

A RESOLUTION DECLARING AN EXTRAORDINARY FINANCIAL EMERGENCY RELATING TO THE ELECTRIC UTILITY SYSTEM OF THE CITY OF OSAWATOMIE, KANSAS; AUTHORIZING THE ISSUANCE OF NO FUND WARRANTS OF THE CITY; AND PROVIDING FOR THE GIVING OF NOTICE THEREOF.

WHEREAS, K.S.A. 10-1116a (the “Act”), provides that the governing body of any city may make expenditures in excess of current revenues for municipally owned and operated utilities when such expenditures are caused by, or result from, an extraordinary emergency; and the Act provides that the governing body may declare, by resolution, that such an extraordinary emergency exists; and

WHEREAS, the Act further provides that the governing body of such a city may finance such an expenditure by issuing no-fund warrants of the city on the fund(s) of such utility in an amount not to exceed 25% of the revenues from sales of service of such utility for the preceding year; and

WHEREAS, the City of Osawatome, Kansas (the “City”) owns and operates a municipal electric utility system (the “System”); and

WHEREAS, over a two-week period in February, historically low temperatures with sub-zero wind chills over several days, accompanied by snow, sleet, and freezing rain (collectively, the “Weather Event”) across the state have significantly strained the regional energy infrastructure, including the increased demand for electricity and natural gas and decreased production of such resources over the same time period; and

WHEREAS, the Governor of the State of Kansas declared a State of Disaster Emergency Proclamation within the state on February 14, 2021; and

WHEREAS, the Board of County Commissioners for Miami, Kansas approved a resolution Declaring a State of Local Disaster Emergency on February 24, 2021; and

WHEREAS, as a result of the Weather Event, the cost to purchase essential natural gas and electricity exceeded 10 – 200 times the normal prices and the City was forced to pay higher costs to acquire electric energy to operate the System than it anticipated and budgeted and a resulting System revenue deficiency exists (the “Deficiency”); and

WHEREAS, the governing body of the City finds and determines that revenues from sales of service of the System for 2020 were \$3,645,934 and that 25% of such revenues is \$911,483.50; and

WHEREAS, the Governing Body of the City of Osawatome desires to place the public on notice that it is exploring every avenue of relief and is declaring an extraordinary local state of financial emergency; and

WHEREAS, the governing body of the City hereby finds and determines it to be necessary to provide for extraordinary emergency funds of the City to fund the required purchase of electricity for the System and to raise such funds by the issuance of No Fund Warrants of the System and its funds in an amount of not to exceed \$900,000, under authority of the Act; and

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF OSAWATOMIE:

SECTION 1. Declaration of Extraordinary Emergency. The Deficiency resulting from the extraordinary weather event is hereby deemed and declared an extraordinary emergency under the Act.

SECTION 2. Financing and Payment of Deficiency. It is hereby deemed and declared to be necessary to provide extraordinary emergency funds for the Deficiency in System revenues through the issuance of No Fund Warrants of the System and its funds, in an amount of not to exceed \$900,000 under authority of the Act. The terms, details and conditions of such No Fund Warrants shall be contained in a separate resolution of the City.

SECTION 3. Effective Date/Publication. This Resolution shall take effect and be in force from and after its adoption and publication once in a newspaper of general circulation in the City, as provided in the Act.

ADOPTED this 25th day of February 2021 and **SIGNED** by the Mayor.

L. Mark Govea, Mayor

ATTEST:

Tammy Seamands, City Clerk