions beyond the control of the indemnifying party, including without limitation, changes in economic conditions; (b) actions of the indemnifying party which were reasonable based on facts and circumstances existing at the time and known to the indemnifying party at the time the service was provided; or (c) errors made by the indemnifying party due to its reliance on facts and materials provided to the indemnifying party by the indemnified party.

Neither party shall be entitled to indemnification under this Agreement for Damages related to any service provided hereunder more than five years prior to the date on which a claim for indemnification is first asserted in writing and delivered to the party from which indemnification is asked.

Whenever the Client or the Advisor becomes aware of a claim with respect to which it may be entitled to indemnification hereunder, it shall promptly provide written notice to the other, which shall include a description of the nature of the claim. If the claim arises from a claim made against the indemnified party by a third party, the indemnifying party shall have the right, at its expense, to contest any such claim, to assume the defense thereof, to employ legal counsel in connection therewith, and to compromise or settle the same, provided that any compromise or settlement by the indemnifying party of such claim shall be deemed an admission of liability hereunder. The remedies set forth in this section shall be the sole remedies available to either party against the other in connection with any Damages suffered by it.

6. Confidentiality; Disclosure of Information.

6.1 Client Information. All information, files, records, memoranda and other data of the Client which the Client provides to the Advisor, or which the Advisor becomes aware of in the performance of its duties hereunder ("Client Information"), shall be deemed by the parties to be the property of the Client. Advisor may disclose Client Information to third parties in connection with the performance by it of its duties hereunder.

6.2 Advisor Information. The Client acknowledges that, in connection with the performance by the Advisor of its duties hereunder, the Client may become aware of internal files, records, memoranda and other data, including without limitation computer programs of the Advisor ("Advisor Information"). The Client acknowledges that all Advisor Information, except reports prepared by the Advisor for the Client, is confidential and proprietary to the Advisor, and Client agrees that it will not, directly or indirectly, disclose the same or any part thereof to any person or entity except upon the express written consent of the Advisor.

7. Conflicts of Interest. Client acknowledges that it has received those disclosures set forth and contained within **Appendix C** attached hereto and incorporated herein by reference. Client further acknowledges that it has been given the opportunity to raise questions and discuss the above-referenced matters with Advisor and that it fully appreciates the nature of these conflicts and corresponding disclosures. Client hereby waives such conflicts. In the event any conflict arises during the term of this Agreement, Advisor will promptly disclose the same. Upon receiving any additional disclosures, Client agrees that it will carefully consider any such conflicts, will seek independent advice if it determines it is appropriate, and will, in a writing executed by Client Representative, specifically acknowledge the conflict(s) and, so long as Client believes that Advisor is able to appropriately manage the above-referenced conflicts, authorize Advisor to proceed with the engagement.

8. Dispute Resolution. Upon any dispute under this Agreement, and for a period of 30 days following written notice of a claim or dispute, the senior management of the parties shall first attempt to resolve the dispute informally. If informal dispute resolution is unsuccessful, within 30 days thereafter, the parties shall submit the matter to non-binding mediation before a mutually agreed, certified, neutral third party mediator. If the parties cannot agree upon a mediator, the matter shall be submitted to the American Arbitration Association, Commercial Mediation Division, for selection of a mediator. The parties shall share the cost of the mediator and pay their own mediation expenses and attorney fees. If mediation is unsuccessful, the parties may pursue all available legal and equitable remedies.

9. Miscellaneous.

- 9.1 No Underwriting Participation. The Advisor shall not during the term of this Agreement directly or indirectly engage in the underwriting of any securities issuance.
- 9.2 Delegation of Duties. The Advisor shall not delegate its duties hereunder to any third party without the express written consent of the Client.
- 9.3 No Third Party Beneficiary. No third party shall have any rights or remedies under this Agreement.
- 9.4 Entire Contract; Amendment. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes all prior written or oral negotiations, understandings or agreements with respect hereto. This Agreement may be amended in whole or in part by mutual consent of the parties, and this Agreement shall not preclude the Client and the Advisor from entering into separate agreements for other projects.
- 9.5 Governing Law. The parties agree and acknowledge that any action brought for breach of this Agreement or to enforce any of its provisions shall be brought in the District Court of Crawford County Court, Kansas. This Agreement shall be governed by and construed in accordance with the laws of the State of Kansas.
- 9.6 Change in Laws or Regulations. The parties agree and acknowledge that changes in law or regulations issued by federal or state authorities may affect the terms of this Agreement. If there are any changes in law or regulations made after the date of this Agreement, the Client agrees to amend this Agreement if required, to maintain compliance with all applicable laws and regulations. Unless stated otherwise in this Agreement, Advisor may amend this agreement at any time by providing thirty (30) days advance written notice to Client. If no objection is made by the client within thirty (30) days following delivery of such notice, Advisor will assume Client's inactivity constitutes consent.
- 9.7 Severability. To the extent any provision of this Agreement shall be determined invalid or unenforceable, the invalid or unenforceable portion shall be deleted from this Agreement, and the validity and enforceability of the remainder shall be unaffected.
- 9.8 Notice. All notices required hereunder shall be in writing and shall be deemed to have been given when delivered, transmitted by first class, registered or certified mail, postage prepaid and addressed as follows:

If to the Client:

City of Pittsburg

201 W. 4th St., PO Box 688

Pittsburg, KS 66762

Attention: Jamie Clarkson

If to the Advisor, to:

Springsted Incorporated

380 Jackson Street, Suite 300

Saint Paul, MN 55101-2887

Attention: Managing Principal

The foregoing Agreement is hereby entered into on behalf of the respective parties by signature of the following persons each of whom is duly authorized to bind the parties indicated.

FOR CLIENT

SPRINGSTED INCORPORATED

Jamie Clarkson

Print Name

Finance Director

Title

Tom Kaleko

Print Name

Vice President / Client Representative

Title

APPENDIX A OF AGREEMENT BETWEEN

City of Pittsburg, Kansas

AND

Springsted Incorporated

Effective as of June 19, 2017

SCOPE OF SERVICES

A. General Municipal Advisory Services

Unless otherwise agreed to by the parties, in connection with any request for services relative to any financial topic, new project concept planning or other financially related topic or project (each referred to herein as a "Project"), the Advisor shall perform the following services, as applicable:

1. Provide general financial advice relative to a Project.
2. Survey the resources available to determine the financial feasibility of a Project.
3. Assist in the development of a plan or plans for a particular Project that may be available and appropriate for such Project.
4. Recommend to the Client a plan for any Project.
5. Advise the Client on current market conditions, federal, state or other law considerations, and other general information and economic data that might be relevant to any Project.
6. Assist Client in coordinating the activities between various parties to any Project as needed.
7. Assist Client in selecting and, working with, members of a working group to procure services deemed necessary to a Project. Services that may be procured may include, but are not limited to: general counsel; special tax counsel; credit facilities; credit rating; and engineering or design services.
8. Assist with the review of all documents, including but not limited to any governing body resolutions, purchase agreement, and any other relevant documents.
9. Assist the Client with other components of a Project as requested and agreed upon.
10. Coordinate with the proper parties and oversee the completion of each Project.

B. Securities Issuance

Unless otherwise agreed to by the parties, in connection with any request for services relative to any new money issuance, refunding of a prior issuance or other financings (each referred to herein as a "Transaction"), the Advisor shall perform the following services, as applicable:

1. Provide general financial advice relative to any Transaction.
2. Survey the financial resources of the Client to determine its borrowing capacity and analyze existing debt structure as compared to the existing and projected sources of revenues.
3. Assist in the development of a plan or plans for the financing or refinancing of any improvements through the issuance of general bond obligations, loans and/or notes, school bonds, revenue or refunding bonds, or other type of financing alternatives that may be available and appropriate for the particular issuance ("Debt Obligations").

4. Recommend to the Client an amount, the maturity structure, call provisions, pricing, and other terms and conditions of the Debt Obligation.
5. Advise the Client on current market conditions, forthcoming bond, loans and note issues, federal, state or other tax law considerations, and other general information and economic data that might normally be expected to influence the interest rates of the financing.
6. Assist the Client in the analysis of and the selection of a credit rating firm or Firms for the Debt Obligation and further assist in the development and presentation of information to obtain a credit rating or credit ratings for the Debt Obligation.
7. Advise the Client on utilizing credit enhancement and provide assistance in seeking such credit enhancement if, in the opinion of the Advisor, such credit enhancements would be advantageous to the Client.
8. Assist Client in coordinating the financing activities between various parties to any Transaction as needed.
9. Assist Client in selecting and, working with, members of a working group to procure services deemed necessary to the issuance or post-issuance requirements of the Debt Obligation. Services that may be procured may include, but are not limited to: bond counsel; special tax counsel; disclosure counsel; trustee selection; paying agent selection; credit facilities; underwriter; and printing services.
10. Assist with the review of all financing documents, including but not limited to the preliminary and final offering statement, any governing body resolutions, purchase agreement, and any official notice of sale.
11. Communicate with potential underwriters or investors, as appropriate to any Transaction, to ensure that each is furnished with the information they need to render an independent, informed purchase or investment decision concerning the Client's proposed financing.
12. Coordinate with the proper parties and oversee the closing process so as to ensure the efficient delivery of the Debt Obligations to the applicable purchaser.

C. Arbitrage Monitoring Services

Upon receipt of written authorization by the Client to proceed, Advisor shall, based on information supplied by Client, make arbitrage calculations (to include for purposes of this document, rebate and yield reduction calculations) required by Section 148 of the Internal Revenue Service ("IRS") Code and related U.S. Treasury regulations with respect to specified Debt Obligations for the period of time designated for any such Debt Obligation. In carrying out its duties, the Advisor shall periodically, for each specified Debt Obligation:

1. Determine the yield on the applicable Debt Obligation;
2. Determine if spending exceptions have been met;
3. Determine the amount of any arbitrage payment due the IRS;
4. Notify Client and/or its designee of any liability amount;
5. Prepare for submission by Client the form/s with which to submit any payment amount due to the IRS at the appropriate intervals throughout the term of the engagement relative to each specified Debt Obligation;

Client agrees to timely provide the Advisor with accurate information concerning cash and investment activity within all funds relative to the subject Debt Obligations. The information to be provided shall include:

1. Deposits and withdrawals of proceeds or money from other sources within any funds subject to the IRS arbitrage rules;
2. Payments of principal and interest on the Debt Obligations; and
3. All investment activity including:
 - a) Date of purchase or acquisition;
 - b) Purchase price of investments including any accrued interest;
 - c) Face amount and maturity date;
 - d) Stated rate of interest;

- e) Interest payment dates;
 - f) Date of sale, transfer, or other disposition;
 - g) Sale or disposition price; and
 - h) Accrued interest due on the date of sale or disposition;
4. Any other information necessary for the Advisor to make the calculations required for the specified Debt Obligation.

D. Continuing Disclosure Services

Upon receipt of written authorization from the Client to proceed, Advisor shall, based on the information supplied thereby, assist Client in satisfying its obligations for specified Debt Obligations under any applicable continuing disclosure undertaking executed by and requiring the Client to provide certain financial information and operating data and timely notices of the occurrence of certain events determined to be significant to investors. Such assistance will include the following for each specified Debt Obligation:

1. Compile, as needed, and file an annual report according to the continuing disclosure undertaking (the "Undertaking") executed by Client pursuant to SEC Rule 15c2-12(b)(5) for the Debt Obligation(s) for submission by Client to the Municipal Securities Rulemaking Board (MSRB) and the State Information Depository (SID), as applicable. The annual report will generally include:
 - a) An annual audited financial statement to be prepared by Client's accountants.
 - b) Updates of certain specified operating and financial data if not included in the annual audited financial statement.
2. Monitor through periodic requests for information, the significant events listed in the Undertaking and assist, as necessary, in the drafting and filing of a significant event notice relative thereto.
3. Advisor will furnish a receipt of filing for any continuing disclosure filing made within 30 days after its submission to the MSRB.

Client agrees to provide the Advisor with accurate information with respect to compiling the annual report in a timely manner and to fully disclose to Advisor any significant events as they occur.

APPENDIX B OF AGREEMENT BETWEEN

City of Pittsburg, Kansas

AND

Springsted Incorporated

Effective as of June 19, 2017

A. COMPENSATION FOR SERVICES RELATING TO CLIENT'S DEBT OBLIGATIONS

1. a. General obligation debt:
 - \$7 per \$1,000 for the first \$2,500,000 of bonds issued
 - \$1 per \$1,000 for amounts over \$2,500,000 of bonds issued
 - Minimum bond issuance fee - \$12,500
- b. The foregoing schedule shall include the Advisor's services through closing of a Debt Obligation. If the Advisor performs post-closing services relative to a Debt Obligation, it shall be compensated for such services at the hourly rates set out in paragraph B of this appendix.
- c. A single Debt Obligation with multiple financing plans is charged per plan with a discount of \$4,000 per plan applied after the first plan.
- d. Non ad valorem supported debt and advance refunding shall be compensated at 1.25 times the fee set out in paragraph 1.a. above.
- e. Debt Obligations dependent on successful referenda shall be compensated at 1.10 times the fee set out in paragraph 1.a. above.
- f. In the event it is necessary for the Advisor to repeat Debt Obligation services because of events beyond the Advisor's control, the Advisor shall be compensated for such repetitive services at the hourly rates set out in the foregoing paragraph B. of this Appendix. The Advisor shall not be entitled to compensation under this section for failed referenda unless otherwise provided by agreement between the Client and the Advisor.
- g. The Advisor's fees shall be payable as follows:
 - (i) For a Debt Obligation, fees shall be contingent upon closing of the Debt Obligation, except that if the Debt Obligation is awarded but cannot be closed by reason of an error, act or omission of the Client, the Advisor shall be paid the amount which it would have been due upon closing.
 - (ii) If an issuance does not close for a reason that is beyond the control of the Client and without fault of the Client, then the Advisor shall be compensated at one-half the amount which would have been due upon closing.
 - (iii) Fees for services provided in connection with a private placement are not contingent on the successful placement of the Debt Obligation.
 - (iv) If a Client Debt Obligation is abandoned for any reason and the Advisor is without fault for such abandonment, the Advisor shall be paid a fee in the amount that would have been due if the Advisor's services to the point of abandonment had been charged at the hourly rate set out in paragraph B. herein however not more than the fee had the Debt Obligation been issued. A Debt Obligation shall be deemed abandoned upon notice by the Client to the Advisor of abandonment or whenever the Client has taken no action with respect to the Debt Obligation within one year, whichever occurs first. Delay in the issuance of Debt Obligations resulting from failed authorization

referenda shall not constitute abandonment unless otherwise provided by agreement between the Client and the Advisor.

2. The Client shall be responsible for issuance expenses including, without exclusion of other expenses: (i) posting and distributing the Official Statement, (ii) legal fees, (iii) printing, (iv) delivery and settlement, (v) travel, (vi) rating fees, (vii) out-of-pocket Debt Obligation related expenses, and (viii) governmental and governmental agency fees and charges.

B. HOURLY RATES FOR NON-DEBT ISSUANCE RELATED SERVICES

Principal, Senior Officer	\$260
Senior Professional Staff	\$215
Professional Staff.....	\$160
Associates	\$ 75

C. ARBITRAGE AND REBATE MONITORING SERVICES

1. Fees for arbitrage services shall be as applied as follows:
 - a. \$1,500 per determination per Debt Obligation when such determinations are made annually as of the selected computation date of the applicable Debt Obligation's date of issuance, or
 - b. \$1,500 for the first year, plus \$400 for each additional year up to a five year period per determination for each Debt Obligation when such determinations are made for periods in excess of one year.
2. At such time as the original proceeds and investment earnings thereon are completely expended and only a non-commingled bona fide debt service fund remains, the Advisor will notify the Client if compliance with the arbitrage provisions can be accomplished through monitoring of the Debt Service fund. In the event such recommendation is made and it is accepted by the Client, the Advisor will perform monitoring activities for a fee of \$400 for annual monitoring or \$850 for monitoring at the close of every fifth bond year. If, for any determination period, monitoring reveals that the debt service fund is no longer bona fide and a rebate calculation must be performed, any charge for monitoring for that determination period will apply toward the applicable fee for rebate and arbitrage services.
3. If (i) separate information for each Debt Obligation is not provided, (ii) Advisor is required to perform allocations of investments among funds, or (iii) the Advisor is required to perform other analysis, additional compensation will be charged for such allocations/analyses at the hourly rates in paragraph B.

D. CONTINUING DISCLOSURE SERVICES

Report preparation and filing per type of obligation:

- a. Full disclosure report created by Advisor, \$1,300, plus \$200 each debt obligation
- b. Full or limited disclosure official statement with updated data that can be referenced, \$0, plus \$200 each debt obligation
- c. Full disclosure all operating data included within CAFR, \$600, plus \$200 each debt obligation
- d. Limited disclosure, \$600, plus \$200 each debt obligation

E. EXPENSES AND HOURLY FEES

Amounts due the Advisor for expenses and services charged at hourly rates shall not be contingent.

APPENDIX C OF AGREEMENT BETWEEN

City of Pittsburg, Kansas

AND

Springsted Incorporated

Effective as of June 19, 2017

VARIOUS FORMS OF COMPENSATION

In connection with our fiduciary duty, we are hereby providing to you written disclosures about the actual or potential conflicts of interest presented by various forms of compensation.

We must provide this disclosure unless you have required that a particular form of compensation be used.

Forms of compensation; potential conflicts. The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the client, among other factors. Various forms of compensation present actual or potential conflicts of interest because they may create an incentive for an advisor to recommend one course of action over another if it is more beneficial to the advisor to do so. This document discusses various forms of compensation and the timing of payments to the advisor.

Fixed fee. Under a fixed fee form of compensation, the municipal advisor is paid a fixed amount established at the outset of the transaction. The amount is usually based upon an analysis by the client and the advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be additional conflicts of interest if the municipal advisor's fee is contingent upon the successful completion of a financing, as described below.

Hourly fee. Under an hourly fee form of compensation, the municipal advisor is paid an amount equal to the number of hours worked by the advisor times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the client and the advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked. In some cases, an hourly fee may be applied against a retainer (e.g., a retainer payable monthly), in which case it is payable whether or not a financing closes. Alternatively, it may be contingent upon the successful completion of a financing, in which case there may be additional conflicts of interest, as described below.

Fee contingent upon the completion of a financing or other transaction. Under a contingent fee form of compensation, payment of an advisor's fee is dependent upon the successful completion of a financing or other transaction. Although this form of compensation may be customary for the client, it presents a conflict because the advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the client. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Fee paid under a retainer agreement. Under a retainer agreement, fees are paid to a municipal advisor periodically (e.g., monthly) and are not contingent upon the completion of a financing or other transaction. Fees paid under a retainer agreement may be calculated on a fixed fee basis (e.g., a fixed fee per month regardless of the

number of hours worked) or an hourly basis (e.g., a minimum monthly payment, with additional amounts payable if a certain number of hours worked is exceeded). A retainer agreement does not present the conflicts associated with a contingent fee arrangement (described above).

Fee based upon principal or notional amount and term of transaction. Under this form of compensation, the municipal advisor's fee is based upon a percentage of the principal amount of an issue of securities (e.g., bonds) or, in the case of a derivative, the present value of or notional amount and term of the derivative. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue or modify the derivative for the purpose of increasing the advisor's compensation.

OTHER MATERIAL CONFLICTS OF INTEREST

In connection with our fiduciary duty, we are hereby providing to you a written disclosure regarding actual or potential material conflicts of interest. The following represent the material conflicts of interest known to us as of the date of this Agreement:

Affiliated Entities and Subsidiaries. Advisor's wholly owned subsidiary, Springsted Investment Advisors Incorporated ("SIA") may provide services to Client in connection with the investment of proceeds from an issuance of securities. In such instances, such services will be provided under a separate engagement, for an additional fee. Notwithstanding the foregoing, Advisor may recommend the use of SIA, but Client shall be under no obligation to retain SIA or to otherwise utilize SIA relative to Client's investments.

No additional conflicts of interest have been identified by Advisor.

Arbitrage Monitoring Services

Authorization to Engage Services

Pursuant to the Agreement for Arbitrage Monitoring Services ("Agreement") by and between the City of Pittsburg, Kansas ("Client") and Springsted Incorporated ("Advisor") effective June 19, 2017, Client wishes to retain the services of the Advisor to provide arbitrage calculations required by Section 148 of the Internal Revenue Service Code and related U.S. Treasury regulations with respect to the following Debt Obligation(s):

Bond Issue	Closing Date	Frequency
\$545,000 General Obligation Bonds, Series 2006A	2/27/2006	5th Year
\$1,140,000 General Obligation Bonds, Series 2006B	7/12/2006	5th Year
\$3,595,000 General Obligation Bonds, Series 2007A	6/15/2007	5th Year
\$13,000,000 General Obligation Bonds, Series 2007B	6/15/2007	5th Year
\$3,330,000 General Obligation Bonds, Series 2008A	6/10/2008	5th Year
\$1,545,000 General Obligation Bonds, Series 2009A	9/29/2009	5th Year
\$855,000 General Obligation Bonds, Series 2012A	6/28/2012	5th Year
\$1,420,000 General Obligation Bonds, Series 2013A	7/11/2013	5th Year
\$5,005,000 General Obligation Bonds, Series 2014A	6/26/2014	5th Year
\$6,370,000 General Obligation Refunding Bonds, Series 2015A	6/18/2015	5th Year

Acceptance:

FOR CLIENT

SPRINGSTED INCORPORATED

Jamie Clarkson

Print Name

Finance Director

Title

Tom Kaleko

Print Name

Vice President / Client Representative

Title

Continuing Disclosure Services

Authorization to Engage Services

Pursuant to the Agreement for Continuing Disclosure Services ("Agreement") by and between the City of Pittsburg, Kansas ("Client") and Springsted Incorporated ("Advisor") effective June 19, 2017, Client wishes to retain the services of the Advisor to provide continuing disclosure services required by Securities and Exchange Commission Rule 15c2-12(b)(5) for submissions to the Municipal Securities Rulemaking Board with respect to the following Debt Obligation(s):

General Obligation

- \$545,000 General Obligation Bonds, Series 2006A
- \$1,140,000 General Obligation Bonds, Series 2006B
- \$3,595,000 General Obligation Bonds, Series 2007A
- \$13,000,000 General Obligation Bonds, Series 2007B
- \$3,300,000 General Obligation Bonds, Series 2008A
- \$1,545,000 General Obligation Bonds, Series 2009A
- \$855,000 General Obligation Bonds, Series 2012A
- \$1,420,000 General Obligation Bonds, Series 2013A
- \$5,005,000 General Obligation Bonds, Series 2014A
- \$6,370,000 General Obligation Refunding Bonds, Series 2015A

Tax Increment Revenue

- \$6,310,000 Special Obligation Tax Increment Revenue Bonds
(North Broadway Redevelopment-Pittsburg Town Center Project), Series 2006

Sales Tax Revenue

- Transportation Development District
- \$1,395,000 Transportation Development District Sales Tax Revenue Bonds
(North Broadway – Pittsburg Town Center Project), Series 2006

Acceptance:

FOR CLIENT

SPRINGSTED INCORPORATED

Jamie Clarkson

Print Name

Finance Director

Title

Tom Kaleko

Print Name

Vice President / Client Representative

Title

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
C-CHECK	VOID CHECK	V	6/09/2017			179747		
C-CHECK	VOID CHECK	V	6/09/2017			179748		
C-CHECK	VOID CHECK	V	6/09/2017			179758		
C-CHECK	VOID CHECK	V	6/09/2017			179797		
C-CHECK	VOID CHECK	V	6/09/2017			179798		
C-CHECK	VOID CHECK	V	6/09/2017			179799		
C-CHECK	VOID CHECK	V	6/09/2017			179803		
C-CHECK	VOID CHECK	V	6/09/2017			179804		
C-CHECK	VOID CHECK	V	6/09/2017			179805		
C-CHECK	VOID CHECK	V	6/16/2017			179957		
C-CHECK	VOID CHECK	V	6/16/2017			179958		

* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	0	0.00	0.00	0.00
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	0	0.00	0.00	0.00
EFT:	0	0.00	0.00	0.00
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	11 VOID DEBITS	0.00		
	VOID CREDITS	0.00	0.00	

TOTAL ERRORS: 0

VENDOR SET: 99 BANK: *	TOTALS:	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
		11	0.00	0.00	0.00
BANK: *	TOTALS:	11	0.00	0.00	0.00

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
2004	AIRE-MASTER OF AMERICA, INC.	R	6/09/2017			179744		16.40
1	ALOTAIBI, MOHAMMED OWAIED	R	6/09/2017			179745		601.00
0523	AT&T	R	6/09/2017			179746		4,688.64
7681	BACKGROUND INVESTIGATION BUREA	R	6/09/2017			179749		440.70
7721	MADELINE BADEN	R	6/09/2017			179750		28.00
7725	PAUL RANDALL BRASWELL	R	6/09/2017			179751		500.00
5506	MIKE E BROWN	R	6/09/2017			179752		96.00
7346	JESSE CARR	R	6/09/2017			179753		600.00
7481	TIMOTHY CASHERO	R	6/09/2017			179754		175.00
6865	MICHAEL S COLE	R	6/09/2017			179755		64.00
4263	COX COMMUNICATIONS KANSAS LLC	R	6/09/2017			179756		26.46
4263	COX COMMUNICATIONS KANSAS LLC	R	6/09/2017			179757		1,975.31
4263	COX COMMUNICATIONS KANSAS LLC	R	6/09/2017			179759		13.23
4263	COX COMMUNICATIONS KANSAS LLC	R	6/09/2017			179760		90.31
4263	COX COMMUNICATIONS KANSAS LLC	R	6/09/2017			179761		67.22
4263	COX COMMUNICATIONS KANSAS LLC	R	6/09/2017			179762		77.23
4263	COX COMMUNICATIONS KANSAS LLC	R	6/09/2017			179763		58.80
4263	COX COMMUNICATIONS KANSAS LLC	R	6/09/2017			179764		79.98
0375	WICHITA WATER CONDITIONING, IN	R	6/09/2017			179765		5.50
7546	TANNER JAMES DANLEY	R	6/09/2017			179766		175.00
7726	MATTHEW TY DAWSON	R	6/09/2017			179767		500.00
1	DE LUNA, VANESSA	R	6/09/2017			179768		18.75

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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
1	DIXON, KARL	R	6/09/2017			179769		495.00
7547	ED EICHENBERGER	R	6/09/2017			179770		245.00
6740	FELD FIRE	R	6/09/2017			179771		920.00
7723	CLYDE C WILLIAMS	R	6/09/2017			179772		300.00
6358	FIRE X INC	R	6/09/2017			179773		76.50
7729	KASSANDRA GRAVES	R	6/09/2017			179774		160.00
7372	RANDY W. HEATHERLY	R	6/09/2017			179775		96.00
6923	HUGO'S INDUSTRIAL SUPPLY INC	R	6/09/2017			179776		229.00
7551	INNOVATIVE CONCESSIONS ENTERPR	R	6/09/2017			179777		655.20
6511	KANSAS JUVENILE OFFICERS ASSOC	R	6/09/2017			179778		605.00
6656	KNIPP EQUIPMENT INC	R	6/09/2017			179779		643.00
1	KSMU-FM	R	6/09/2017			179780		180.00
7728	LAND GO PROPERTIES, LLC	R	6/09/2017			179781		58.50
1	MATTHEW, MERLY	R	6/09/2017			179782		15.00
7722	DEVIN MCAFEE	R	6/09/2017			179783		35.00
7716	JORDAN MEADOWS	R	6/09/2017			179784		1,360.00
6367	NATIONAL FLEET TESTING SERVICE	R	6/09/2017			179785		2,930.00
7469	RADCLIFF AGENCY, LLC	R	6/09/2017			179786		250.00
7727	SOUTHERN TRADITION	R	6/09/2017			179787		600.00
1	STOKES, SYD	R	6/09/2017			179788		365.30
6804	SWEETWATER SOUND, INC	R	6/09/2017			179789		7,036.00
7532	CRAIG TAYLOR	R	6/09/2017			179790		160.00

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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
7720	TEAM THREADS, LLC	R	6/09/2017			179791		390.00
7724	LINDA G THOMAS	R	6/09/2017			179792		600.00
7538	RUSSELL D TITSWORTH	R	6/09/2017			179793		400.00
7664	TRI-STATE GUNFIGHTERS AND REEN	R	6/09/2017			179794		600.00
2916	US CELLULAR	R	6/09/2017			179795		106.74
5589	VERIZON WIRELESS SERVICES, LLC	R	6/09/2017			179796		7,929.74
7180	PHILLIP D WARD	R	6/09/2017			179800		900.00
7730	MATTHEW WEATHERMAN	R	6/09/2017			179801		160.00
1108	WESTAR ENERGY	R	6/09/2017			179802		98,720.24
7497	JOSEPH ZOGG	R	6/09/2017			179806		352.00
7480	RODGER PETRAIT	R	6/09/2017			179807		270.27
2876	A-PLUS CLEANERS & LAUNDRY	R	6/16/2017			179951		634.00
1	BURLINGHAM, KIM	R	6/16/2017			179952		35.00
5283	CLASS LTD	R	6/16/2017			179953		45.30
7373	COMMERCE BANK	R	6/16/2017			179954		20,411.80
0748	CONRAD FIRE EQUIPMENT INC	R	6/16/2017			179955		48.22
7657	COPY PRODUCTS, INC.	R	6/16/2017			179956		1,994.00
4263	COX COMMUNICATIONS KANSAS LLC	R	6/16/2017			179959		29.48
1	EVANS, DAVID	R	6/16/2017			179960		50.00
1	FRANKLIN, JOE	R	6/16/2017			179961		53.75
7151	TOTALFUNDS BY HASLER	R	6/16/2017			179962		1,000.00
7680	IMA, INC.	R	6/16/2017			179963		3,125.00

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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
7190	LEXISNEXIS RISK DATA MANAGEMEN	R	6/16/2017			179964		393.38
6750	HW LOCHNER, BWR DIVISION	R	6/16/2017			179965		21,413.35
7392	ASSURECO RISK MANAGEMENT & REG	R	6/16/2017			179966		350.00
6367	NATIONAL FLEET TESTING SERVICE	R	6/16/2017			179967		1,120.00
0187	PITTSBURG ROTARY CLUB	R	6/16/2017			179968		2,000.00
0175	REGISTER OF DEEDS	R	6/16/2017			179969		18.00
0175	REGISTER OF DEEDS	R	6/16/2017			179970		18.00
0175	REGISTER OF DEEDS	R	6/16/2017			179971		18.00
6571	ROUTE 66 ELECTRIC, LLC	R	6/16/2017			179972		10,175.00
1	SCHOSSOW, WADE	R	6/16/2017			179973		86.25
7270	SECURITY 1ST TITLE, LLC	R	6/16/2017			179974		780.00
1	STOTTS SR, KENNETH	R	6/16/2017			179975		4,052.42
6957	U.S. BANK	R	6/16/2017			179976		419.86
0349	UNITED WAY OF CRAWFORD COUNTY	R	6/16/2017			179977		75.77
7053	U.S. PEROXIDE, LLC	R	6/16/2017			179978		950.00
5589	VERIZON WIRELESS SERVICES, LLC	R	6/16/2017			179979		392.37
2350	WASTE CORPORATION OF MISSOURI	R	6/16/2017			179980		362.80
1108	WESTAR ENERGY	R	6/16/2017			179981		737.80
5371	PITTSBURG FAMILY YMCA	R	6/16/2017			179982		227.74
7436	YOUNG & ASSOCIATES, P.A.	R	6/16/2017			179983		1,709.70
0022	DANKO EMERGENCY EQUIPMENT CO.	E	6/19/2017			999999		38.12
0046	ETTINGERS OFFICE SUPPLY	E	6/12/2017			999999		226.79

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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
0046	ETTINGERS OFFICE SUPPLY	E	6/19/2017			999999		329.29
0054	JOPLIN SUPPLY COMPANY	E	6/12/2017			999999		5,147.12
0054	JOPLIN SUPPLY COMPANY	E	6/19/2017			999999		7.73
0055	JOHN'S SPORT CENTER, INC.	E	6/19/2017			999999		120.00
0084	INTERSTATE EXTERMINATOR, INC.	E	6/12/2017			999999		797.00
0087	FORMS ONE, LLC	E	6/12/2017			999999		80.00
0101	BUG-A-WAY INC	E	6/12/2017			999999		20.00
0101	BUG-A-WAY INC	E	6/19/2017			999999		110.00
0105	PITTSBURG AUTOMOTIVE INC	E	6/12/2017			999999		463.86
0105	PITTSBURG AUTOMOTIVE INC	E	6/19/2017			999999		1,155.28
0109	RANDY VILELA TRUCKING & HAULIN	E	6/12/2017			999999		2,845.00
0112	MARRONES INC	E	6/12/2017			999999		1,145.21
0116	DANIEL E BRADEN	E	6/12/2017			999999		650.00
0117	THE MORNING SUN	E	6/12/2017			999999		272.93
0128	VIA CHRISTI HOSPITAL	E	6/12/2017			999999		2,894.33
0133	JIM RADELL CONSTRUCTION INC	E	6/19/2017			999999		33,635.00
0135	PITTSBURG AREA CHAMBER OF COMM	E	6/12/2017			999999		8.00
0135	PITTSBURG AREA CHAMBER OF COMM	E	6/19/2017			999999		493.00
0142	HECKERT CONSTRUCTION CO INC	E	6/12/2017			999999		19,948.63
0142	HECKERT CONSTRUCTION CO INC	E	6/19/2017			999999		23,674.83
0202	CLIFF HIX ENGINEERING INC	E	6/19/2017			999999		468.00
0224	KDOR	D	6/07/2017			999999		1,282.51

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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
0224	KDOR	D	6/08/2017			999999		5,324.12
0272	BO'S 1 STOP INC	E	6/19/2017			999999		282.24
0276	JOE SMITH COMPANY, INC.	E	6/12/2017			999999		2,046.93
0286	R & R PRODUCTS INC	E	6/12/2017			999999		221.60
0294	COPY PRODUCTS, INC.	E	6/12/2017			999999		31.00
0312	HACH COMPANY, INC	E	6/12/2017			999999		218.89
0321	KP&F	D	6/16/2017			999999		40,266.93
0329	O'MALLEY IMPLEMENT CO INC	E	6/19/2017			999999		271.48
0345	VICTOR L PHILLIPS CO	E	6/12/2017			999999		289.04
0409	WISEMAN'S DISCOUNT TIRE INC	E	6/12/2017			999999		89.90
0409	WISEMAN'S DISCOUNT TIRE INC	E	6/19/2017			999999		212.00
0478	VIETTI AUTO BODY INC	E	6/19/2017			999999		69.95
0516	AMERICAN CONCRETE CO INC	E	6/12/2017			999999		1,426.08
0516	AMERICAN CONCRETE CO INC	E	6/19/2017			999999		177.70
0530	THYSSENKRUPP CORPORATION	E	6/19/2017			999999		854.67
0577	KANSAS GAS SERVICE	E	6/12/2017			999999		26.08
0577	KANSAS GAS SERVICE	E	6/19/2017			999999		502.31
0628	KC BOBCAT	E	6/12/2017			999999		179.47
0650	HOME CENTER CONSTRUCTION	E	6/19/2017			999999		7,900.00
0661	SAFETY-KLEEN SYSTEMS INC	E	6/12/2017			999999		248.25
0728	ICMA	D	6/16/2017			999999		777.30
0746	CDL ELECTRIC COMPANY INC	E	6/12/2017			999999		1,483.80

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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
0746	CDL ELECTRIC COMPANY INC	E	6/19/2017			999999		804.65
0752	US SIXTY-NINE HIGHWAY	E	6/12/2017			999999		90.00
0806	JOHN L CUSSIMANIO	E	6/12/2017			999999		278.00
0844	HY-FLO EQUIPMENT CO	E	6/19/2017			999999		2,332.89
0866	AVFUEL CORPORATION	E	6/12/2017			999999		14,530.37
1050	KPERS	D	6/12/2017			999999		16.92
1050	KPERS	D	6/16/2017			999999		35,603.82
1097	BARCO MUNICIPAL PRODUCTS INC	E	6/12/2017			999999		1,253.11
1478	KANSASLAND TIRE OF PITTSBURG	E	6/12/2017			999999		765.99
1478	KANSASLAND TIRE OF PITTSBURG	E	6/19/2017			999999		101.00
1490	ESTHERMAE TALENT	E	6/12/2017			999999		37.50
1629	PITTSBURG BEAUTIFUL	E	6/12/2017			999999		5,301.25
1631	RUTH WEGNER	E	6/12/2017			999999		330.00
1704	AMERICAN MEDIA INVESTMENTS	E	6/12/2017			999999		277.00
1792	B&L WATERWORKS SUPPLY, LLC	E	6/19/2017			999999		13,820.01
2025	SOUTHERN UNIFORM & EQUIPMENT L	E	6/12/2017			999999		327.95
2025	SOUTHERN UNIFORM & EQUIPMENT L	E	6/19/2017			999999		892.96
2186	PRODUCERS COOPERATIVE ASSOCIAT	E	6/19/2017			999999		931.58
2433	THE MORNING SUN	E	6/12/2017			999999		251.25
2621	MONICA LAFORTE	E	6/19/2017			999999		25.00
2707	THE LAWNSCAPE COMPANY, INC.	E	6/19/2017			999999		352.50
2767	BRENNTAG SOUTHWEST, INC	E	6/19/2017			999999		219.78

VENDOR SET: 99 City of Pittsburg, KS

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VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
2825	KANSAS DEPT OF ADMINISTRATION	E	6/12/2017			999999		639.81
2921	DP2 BILLING SOLUTIONS, LLC	E	6/12/2017			999999		4,652.61
2960	PACE ANALYTICAL SERVICES INC	E	6/19/2017			999999		3,040.00
3248	AIRGAS USA LLC	E	6/19/2017			999999		1,706.76
3261	PITTSBURG AUTO GLASS	E	6/12/2017			999999		25.00
4452	RYAN INSURANCE, LLC	E	6/12/2017			999999		86.00
4624	COVERT ELECTRIC MACHINERY, INC	E	6/19/2017			999999		5,283.00
4956	YAMAHA COMMERCIAL FINANCE, U.S	E	6/12/2017			999999		2,790.00
5014	MID-AMERICA SANITATION	E	6/12/2017			999999		6,167.64
5275	US LIME COMPANY-ST CLAIR	E	6/12/2017			999999		4,303.32
5482	JUSTIN HART	E	6/12/2017			999999		60.00
5552	NATIONAL SIGN CO INC	E	6/12/2017			999999		299.50
5558	MALLE SERVICE & SUPPLY	E	6/19/2017			999999		842.00
5623	CRAWFORD COUNTY CLERK	E	6/12/2017			999999		11.70
5770	KANSAS CITY FREIGHTLINER SALES	E	6/12/2017			999999		211.11
5904	TASC	D	6/16/2017			999999		7,344.72
6029	GARSITE/PROGRESS LLC	E	6/12/2017			999999		665.70
6389	PROFESSIONAL TURF PRODUCTS LP	E	6/12/2017			999999		732.19
6389	PROFESSIONAL TURF PRODUCTS LP	E	6/19/2017			999999		253.86
6402	BEAN'S TOWING & AUTO BODY	E	6/19/2017			999999		928.00
6415	GREAT WEST TANDEM KPERS 457	D	6/16/2017			999999		3,817.00
6595	AMAZON.COM, INC	E	6/19/2017			999999		15,061.25

VENDOR SET: 99 City of Pittsburg, KS

BANK: 80144 BMO HARRIS BANK

DATE RANGE: 6/07/2017 THRU 6/20/2017

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
6777	DH PACE CO	E	6/19/2017			999999		930.70
6846	GREENWAY ELECTRIC, INC.	E	6/19/2017			999999		24,750.00
7028	MATTHEW L. FRYE	E	6/12/2017			999999		400.00
7191	ANDREW TRACTOR WORKS	E	6/19/2017			999999		2,849.60
7283	CORESOURCE, INC	D	6/08/2017			999999		25,450.94
7283	CORESOURCE, INC	D	6/15/2017			999999		48,821.04
7290	DELTA DENTAL OF KANSAS INC	D	6/09/2017			999999		633.80
7290	DELTA DENTAL OF KANSAS INC	D	6/16/2017			999999		1,334.14
7401	JAMI L CROWDER	E	6/19/2017			999999		2,233.19
7407	LIMELIGHT MARKETING LLC	E	6/12/2017			999999		3,750.00
7407	LIMELIGHT MARKETING LLC	E	6/19/2017			999999		3,000.00
7478	KENNETH PERRIN	E	6/12/2017			999999		981.84
7514	NTHERM, LLC	E	6/19/2017			999999		517.32
7572	OZARK MOUNTAIN ENERGY, INC	E	6/12/2017			999999		15,054.89
7620	POMP'S TIRE SERVICE INC	E	6/12/2017			999999		1,049.25
7629	EARLES ENGINEERING & INSPECTIO	E	6/19/2017			999999		1,360.00
7655	HW ACQUISITIONS, PA	E	6/19/2017			999999		259.59
7661	LOGAN WENDT	E	6/19/2017			999999		3,300.00
7667	BRENT'S ELECTRIC, LLC	E	6/12/2017			999999		697.93

VENDOR I.D.	NAME	STATUS	CHECK DATE	INVOICE AMOUNT	DISCOUNT	CHECK NO	CHECK STATUS	CHECK AMOUNT
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* * T O T A L S * *	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
REGULAR CHECKS:	86	210,868.01	0.00	210,868.01
HAND CHECKS:	0	0.00	0.00	0.00
DRAFTS:	12	170,673.24	0.00	170,673.24
EFT:	97	262,878.06	0.00	262,878.06
NON CHECKS:	0	0.00	0.00	0.00
VOID CHECKS:	0 VOID DEBITS	0.00		
	VOID CREDITS	0.00	0.00	0.00

TOTAL ERRORS: 0

	NO	INVOICE AMOUNT	DISCOUNTS	CHECK AMOUNT
VENDOR SET: 99 BANK: 80144 TOTALS:	195	644,419.31	0.00	644,419.31
BANK: 80144 TOTALS:	195	644,419.31	0.00	644,419.31
REPORT TOTALS:	195	644,419.31	0.00	644,419.31

SELECTION CRITERIA

VENDOR SET: 99-
VENDOR: ALL
BANK CODES: All
FUNDS: All

CHECK SELECTION

CHECK RANGE: 000000 THRU 999999
DATE RANGE: 6/07/2017 THRU 6/20/2017
CHECK AMOUNT RANGE: 0.00 THRU 999,999,999.99
INCLUDE ALL VOIDS: YES

PRINT OPTIONS

SEQUENCE: CHECK NUMBER

PRINT TRANSACTIONS: NO
PRINT G/L: NO
UNPOSTED ONLY: NO
EXCLUDE UNPOSTED: NO
MANUAL ONLY: NO
STUB COMMENTS: NO
REPORT FOOTER: NO
CHECK STATUS: NO
PRINT STATUS: * - All

Passed and approved this 27th day of June, 2017.

Michael Gray, Mayor

ATTEST:

Tammy Nagel, City Clerk

2017 Five Year Financial Plan



Five Year Financial Plan

City of Pittsburg, Kansas

May 20, 2017

Introduction:

It is the role of the City Commission and the City's management staff to find ways to not just overcome, but to thrive. A long-term financial plan is an important tool that can assist in accomplishing this goal.

There are several reasons to prepare a long-term financial plan. Long-term financial plans...

- Help develop strategies to achieve goals and objectives.
- Assess the implications today's decisions have on future financial viability.
- Identify programs and services that may be offered.
- Are used by rating agencies to increase bond ratings.
- Analyze revenue and expenditure trends for improved decision making.

A financial forecast is a tool used in developing a long-term financial plan by estimating future revenues and expenditures and identifying the factors which impact them. This forecast is intended to help formulate decisions that encourage financial stability while delivering essential community services.

The information in this forecast includes an analysis of major revenue sources and uses for the primary government and its enterprise funds. The estimates include both quantitative and qualitative information. Quantitative estimates are based on historical data and trends, as well as economic conditions that may impact the City's ability to collect or generate revenue. The qualitative estimates are based on the experience and knowledge of management that will indicate the most likely outcome.

Financial forecasts include a lot of economic variables that can and do change frequently. Other things that will affect the accuracy of the forecast include operational changes, the timing of large capital projects, and policy changes.

Executive Summary:

The City constantly looks for ways to maximize limited resources in order to address the priorities set by the City Commission. The current priorities were the result of the 2030 Visioning process, recently updated in 2017. The result is a list of priorities which allows the City to attain the overall vision of where Pittsburg should be in the year 2030. Two core areas were added to the original four. These goals will continue to be a priority in the 2018 Budget and subsequent years through 2021. They are:

- Housing
- Economic Development
- Infrastructure Improvement
- Public Wellness
- Marketing
- Education

In addition to the goals established by the Vision 2030 process, the following goals were identified by the City Commission and Executive Team:

- Build reserves to a minimum acceptable level
- Establish and maintain a Debt Management Plan

The following discussion reviews the 2016 financial forecast recommendations, discusses the steps taken to address the issues identified, and identifies the impact of those steps on the major sources and uses of the resources available to the City to accomplish these goals, as well as, potential challenges that will need to be overcome.

2016 Recap

During the 2016 working day session, the following recommendations were made. The actual actions that were approved by the City Commission are noted at the end of each section.

To ensure our future financial stability we must consider:

- ✓ Increasing revenues incrementally
- ✓ Monitor and control expenditures
- ✓ Build reserves
- ✓ Practice long term planning
- ✓ Monitor and update written policies
- ✓ Make data driven decisions

Specifically, we recommended:

1. Increasing the mill rate

- a. In the 2017 General Fund mill rate by 4.0 mills, due to the property tax lid going into effect beginning with year 2018.
- b. Increase the Debt Service mill rate by 1.0 mill in 2017 and 1.5 mills in 2018.

Action Taken: The City Commission elected to raise the 2017 General Fund mill rate by 2.0 mills and the Debt Service mill rate by 1.0 mill.

2. Increasing utility rates by

- a. 1% for 2016
- b. 1% for 2017
- c. 1% for 2018
- d. 1% for 2019
- e. 1% for 2020

Action Taken: The City Commission approved a 1% increase in utility rates for the 2017 budget.

3. Adopting the following long term plans

- a. Five Year Capital Improvements Plan
- b. Five Year Equipment Replacement Plan
- c. Five Year Financial Plan

Action Taken: The City Commission adopted a., b. and c. as presented.

4. Limit merit salary increases to

- a. 2.0% in 2017 and 2019: no salary increase in 2018 or 2020.

Action Taken: The City Commission approved the 2017 budget with a 2.0% salary increase.

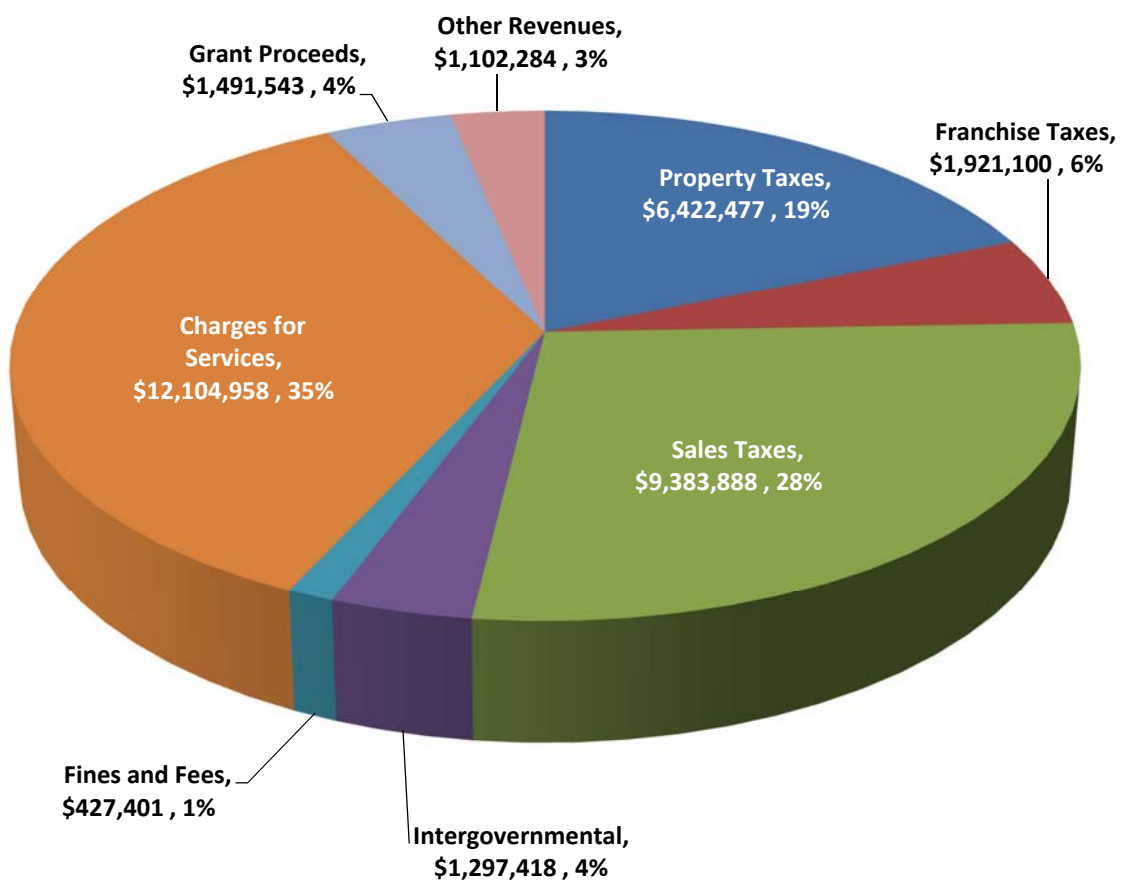
Changes in our economic condition will affect projections. The City management will review the situation every year and adjust activity to meet the City's needs.

REVENUES

As with all levels of local government, the City of Pittsburg had been adversely affected by the reduction of property values, reduced sales tax, reduced funding from higher levels of government, and other reductions of revenue due to the great recession. When compared to the 2015 total revenues, the 2016 revenues decreased by \$7.1 million. This is due to \$6.7 million in bond refunding in 2015 and RLF loan activity.

While, the City of Pittsburg receives revenue from a variety of sources, nearly all revenue is collected into one of three main funds: the General Fund, the Public Utility Fund and the Debt Service Fund. The following pie chart shows the City's 2016 revenues by source and the percentage of total revenues each source represents.

2016 Revenues by Source (\$34,151,069)



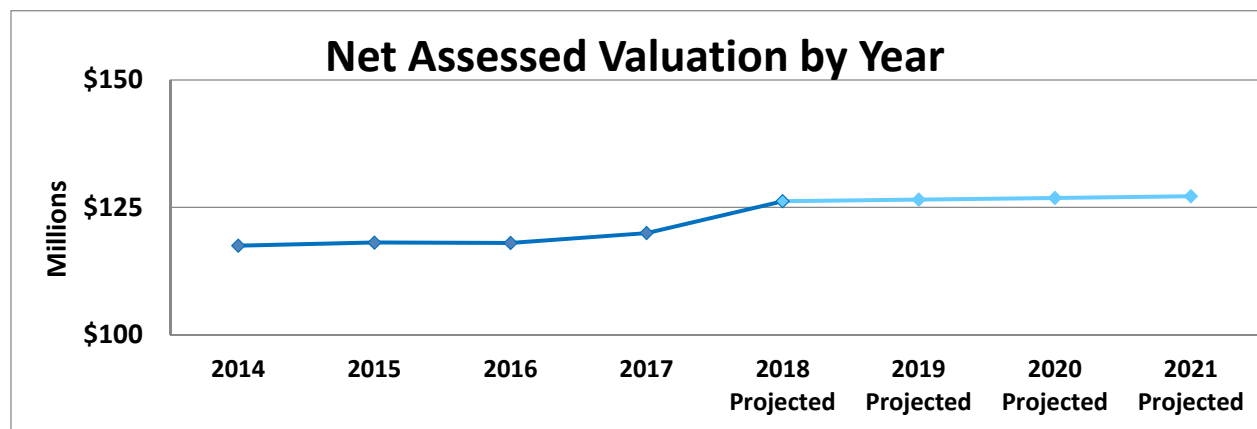
General Fund

The four main sources of revenue in the General Fund are: Property Tax, Sales Tax, Franchise Tax and Public Utility Transfers. The Kansas Crossing Casino opened April of 2017. Casino gaming revenue will be a new revenue source for the general fund.

Property Tax

The property tax is an ad valorem tax, meaning it is based on the value of real estate or personal property owned by an individual or company. There are two components for calculating property taxes: property valuations and the mill levy. The City determines the level of service for the upcoming year and sets the property tax rate at an amount which will pay for those services.

The City's net assessed valuation has remained relatively flat for the past six years with slight growth for 2017. Staff is projecting an increase in the City's net assessed valuation of approximately 5.0% for 2018 due to the Kansas Crossing Casino, the Hampton Inn Hotel, the La Quinta Hotel and the Tractor Supply Store. For years 2019 through 2021 staff is projecting minimal growth in the City's net assessed valuation. The graph below shows the projected trend in Pittsburg's net assessed valuation.

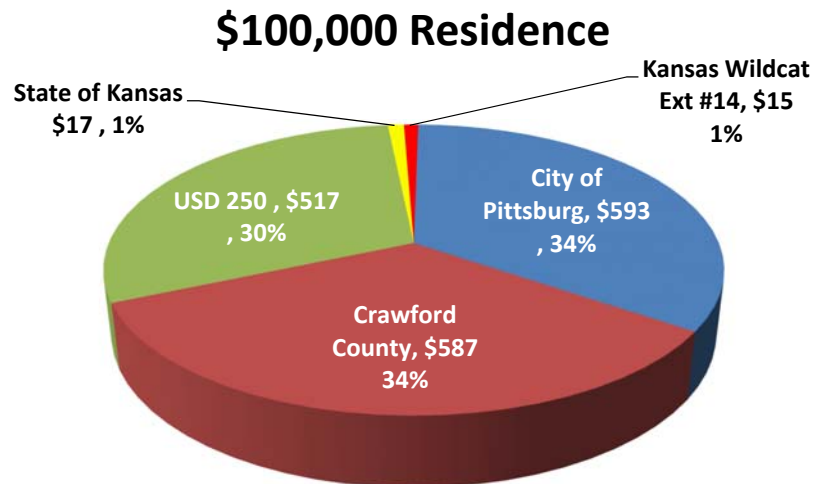


For the 2017 budget year one mill in the City of Pittsburg generates \$119,976. Historically, the City collects approximately 95.5% of the taxes levied. The table below shows the general fund mill rate and actual tax dollars generated for the last five years with 2017 being estimated.

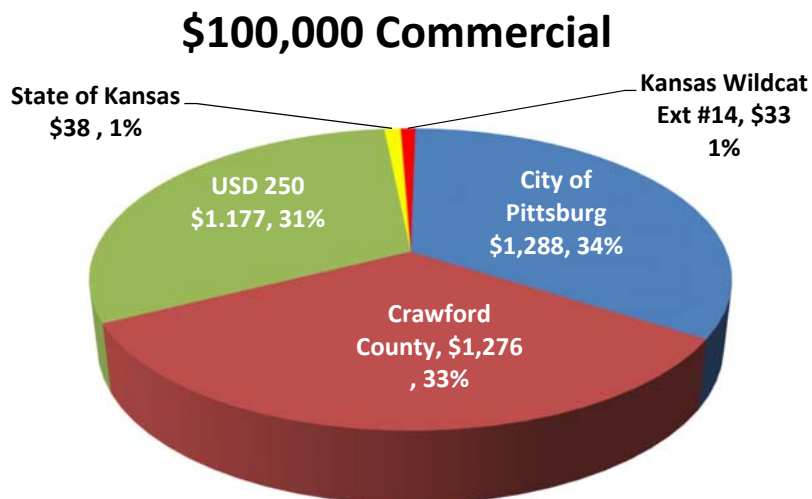
Valued for	Net Valuation	General Fund Mill Rate	Tax Dollars Collected
2012	\$ 117,919,158	30.956	\$ 3,637,172
2013	\$ 117,721,546	31.933	\$ 3,716,583
2014	\$ 117,495,446	31.880	\$ 3,737,708
2015	\$ 118,098,699	33.851	\$ 3,819,508
2016	\$ 118,016,161	35.076	\$ 3,966,486
2017	\$ 119,976,319	36.946	\$ 4,232,605 est

The City receives only a portion of the property taxes paid by residents. The State of Kansas, Crawford County, Unified School District #250 and the Kansas Wildcat Extension #14 also assess taxes on property. One mill on a residential property appraised at \$100,000 will generate \$11.50 in property tax annually while one mill on a commercial property appraised at \$100,000 will generate \$25.00 in property tax annually.

The following pie chart shows the various property tax jurisdictions within Pittsburg and their approximate 2017 cost on a residential property with an appraised value of \$100,000.



The following pie chart shows the various property tax jurisdictions within Pittsburg and their approximate 2017 cost on a commercial property with appraised value of \$100,000.

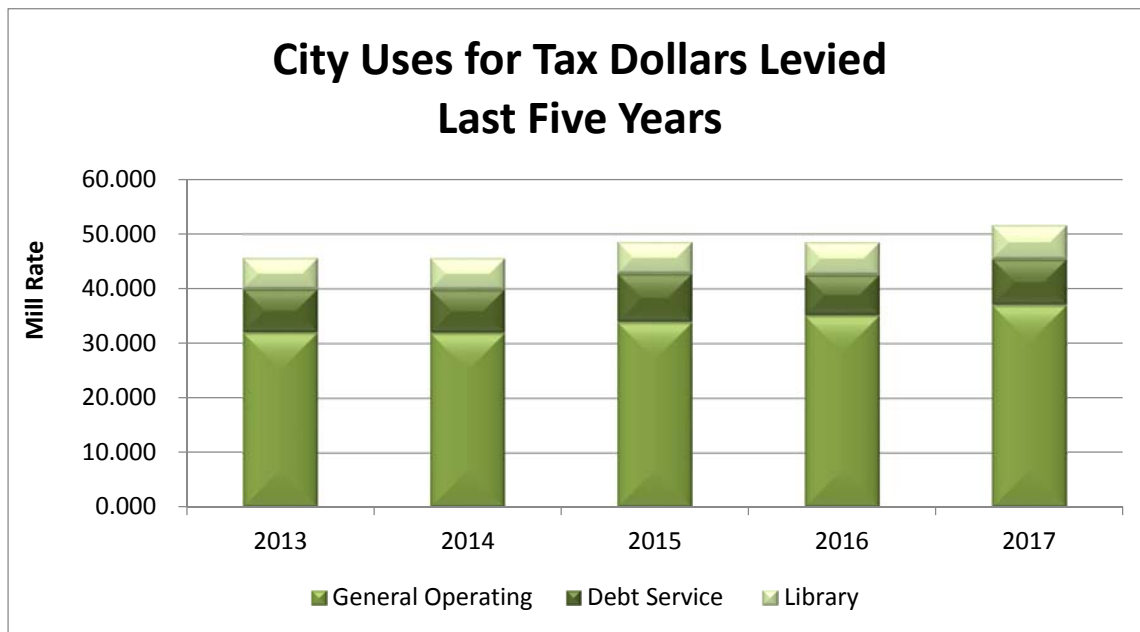


The following chart shows the various property tax jurisdictions within Pittsburg and their respective 2017 mill rates.

Entity	Mill Rate
City of Pittsburg	51.539
Crawford County	51.057
USD 250*	49.914
State of Kansas	1.500
Kansas Wildcat Extension #14	1.339
TOTAL	154.349

*Per Kansas statute, Unified School Districts are exempt from the 20 mill statewide Portion of the mill rate which equates to \$46.00 annually

The following graph shows the breakdown of the City property taxes levied for the last five years.

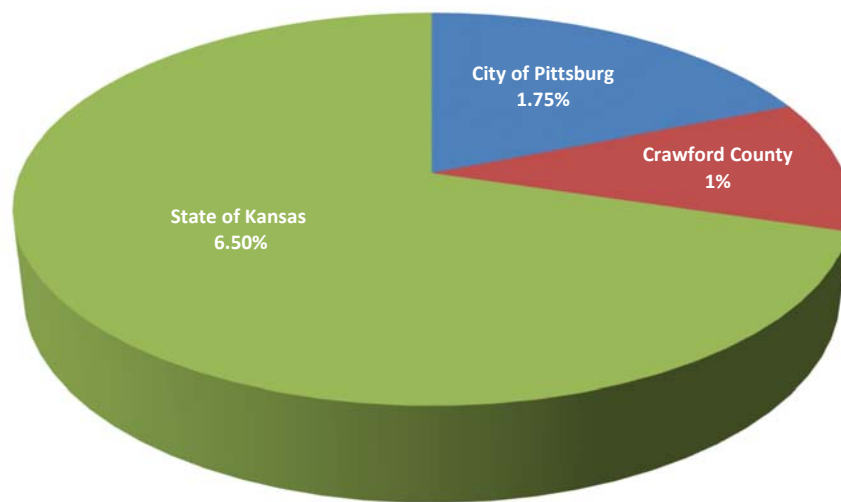


Sales Tax

Sales taxes are a source of revenue paid to a government entity for the sales of certain goods and services. For most sales in Kansas, the law requires the seller to collect the tax from the consumer at the point of sale. Generally sales tax is collected one month, then the sales tax collected is remitted to the state the following month and then the state remits the appropriate share of the tax to the appropriate governmental entity in the third month.

The following pie chart shows the total sales tax rate within the Pittsburg city limits (excluding the Tax Increment Financing District).

Pittsburg Sales Tax Rate - 9.25%



Sales taxes are the leading sole source of revenue for the City of Pittsburg. However, all the City sales taxes are earmarked for specific uses. The portion of the Crawford County sales tax received by the City is unrestricted and is used to support the General Fund operations. It is estimated the City will receive approximately \$2.3 million of the Crawford County sales tax in 2017.

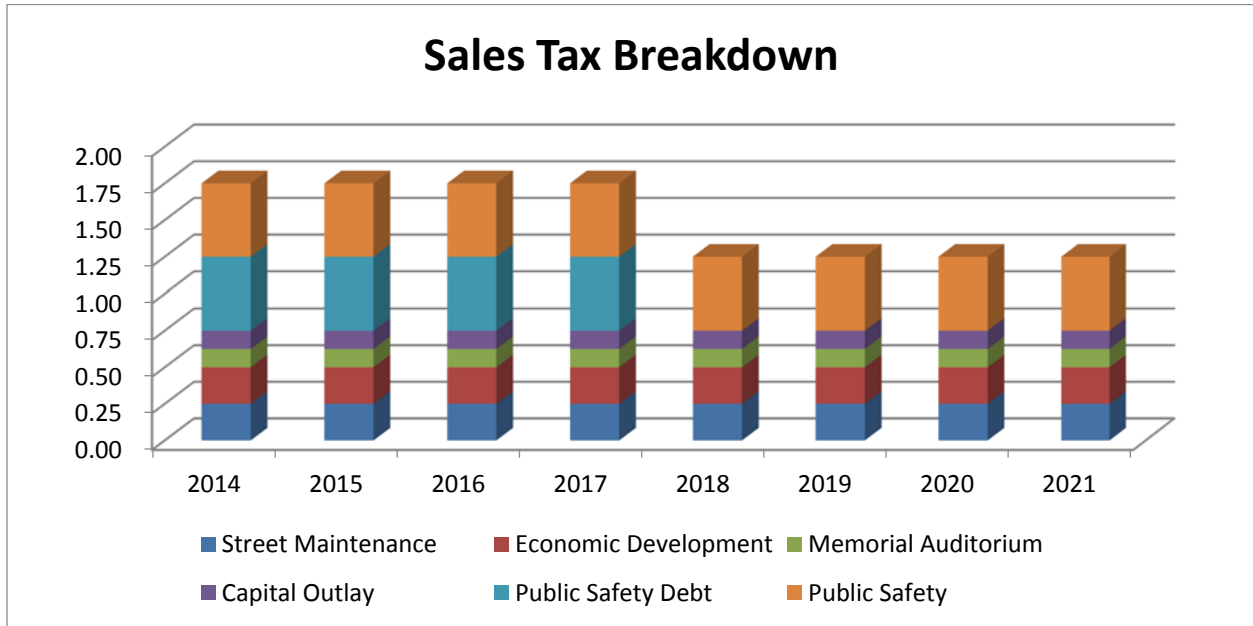
There are six programs funded by dedicated sales taxes in Pittsburg. Three have renewal or end dates. The sales tax for street maintenance was approved by voters for another five years in 2015 and will expire March 31, 2021; the public safety debt sales tax was approved by voters to remain in effect until the bonds are paid off which will happen in the fall of 2017; the sales tax to enhance public safety was approved by voters in 2013 and will expire December 31, 2023. The quarter-cent for economic development and the eighth-cent for the auditorium and capital outlay have no expiration date. The City is holding a Special Election on July 11, 2017 asking for a quarter cent sales tax for road improvements for five years.

The City's portion of the sales tax rate is currently 1.75 percent and is earmarked as follows:

Pittsburg Sales Tax Earmarks		
<u>Purpose</u>	<u>Rate</u>	<u>End Date</u>
Public Safety Debt	.50	2017
Street Maintenance	.25	2021
Public Safety	.50	2023
Economic Development	.25	Ongoing
Capital Outlay	.125	Ongoing
Memorial Auditorium	.125	Ongoing
Total	1.75	

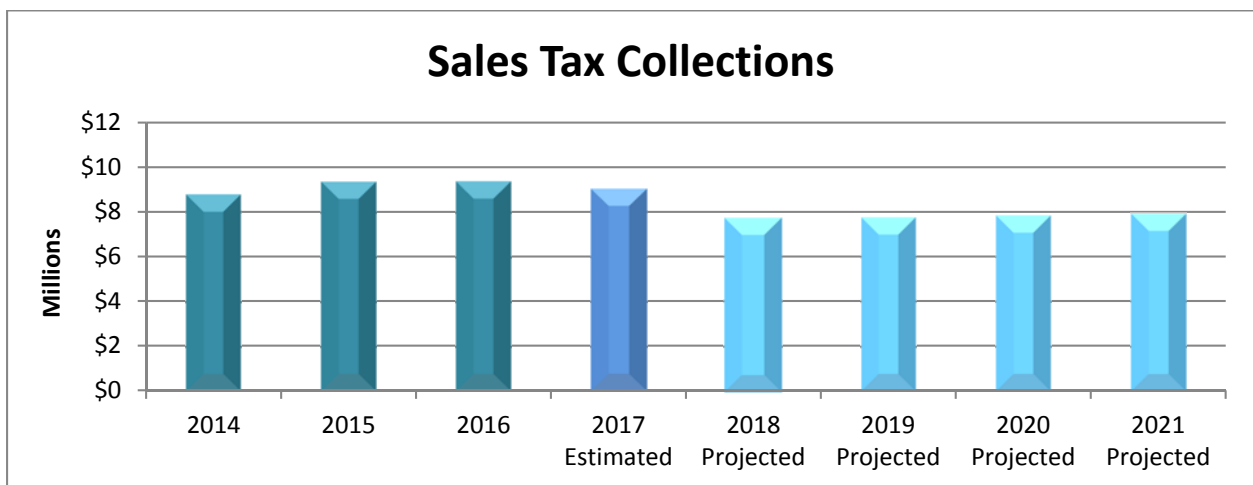
The City's Tax Increment Financing District has an additional .30 sales tax rate and is used to repay the Transportation Development District debt which is expected to be retired in 2027.

The graph below shows the City's dedicated sales tax rates over time.



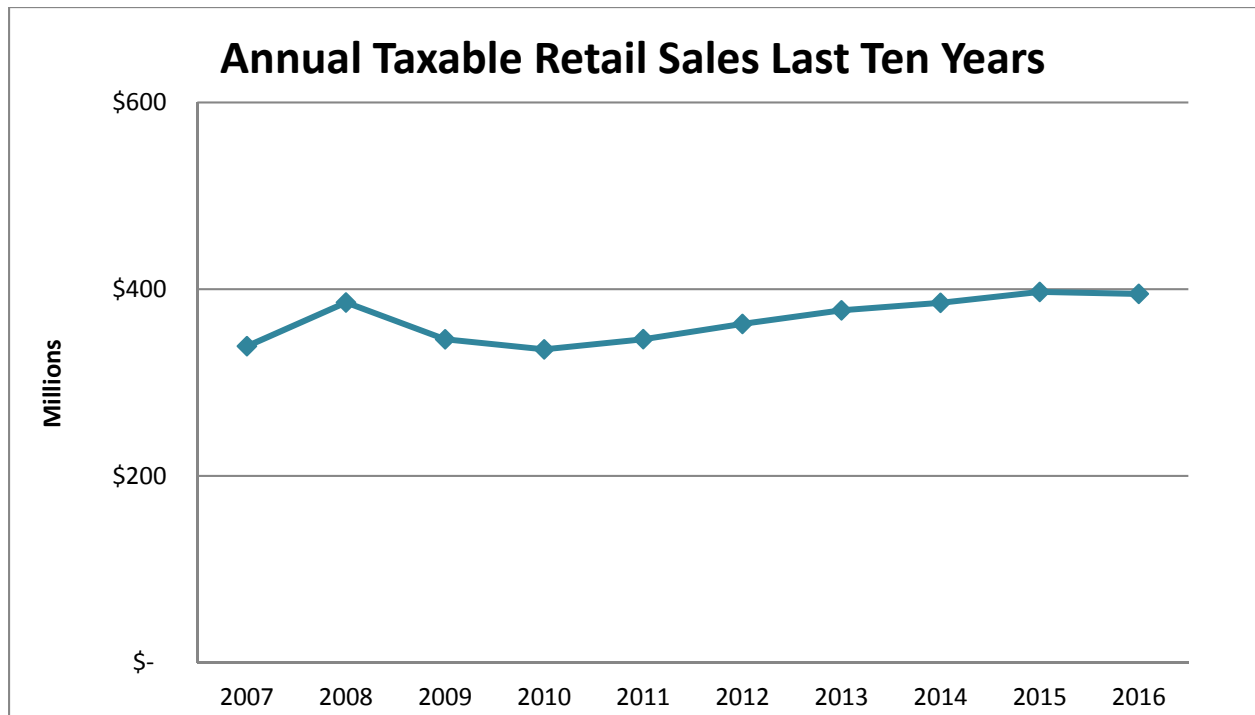
Sales tax revenue collections for 2016 were flat with only a 0.17% increase over 2015. The revised estimate for 2017 is 2.5% growth over 2016 and 2.0% growth for 2018 over 2017 due to the Kansas Crossing Casino, the Hampton Inn Hotel, the La Quinta Hotel and the Tractor Supply Store. Sales tax projections for 2019 through 2021 include a 1% increase per year as well.

The graph below shows actual and projected sales tax revenue collections for the City through 2021. The drop in sales tax revenue from 2016 to 2018 reflects the Public Safety debt sales tax retirement in the fall of 2017.



Annual Retail Sales

The following graph shows the City's annual taxable retail sales for the last ten years.



Due to the great recession taxable retail sales peaked in 2008 as shown in the previous graph; then dropped by over \$39 million in 2009, with another drop of \$11 million in 2010. Since then taxable retail sales have steadily increased. In 2015 retail sales surpassed the level set in 2008, however, considering that the 2015 totals also include costs of inflation since 2008, not all of the taxable sales growth is due to increased volume. However, it does show that the economy in Pittsburgh is showing steady growth.

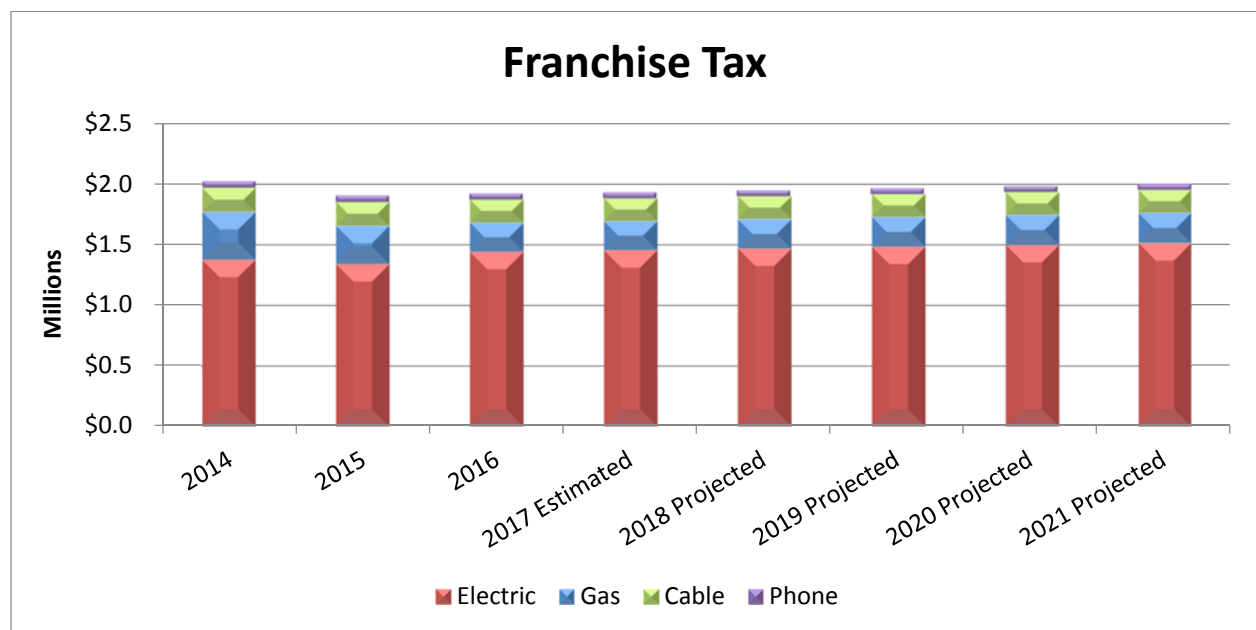
Franchise Taxes

Franchise taxes are the general governments' third largest revenue source; and the second largest unrestricted revenue-second only to property taxes. Franchise taxes for the City include:

- Electric
- Natural Gas
- Cable
- Telephone

Franchise taxes are not consistent; their unpredictability is based more on annual climatic conditions and the commodities market instead of the economy. The electric franchise taxes comprised 75% of the total franchise taxes collected in 2016 and are specifically driven by the climate and commodities market. Westar Electric implemented an average commercial rate increase of 5% in November of 2015 and 2016 electric franchise taxes increased by 7.6% over 2015. Natural gas franchise taxes are projected to increase slightly in 2017 due to price increases in the commodities markets. Cable franchise taxes have been declining for several years and cell phones have reduced the dependence on land-line telephones, so that portion of franchise tax continues to remain flat or decline. Staff is estimating a 1% increase in 2017 for electric and natural gas franchise taxes over 2016 while cable and phone franchise fees remain flat. For years 2018 through 2021 a 1% increase is projected for franchise tax revenues.

The graph below shows actual and projected franchise tax collections.



Gaming Revenue

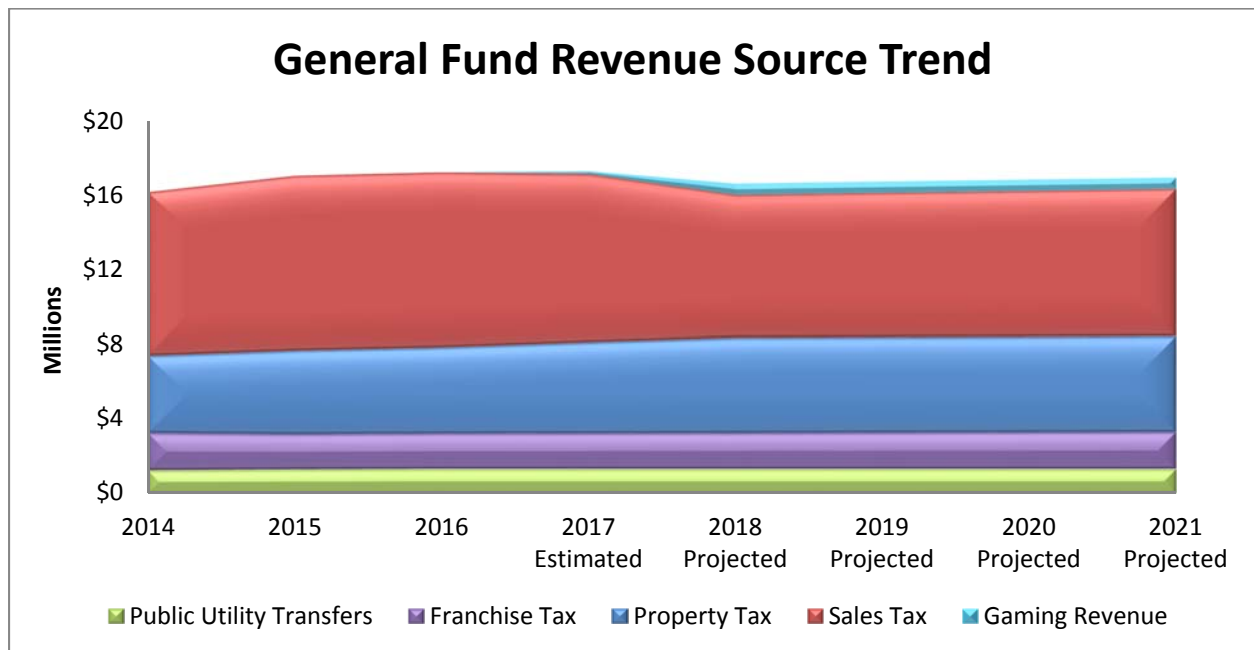
As stated earlier, the Kansas Crossing Casino opened in April of 2017. The City will receive 1% of the gaming revenues generated by the Casino plus property taxes and utility charges for service. Staff is estimating \$255,000 in gaming revenue for budget year 2017 and \$375,000 for years 2018 through 2021. The City's share of property taxes is estimated to be approximately \$300,000 in 2018 through 2021.

Other types of Revenues

The City receives other types of revenue; however, the total is insignificant compared to property taxes, sales taxes, and franchise taxes.

- Intergovernmental Revenues
- Investment Income
- Fines and Fees
- User fees
- Licenses and permits
- Miscellaneous revenues

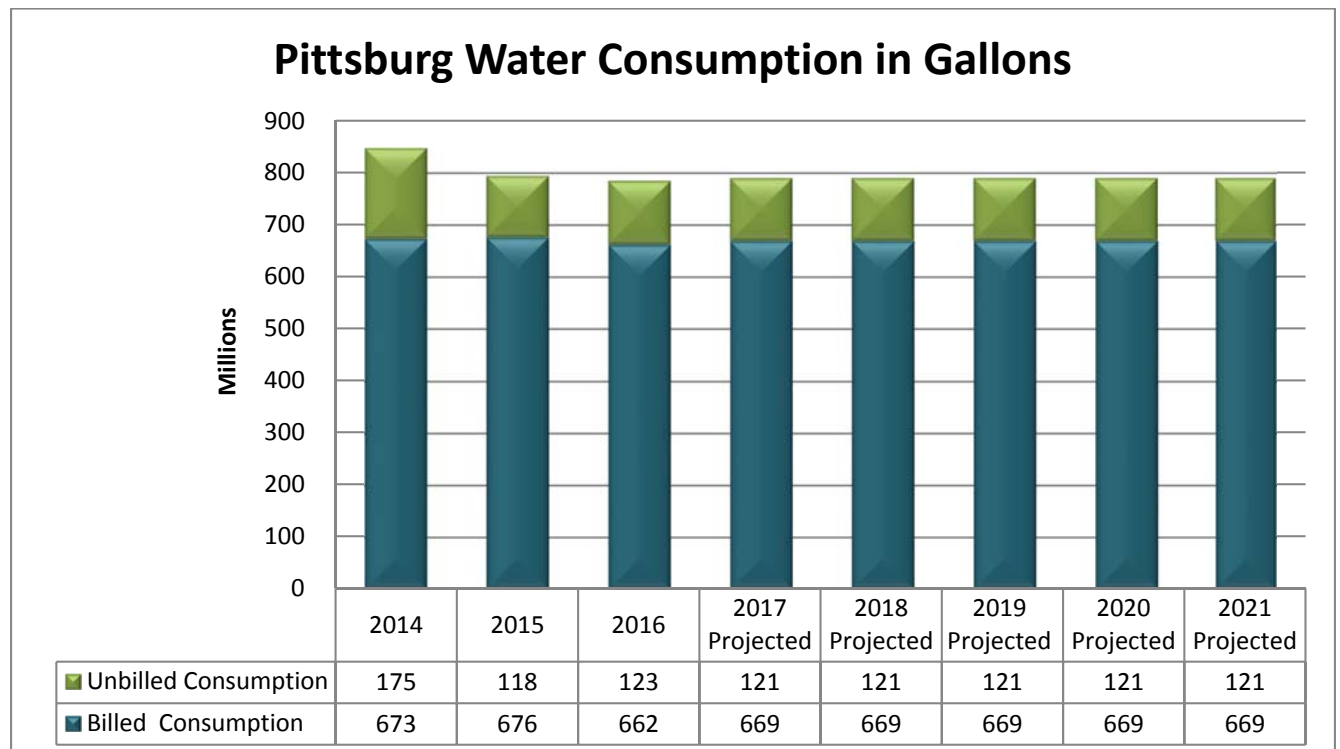
The following graph depicts the City's major sources of general fund revenue with sales taxes being the top source. As mentioned previously, the decline beginning in 2017 is due to the Public Safety debt sales tax retirement in the fall of 2017.



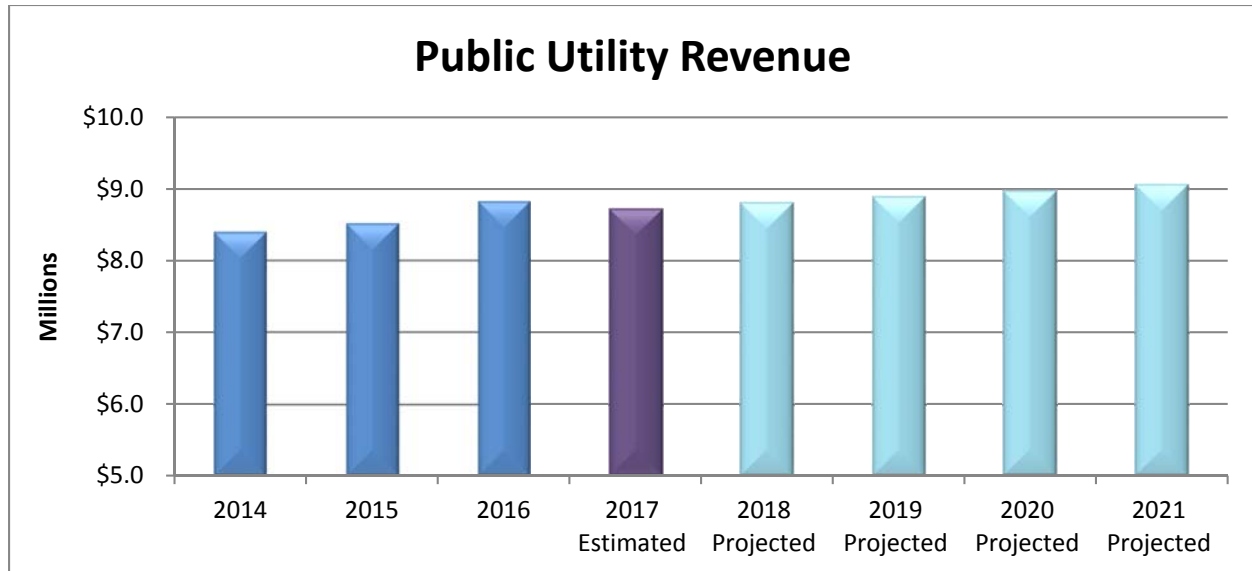
Public Utilities

The primary revenue source for public utility activities is user fees. In the case of water and wastewater, the levels of usage are volatile and based on climatic conditions, as well as types of consumer base. Also if the season is mild and wet, water use is lower than during high heat and drought conditions.

The graph below depicts actual and projected water consumption for the City's water utility. The 2016 consumption level is slightly lower than 2015 due to the mild wet weather the City experienced. Since we cannot predict what climate conditions will be or what economic development will occur to impact water and wastewater usage, consumption is projected to remain at the average of the 2015 and 2016 levels for years 2017 through 2021. The blue portion of the graph represents billed consumption and the green portion of the graph represents un-billed consumption. Un-billed consumption consists of the water used during hydrant flushing and the water lost during main breaks. The years after 2014 show that progress was made in reducing water loss in the system.



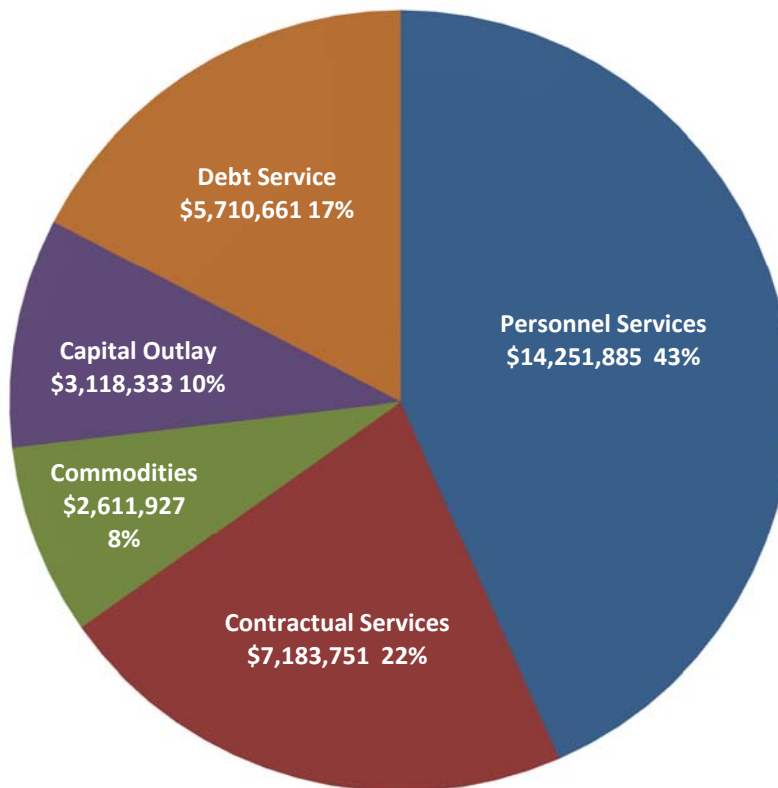
Things that impact utility revenues are annual climate conditions, water loss, whether through aged meters or unidentified leaks, changes in impervious areas, and rate changes. During the 2017 budget process, the City Commission approved a 1% increase in rates that became effective January 1, 2017. The graph below shows actual and projected utility revenue. The revenue increase in 2016 is due to one-time pre-treatment surcharges on an industrial customer. Years 2018 through 2021 include an annual rate increase of 1% to cover annual operating cost increases.



EXPENDITURES

The City is redirecting its financial focus to program-based initiatives and is budgeting expenditures accordingly, in order to accomplish goals. The following chart shows the expenditures by category for 2016 excluding inter-fund transfers.

2016 Expenditures by Category (\$32,876,557)



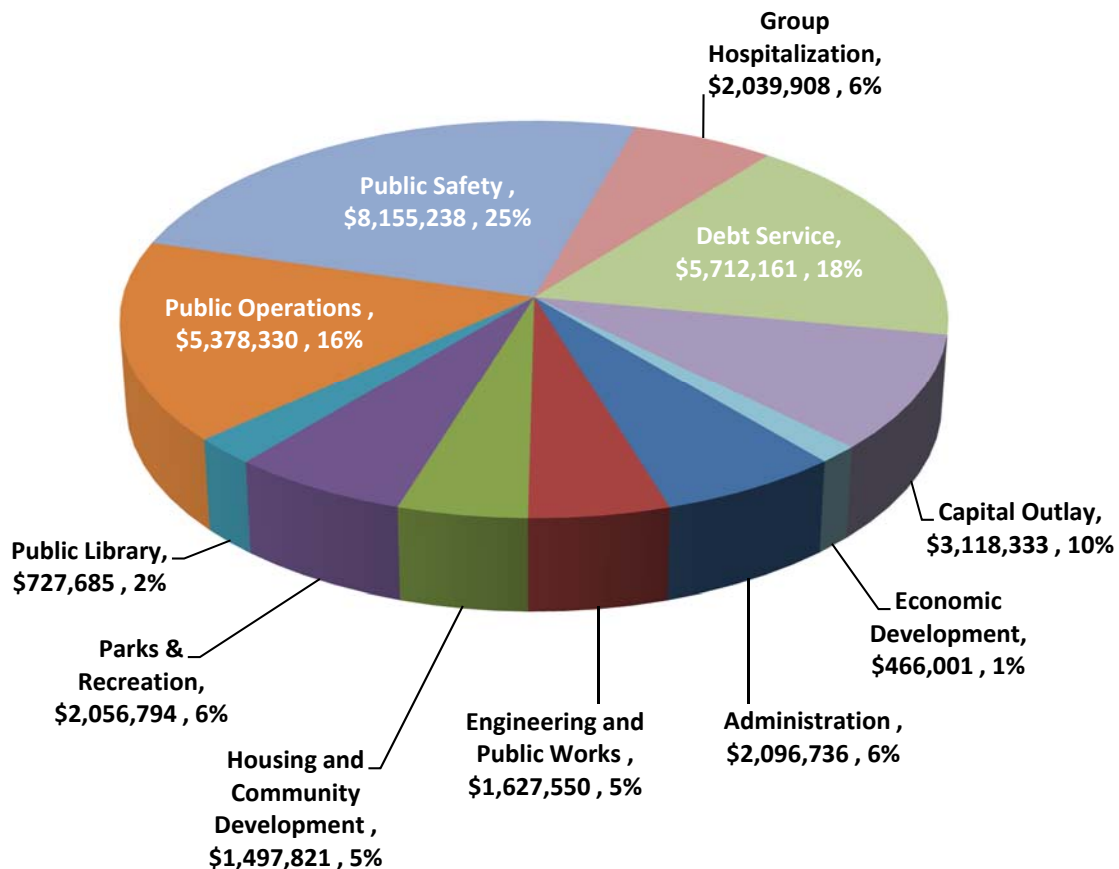
Personnel expenditures, as is the case with most entities, represent the majority of the City's expenditures. The personnel costs include salaries and benefits. For 2017 there are approximately 286 full time equivalent employees, with 239 having full time status. The City's benefit costs include health insurance, pensions, social security, worker's compensation insurance, Medicare and unemployment insurance.

Contractual services include a variety of expenses including but not limited to property and liability insurance, group health claims expense, software license agreements, utility costs, professional services and lease payments for certain equipment.

Commodities include operating materials needed to perform City services and include but are not limited to equipment maintenance, gas and oil, chemicals, concrete, rock, computer and network materials, uniforms, janitorial supplies and office supplies.

Another useful way to view the City's expenditures is by program. The 2016 expenditures by program excluding inter-fund transfers are shown below. In 2016 the Public Safety program shows the largest percentage of expenditures followed by Public Operations (utilities and streets) and then Debt Service.

2016 Expenditures by Program (\$32,876,557)



City Health Insurance Plan

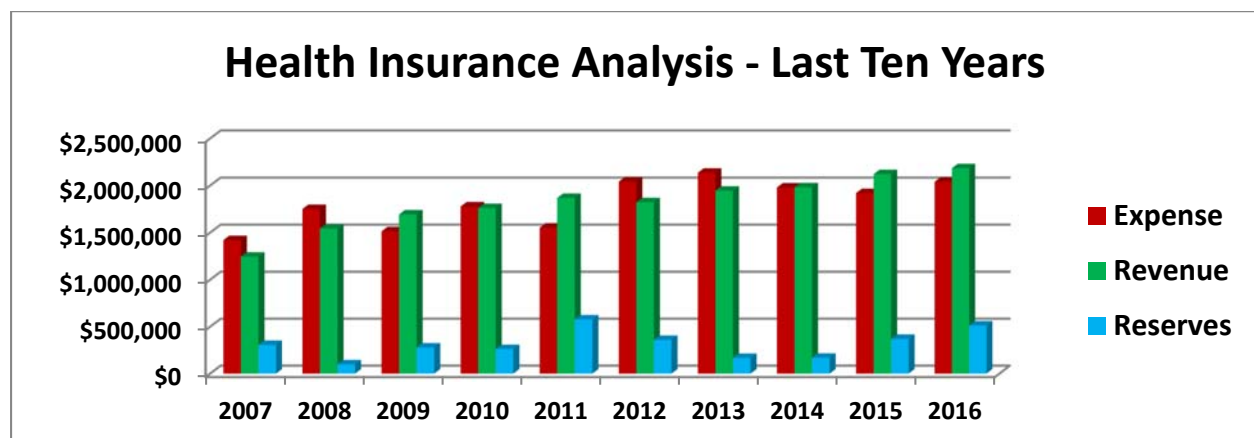
The City offers health insurance coverage to active employees and their dependents. Retired employees have the option to remain on the City's plan until they are eligible for Medicare or become covered or are eligible to be covered under another plan.

The City's health insurance plan is a self-funded plan paid for by employer and employee contributions to the plan based upon the tier of coverage selected. Self-insured plans are often referred to as "pay as you go." This is because the claims are paid as they are incurred rather than paying premiums. Any balance that is unused stays in the fund to help offset future costs.

While being self-funded has the advantage of paying for only what is used, health care costs generally increase annually. Based on the City's historical costs for the years 2007 through 2016 the average annual increase in health care costs were 5.17%. During this period, annual expenses were higher than the revenues generated for five of the ten years. Fortunately, the City had health plan reserves available to offset the shortfalls.

In 2015, the City changed its health insurance plan from a single provider and carved out the provider's network, the pharmaceutical provider, the dental provider, the stop loss insurance provider and the third party administrator with the expectation of getting better service and saving money. The City's health plan reserves were \$369,401 at the start of 2016 and ended 2016 with a balance of \$512,992, an increase of \$143,591. The Five Year Financial Plan projections are for 5% cost increases for years 2017 through 2021 based on historical averages. Due to the volatility of health insurance costs, staff will review the City's health plan every fiscal year to address affordability and cost containment.

The graph below shows a comparison of revenues to expenditures for the last nine years of the City's health insurance program.



Capital Improvements

Capital expenditures are resources used to acquire, maintain, repair, replace, or upgrade fixed assets. Fixed assets are typically those assets with a life span exceeding a normal business cycle and whose cost exceeds a minimum dollar threshold established by management.

These assets are used to provide services to the public and during the course of their lifetime will require maintenance to keep them operating safely and efficiently. The performance and continued use of assets is essential to the health, safety, economic development, and quality of life for the public.

Budgetary pressures often cause maintenance to be delayed due to lack of resources. This is referred to as deferred maintenance. Prolonged deferred maintenance results in higher costs, asset failure, and health and safety issues. Therefore, in order to adequately address these issues, a capital improvement plan is essential.

Currently, the City's fixed assets have a net value of approximately \$97 million dollars. It is estimated that the city should spend about 5% of the value of assets, annually, on maintenance. This equates to approximately \$4.8 million dollars each year.

In the City's 2017 Five Year Capital Improvements Plan, staff identified approximately \$44.7 million of needs for years 2017 through 2021 and beyond. The Capital Improvement Program located in the supplemental information section summarizes the estimated costs of repairs, maintenance, and replacements for 2017 through 2021 and beyond, by department and asset type. During the 2016 budget year the following major needs were addressed:

- Sold bonds for new section of North Walnut Street from 28th to 30th
- Sold bonds for South Rouse Street improvements from Centennial south to city limits
- Sold bonds and completed Airport 16/34 runway mill and overlay
- Paved Free Kings Highway from 20th to 4th
- Milled and paved South Rouse from Quincy to KCS railroad tracks
- Milled and paved West 20th from Walnut to the 69 Bypass
- Milled and paved West Jefferson from Broadway to Georgia
- Phase one of the City fiber backbone
- Rebuild Water Well #10
- New water line on Hobson Drive and Hobson Place
- Various sanitary sewer improvements
- Various water meter and fire hydrant replacements

DEBT SERVICE

Effective financial management includes analyzing several funding mechanisms to determine what option is the most beneficial to the City. In some cases, issuing debt is the best available option. The City of Pittsburg traditionally uses debt for infrastructure improvements which have a long useful life and are unable to be paid from the operating budget. The revenues for making the debt payments are derived from the following sources based upon the nature of the improvement and the type of debt that has been issued:

- Property Taxes
- Charges for Services
- Special Assessments
- Transfers

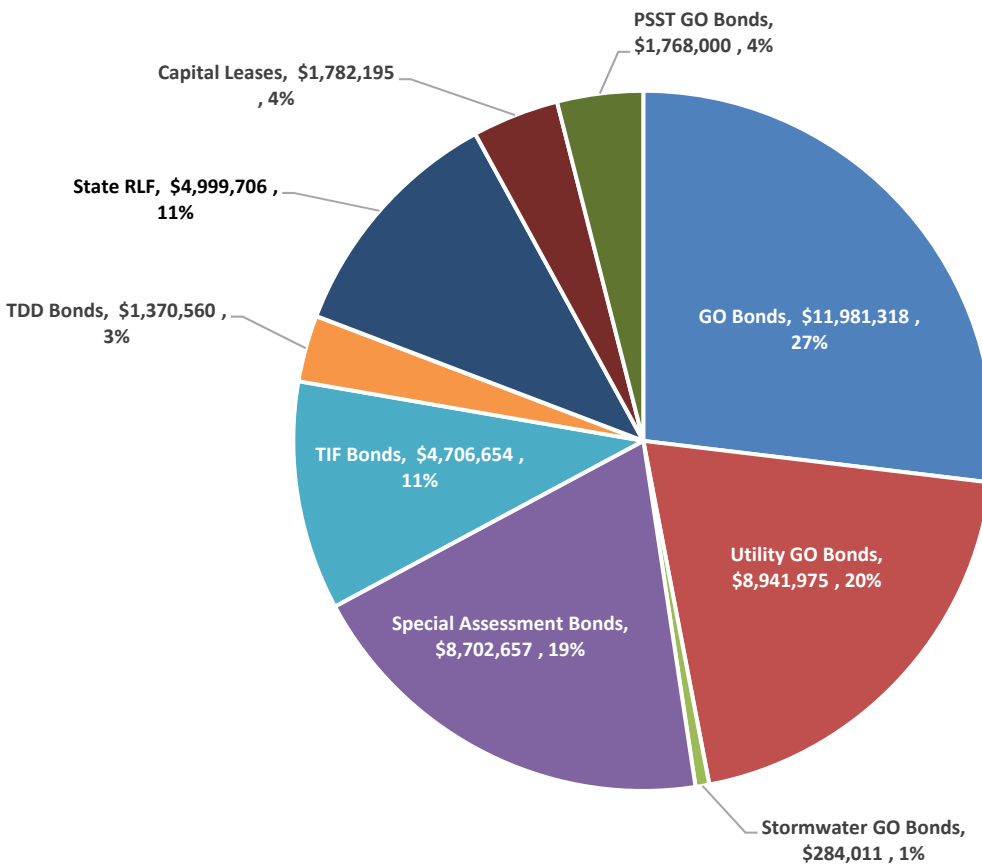
The City's bond rating was upgraded from A+ to AA- by Standard and Poor's in 2015 and reaffirmed in 2016. The upgraded bond rating was due to the City's enhanced financial management practices coupled with stable budgetary performance and projected stability in future years.

The financial plan for the City includes debt payments for current obligations and forecasted payments associated with issuing new debt in 2019 and 2021. The City's general obligation bonds series 2007B will be paid in full in September 2017. The bonds were issued to build, furnish and equip the Law Enforcement Center and Fire Station #1. These bonds had an original maturity date of September 2018 and are being paid by a dedicated one-half cent City sales tax.

Types of Debt

The City of Pittsburg uses several types of debt to pay for capital improvements and expensive equipment. The total debt amount of outstanding debt including principal and interest is \$44,537,076. The following graph shows the type of debt and the category percentage of the City's total debt.

Pittsburg Outstanding Debt 2017

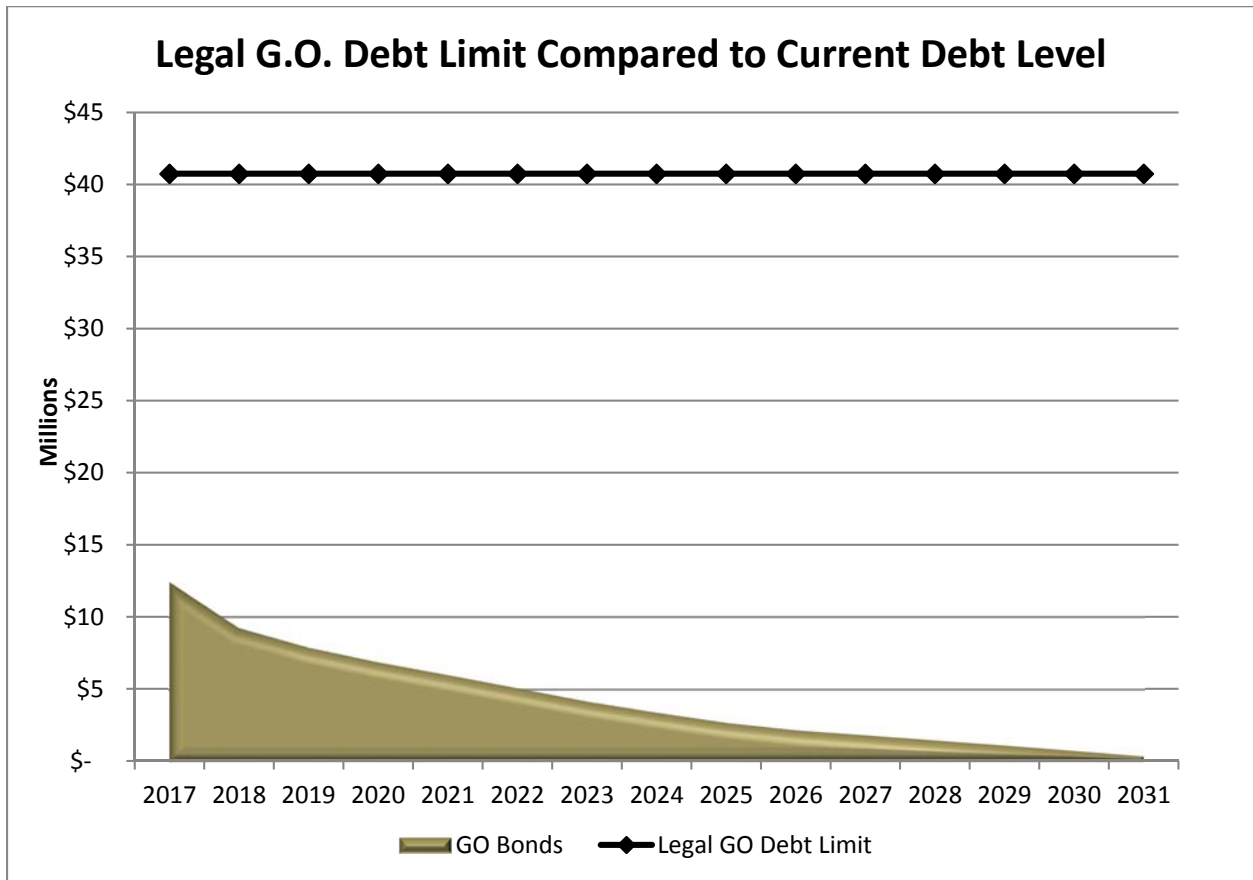


Effective debt management requires monitoring debt levels to ensure the soundness of the City's financial position and continued credit worthiness.

For Fiscal Year 2017

City's property tax supported G.O. debt as a percentage of net assessed valuation	10%
City's property tax supported G.O. debt per capita	\$587
Mill Rate	8.427 mills

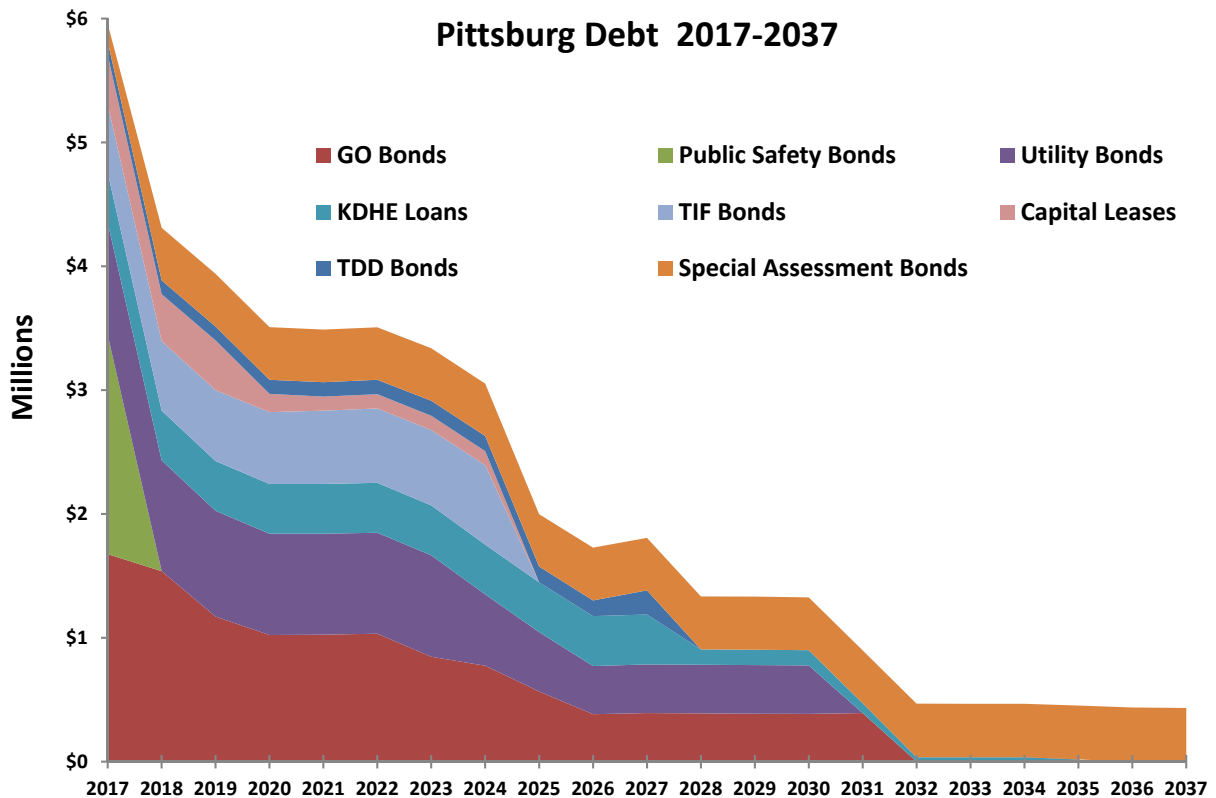
Kansas statutes require general obligation debt to be less than 30% of assessed valuation including motor vehicle. The following graph shows the difference between the City's current total outstanding G.O. Debt compared to what is allowed according to state statutes. The brown indicates the City's current level of G.O. Debt and the black line indicates the legal limits (30% of assessed valuation including motor vehicle):



*Principal only and includes G.O. debt and PSST G.O. debt

Cumulative Debt:

The following graph depicts the City's total annual debt by type and the year the bonds are scheduled to be retired. The Stormwater bonds and the Public Safety bonds will be retired in 2017.



RESERVES

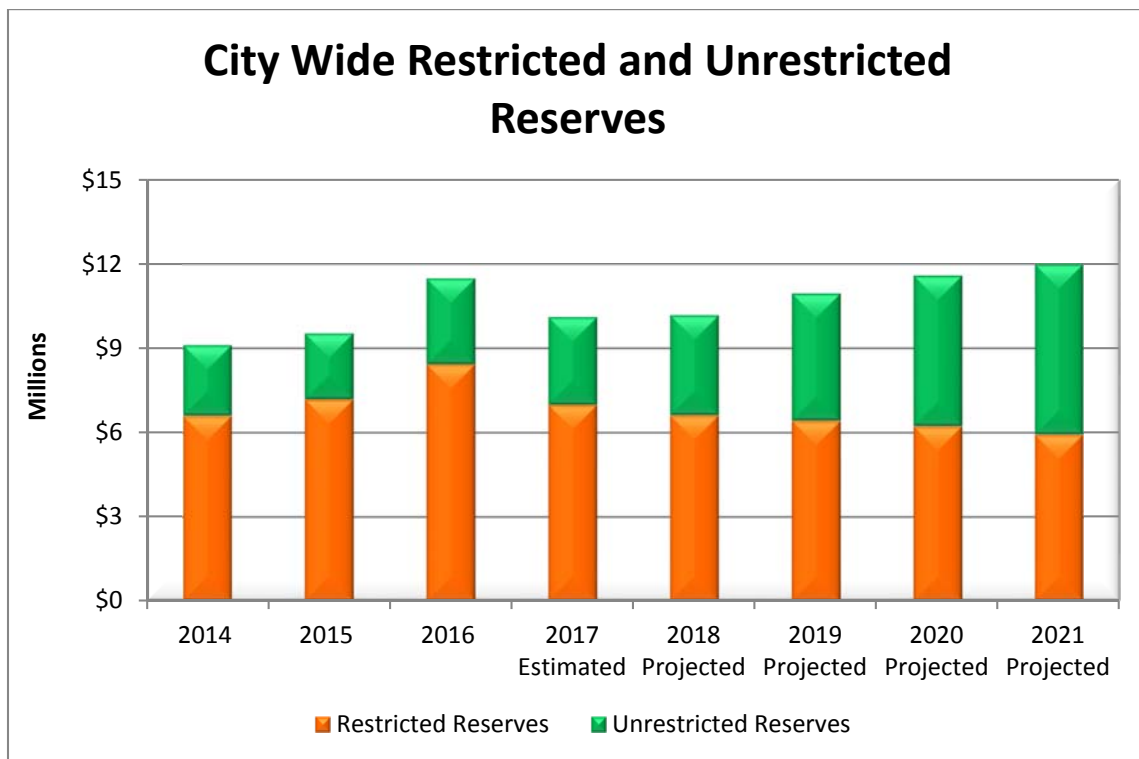
Reserves are the cornerstone of financial stability and flexibility, providing options to respond to unforeseen risks. The Government Finance Officers Association (GFOA) recommends minimum reserve levels at 16% of revenues or two months of expenditures. The City's goal is two months of expenditures.

Several risk factors to be considered are:

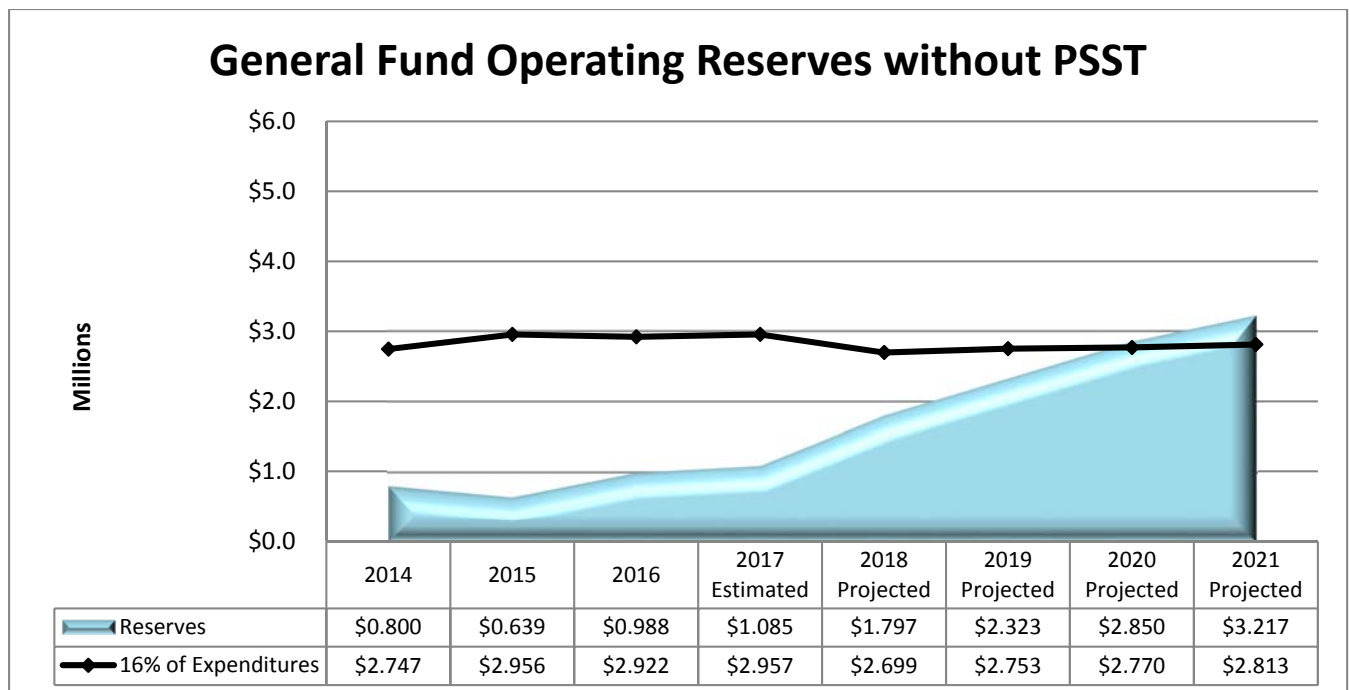
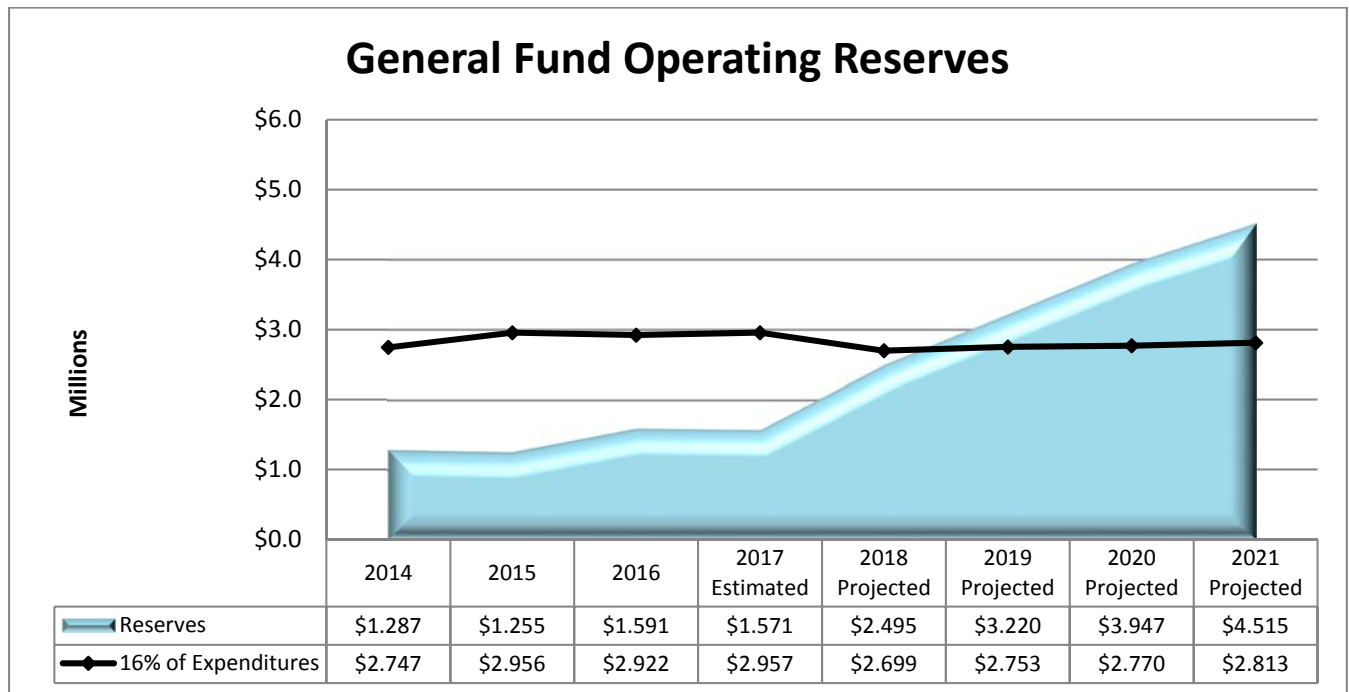
- Revenue volatility
- Infrastructure condition
- Extreme events such as weather
- External Factors

During the great recession, some measures were taken to offset the decrease in property tax revenues including staffing reductions through attrition and some reductions of expenditures, however, reserves were used to maintain programs and services. With the growth in property and sales tax collections, reserve levels are improving.

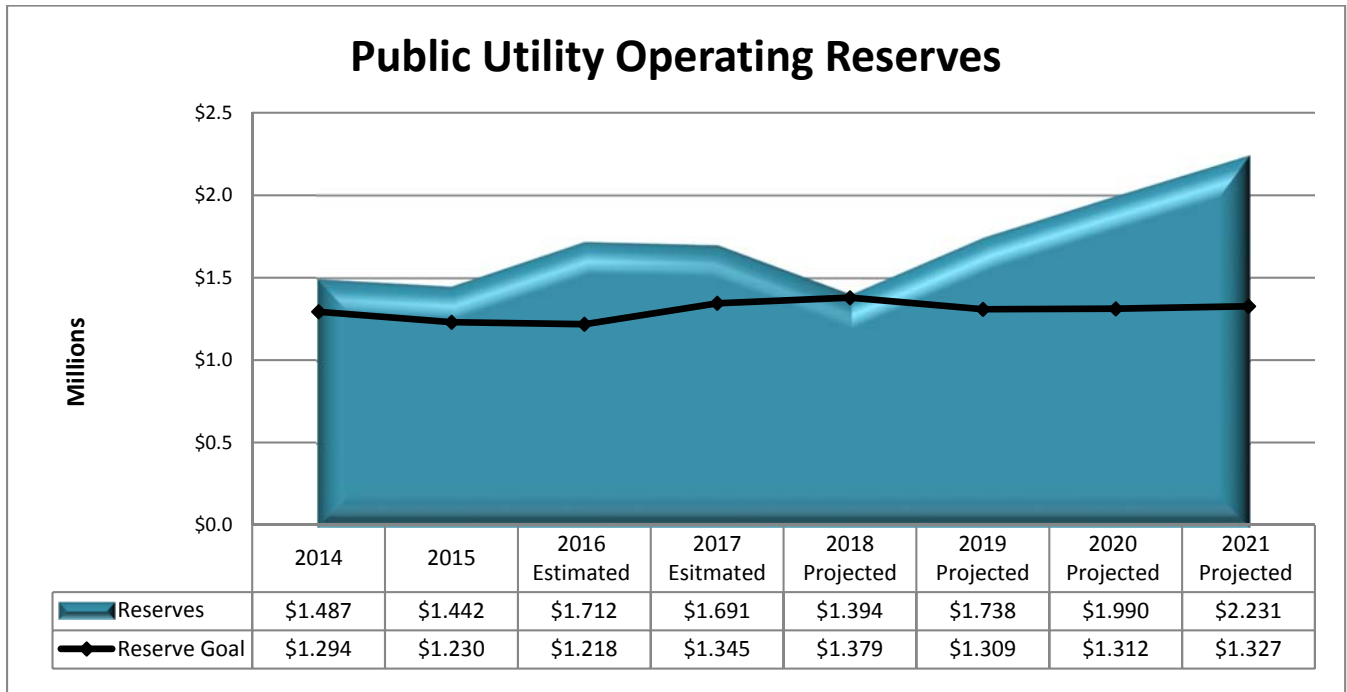
The Chart below shows the impact of staff projections on restricted and unrestricted reserves. The 2016 increase is due to street sales tax, utility capital outlay and economic development reserves. The restricted reserves decline beginning with 2017 represents the spending of these reserves on the East 4th Street KLINK project, the City's commitment of economic development funds towards the Block 22 project and the South Water Tower rehab. Unrestricted reserves begin to show improvement in 2018 and then strengthen thru 2021.



The following graphs show the projected General Fund operating reserves compared to the reserve goal (16% of expenditures) with the PSST and without:



The following graph shows the projected Public Utility Fund operating reserves excluding capital reserves compared to the reserve goal (16% of expenditures):



SUMMARY AND RECOMMENDATION

The purpose of this document is to outline the current financial position and provide insight to some of the issues that the City faces in the future. Current decisions and plans will have a direct impact on the financial stability and the ability of the City to thrive.

External factors are those that the City has very little control over and yet those factors have a significant impact on our financial position. Some of those factors are property valuations, extreme or unusual weather, intergovernmental funding source reductions, health insurance costs, property and liability insurance costs, retirement costs, legislative mandates, electricity and natural gas costs and other operating cost increases.

In 2016, the Kansas legislature approved a property tax lid for cities and counties effective for budgets prepared after January 1, 2017. This means that starting with the 2018 budget, the City can no longer increase the tax levy greater than the Consumer Price Index change from the prior year without a vote of the people. There are some exceptions for new construction values, public safety and debt service. This provides yet another challenge to managing the task of providing adequate, affordable services to the citizens of Pittsburg.

Based upon our projections of revenues and expenditures, using historical data and other known factors, this financial plan was prepared using the following assumptions, considerations and recommendations.

Assumptions

- 2.5% annual sales tax collection growth in 2017, 2.0% in 2018 and 1.0% for years 2019-2021
- Assessed valuation increase of 5% for 2018 due to the Kansas Crossing Casino, the Hampton Inn Hotel, the La Quinta Hotel and the Tractor Supply Store
- 0.25% growth in assessed valuations for years 2019-2021
- Gaming revenue from the new Kansas Crossing Casino is projected at \$255k in 2017 and \$375k for years 2018-2021
- All other revenues project minimal growth
- Health Insurance costs have risen historically at an average rate of 5% annually therefore projecting a 5% increase for years 2017-2021
- Retirement costs and worker's compensation insurance will continue to increase
- Utility rates continue to rise (electricity will increase 5% in years 2017-2021)
- Property and liability insurance will continue to increase at an average rate of 3% annually

Considerations

- Increase revenues incrementally
- Monitor and control expenditures
- Increase reserves
- Continue to practice long term planning
- Make data driven decisions

Recommendations

- 2.0% salary increase in 2019 and 2021; no salary increase in 2018 or 2020
- No change in the General Fund mill rate for years 2018-2021
- Minimal changes to the Debt Service Fund mill rate for years 2018-2021
- Increase utility rates by 1% annually for years 2018-2021

Staff will continue to review the City's financial position each year and make recommendations to the Five Year Financial Plan for your consideration.