

**MINUTES FOR DECEMBER 15, 2014**  
**BOARD OF CHEROKEE COUNTY COMMISSIONERS**  
**CHEROKEE COUNTY, KANSAS**

**CONVENE**

Commissioner Hilderbrand called the regular session of the Cherokee County Board of Commissioners (The Board), to order and led all in attendance in the Pledge of Allegiance at 9:00 AM on Monday, December 15, 2014 in the Commission Room, #109 of the Cherokee County Courthouse located at 110 W Maple St., Columbus, Kansas. Commissioners Richard Hilderbrand, Charles Napier, Pat Collins, and County Clerk Rodney Edmondson were present.

Members of the press present: Larry Hiatt, Machel Smith, Jordan Zabel

**Shawn Turner - Transystem Corp.**

He appeared before the Board with the Agreement for Professional Services for the Board's review. The agreement reflects changes that were recommended by County Counsel Nathan Coleman. The agreement is for engineering services to update the Varck Rd. Sewer Lift Station.

A motion was made by Commissioner Collins to approve the minutes of the December 8, 2014 BOCC Meeting as written. The motion was seconded by Commissioner Napier. The motion carried 3-0.

A motion was made by Commissioner Collins to approve the Payroll for December, 2014. The motion was seconded by Commissioner Napier. The motion carried 3-0.

A motion was made by Commissioner Collins to approve the Accounts Payable for December, 2014. The motion was seconded by Commissioner Napier. The motion carried 3-0.

**Leonard Vanatta - County Road Supervisor**

**Gene Langerot - County Lot Supervisor**

They appeared before the Board on routine county road business.

Leonard reported that the project on Greenlawn Rd. should be finished tomorrow.

Gene reported that two of the trucks are finished and all four trucks should be ready for delivery shortly after January 1<sup>st</sup>, 2015.

**Robert Watkins - Concerned Citizen**

He appeared before the Board concerning abandoned houses in Lowell. They are in bad shape and are a safety concern. Commissioner Collins stated that he would get with him and take a tour of the area.

**Juanita Hodgson - County Treasurer**

She provided an updated fund and budget balance sheets.

A motion was made by Commissioner Hilderbrand to transfer \$275,000 from the Equipment Reserve Fund to the County General Fund. And to transfer \$1,533.39 from the Equipment Reserve Fund to the Landfill Fund. The motion was seconded by Commissioner Collins. The motion carried 3-0.

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**Betha Elliott - County Health Director**  
**Carl Hayes - County Environmentalist**

They appeared at the request of the Board concerning the negative balance in the Landfill Fund and the need for future funding for the recycling program. Carl stated that he has looked for sources of revenue for the recycling program, but none exist. The current charge is \$100 per load for dumping and processing, with the average monthly dumping of seven loads, however 10 loads were dumped last month. The addition of two new trailers could increase the monthly dumping amount as well. Commissioner Hilderbrand asked that they prepare a projected budget for 2015 and report back next week to discuss where the potential funds need to come from.

A motion was made by Commissioner Hilderbrand to amend the agenda for Mark Detter from 10:30 AM to 10:23 AM. The motion was seconded by Commissioner Collins. The motion carried 3-0 at 10:23 AM.

**Mark Detter - Central States Financial Services**

He appeared before the Board regarding the potential refunding of the Certificates of Participation Series 2005 for the Detention Center. His company is interested in refinancing the jail bonds. He projects net savings of over \$200,000. The bond is callable December 1, 2015. The Board asked him to contact Gene Mense and to provide the information to him.

He also stated that his company worked with the City of Mulvane on infrastructure development financing for their casino project. He offered to assist Cherokee County if needed.

A motion was made by Commissioner Hilderbrand to amend the agenda for Janet Miller from 11:00 AM to 10:55 AM. The motion was seconded by Commissioner Collins. The motion carried 3-0 at 10:55 AM.

**Janet Miller - County Economic Development Director**  
**Leonard Vanatta - County Road Supervisor**

~~They appeared before the Board concerning the KDOT application for widening 5<sup>th</sup> St. in Baxter Springs. The application has been approved by the City of Baxter Springs and they have agreed to cover the cost for relocation of the water lines by in-kind work estimated at \$125,000. Kansas Gas has agreed to relocate the gas lines at their expense if needed since they are in the right-of-way.~~

A motion was made by Commissioner Collins to support and to approve the T-Works Economic Development Application with KDOT for the widening of 5<sup>th</sup> St. in Baxter Springs. The motion was seconded by Commissioner Napier. The motion carried 3-0.

**Ralph Houser - Maintenance Director**

He appeared at the request of the Board concerning the safety inspection completed by the Kansas Department of Labor on May 19, 2014. Commissioner Hilderbrand stated that he had received written notice of non-compliance due to a lack of a Confined Space Entry Program at the Courthouse. After working with Jason Allison, Ralph returned with a sample program that can be implemented by Cherokee County. He will provide Clerk Edmondson with the final draft to be sent to KDOL.

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### **Property Tax Relief Applications - Baxter Springs Tornado**

The Board reviewed Property Tax Relief Applications for consideration of tax abatements to homesteads damaged as a result of the tornado in Baxter Springs on April 27, 2014.

The Board reviewed the following applications and made determinations as indicated.

Mohammad Sajid, 508 E 11<sup>th</sup> St. - A motion was made by Commissioner Hilderbrand, seconded by Commissioner Napier to grant a 100% abatement. The motion carried 3-0.

John A. Tessman Jr., 1936 Lincoln Ave. - A motion was made by Commissioner Hilderbrand, seconded by Commissioner Napier to grant a 100% abatement. The motion carried 3-0.

Rodney & Heather Woodcock, 535 E 10<sup>th</sup> St. - A motion made by Commissioner Hilderbrand, seconded by Commissioner Napier to grant a 100% abatement. The motion carried 3-0.

Jesse Larison, 508 E 12<sup>th</sup> St. - A motion was made by Commissioner Hilderbrand, seconded by Commissioner Napier to grant an abatement in the amount of 94.8%.

All properties are located within the city limits of Baxter Springs. The abatements granted are for tax year 2014. The approved abatements will apply to property taxes on structures. Land values and taxes assessed on land are not affected.

A motion was made by Commissioner Hilderbrand pursuant to K.S.A. 79-1701a to approve one clerical error on a property as recommended by the County Appraiser's Office. The motion was seconded by Commissioner Collins. The motion carried 3-0.

A motion was made by Commissioner Collins to enter an Executive Session with the Board for the purpose of Non/Elected Personnel for a period of 20 minutes. The motion was seconded by Commissioner Napier. The motion carried 3-0 at 11:11 AM.

The meeting reconvened at 11:31 AM.

No action was taken as a result of the Executive Session.

### **Nathan Coleman - County Counselor**

He appeared before the Board on legal matters concerning Cherokee County.

A motion was made by Commissioner Hilderbrand to approve the agreement between Cherokee County and Transystem for the engineering of the Varck Rd. Sewer Lift Station. The motion was seconded by Commissioner Napier. The motion carried 3-0.

Mr. Coleman presented a contract for attorney services to assist the County Attorney in cases involving the Code for Care of Children, and the Juvenile Offender Code for the Board to review.

Mr. Coleman stated that regarding the Rural Opportunity Zone Student Loan Repayment Program that he needs to research the Bill. The legislative language doesn't include Cherokee County. He'll report back next week.

A motion was made by Commissioner Hilderbrand to sign the Rate Stabilization Program Agreement with KCAMP for a period of three years. The motion was seconded by Commissioner Napier. The motion carried 3-0.

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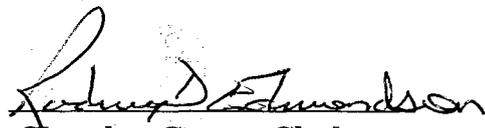
A motion was made by Commissioner Collins to approve the contract for Juvenile Services as presented by Mr. Coleman. The motion was seconded by Commissioner Napier. The motion carried 3-0.

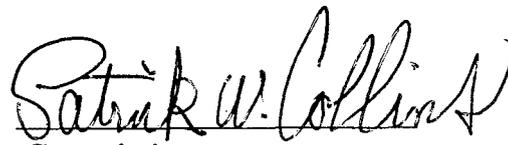
Larry Hiatt presented a request for the Board to run a Christmas add in the News Report. The cost is \$600 for a full page, \$300 for a half-page.

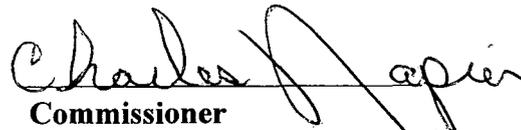
A motion was made by Commissioner Napier to purchase the half-page Christmas add in the News Report. The motion was seconded by Commissioner Collins. The motion carried 3-0.

Commissioner Hilderbrand made a motion to adjourn until the next regularly scheduled meeting set for December 22, 2014 at 9:00 AM. The motion was seconded by Commissioner Napier. The motion carried 3-0 with all in attendance voting yes at 12:18 PM.

**ATTEST: Resolved and ordered this day, December 22, 2014**

  
Audrey D. Edmondson  
Cherokee County Clerk

  
Patrick W. Collins  
Commissioner

  
Charles J. Napier  
Commissioner

  
Richard Hilderbrand  
Commissioner

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<b>BUDGET BALANCES 2014</b>							
<b>COUNTY GENERAL</b>	<b>Beginning Budget</b>	<b>BUDGET AVAIL.</b>	<b>1st Half</b>	<b>DEC A/P</b>	<b>DEC P/R</b>	<b>AFTER DEC ISSUE</b>	<b>%</b>
Commissioners	\$ 95,000.00	\$ 23,862.60		\$ 1,617.58	\$ 11,490.85	\$ 10,754.17	11.32%
County Clerk	\$ 123,000.00	\$ 16,517.27		\$ 4,744.69	\$ 9,595.33	\$ 2,177.25	1.77%
County Treasurer	\$ 134,000.00	\$ 21,678.61		\$ 151.79	\$ 20,930.71	\$ 596.11	0.44%
County Attorney	\$ 248,600.00	\$ 65,844.70		\$ 5,534.42	\$ 14,474.67	\$ 45,835.61	18.44%
Register of Deeds	\$ 93,260.00	\$ 14,942.27		\$ 504.43	\$ 6,755.23	\$ 7,682.61	8.24%
County Counselor	\$ 31,016.00	\$ 6,099.00		\$ -	\$ 2,232.00	\$ 3,867.00	12.47%
Sheriff Dept	\$ 1,071,953.00	\$ 26,946.01		\$ 24,532.39	\$ 97,477.54	\$ (95,063.92)	-8.87%
District Court	\$ 266,800.00	\$ 67,937.32		\$ 16,831.46	\$ 2,976.78	\$ 48,129.08	18.04%
Courthouse	\$ 450,000.00	\$ 29,505.08		\$ 40,602.25	\$ 5,416.16	\$ (16,513.33)	-3.67%
Emergency Prep	\$ 82,300.00	\$ (13,128.09)		\$ 786.62	\$ 7,380.86	\$ (21,295.57)	-25.88%
Human Resources	\$ 41,070.00	\$ 7,164.38		\$ 2,584.40	\$ 2,979.68	\$ 1,600.30	3.90%
Economic Dev.	\$ 25,000.00	\$ 15,000.00		\$ 1,364.16	\$ 5,000.00	\$ 8,635.84	34.54%
Planning Comm	\$ 10,000.00	\$ 10,000.00		\$ -	\$ -	\$ 10,000.00	100.00%
Recreation	\$ 11,000.00	\$ 3,275.00		\$ 150.00	\$ -	\$ 3,125.00	28.41%
Jail	\$ 884,100.00	\$ 33,276.67		\$ 39,965.46	\$ 60,281.09	\$ (66,969.88)	-7.57%
Computer Prog	\$ 40,709.00	\$ (7,721.34)		\$ -	\$ -	\$ (7,721.34)	-18.97%
Jury Cost	\$ 9,693.00	\$ 4,444.54		\$ 1,849.20	\$ -	\$ 2,595.34	26.78%
Juvenile Dentention	\$ 86,743.00	\$ 29,871.00		\$ -	\$ -	\$ 29,871.00	34.44%
Geneology Society	\$ 8,000.00	\$ -		\$ -	\$ -	\$ -	0.00%
Emergency 911	\$ 62,502.00	\$ 13,730.84		\$ 84.00	\$ 4,225.90	\$ 9,420.94	15.07%
Jail JOP Reserve	\$ 694,640.00	\$ 694,640.00		\$ -	\$ -	\$ 694,640.00	100.00%
Gis Info	\$ 29,078.00	\$ 740.05		\$ -	\$ -	\$ 740.05	2.55%
USD 493	\$ -	\$ -		\$ -	\$ -	\$ -	
Sheriff Overtime	\$ -	\$ -		\$ -	\$ -	\$ -	0.00%
Employee Benefits	\$ -	\$ -		\$ -	\$ -	\$ -	0.00%
Economic Development	\$ -	\$ -		\$ -	\$ -	\$ -	
Courthouse Contingency				\$ -	\$ -	\$ -	0.00%
Capital Lease	\$ 1,114,290.00	\$ 962,290.27		\$ -	\$ -	\$ 962,290.27	86.36%
Capital Lease File Server	\$ -	\$ -		\$ -	\$ -	\$ -	0.00%
Employee Compensation	\$ 100,000.00	\$ 35,533.68		\$ 22,509.68	\$ -	\$ 13,024.00	13.02%
<b>Total County General</b>	<b>\$ 5,712,754.00</b>	<b>\$ 2,062,449.86</b>	<b>\$ -</b>	<b>\$ 163,812.53</b>	<b>\$ 251,216.80</b>	<b>\$ 1,647,420.53</b>	<b>28.84%</b>

	<u>Beginning Budget</u>	<u>BUDGET AVAIL.</u>	<u>1st Half</u>	<u>DEC A/P</u>	<u>DEC P/R</u>	<u>AFTER DEC ISSUE</u>	<u>%</u>
Equipment Reserve	\$ -	\$ -		\$ -			0.00%
County No-Fund Warrant	\$ -	\$ -		\$ -		\$ -	0.00%
Technology Fund	\$ -	\$ -		\$ 390.00	\$ 545.00	\$ -	0.00%
Rd & Bridg	\$ 3,650,000.00	\$ 663,235.00		\$ 42,562.47	\$ 114,927.64	\$ 505,744.89	13.86%
Ex Counc	\$ 200,615.00	\$ -		\$ -	\$ -	\$ -	0.00%
Noxious Weed	\$ 66,333.00	\$ 4,261.46		\$ 53.65	\$ 2,232.53	\$ 1,975.28	2.98%
Health &Wic	\$ 650,437.00	\$ 421,336.87		\$ 10,578.03	\$ 41,124.28	\$ 369,634.56	56.83%
Fair	\$ 287.00	\$ 287.00		\$ -	\$ -	\$ 287.00	100.00%
Direct Elect	\$ 156,950.00	\$ 4,541.36		\$ 152.25	\$ 4,107.33	\$ 281.78	0.18%
Comm College	\$ -	\$ -		\$ -	\$ -	\$ -	0.00%
Soil Conserv	\$ 25,000.00	\$ -		\$ -	\$ -	\$ -	0.00%
Special Bridge	\$ -	\$ -		\$ -	\$ 1,674.40	\$ -	0.00%
Mental Health	\$ 111,457.00	\$ -		\$ -	\$ -	\$ -	0.00%
Mental Retard.	\$ 111,457.00	\$ -		\$ -	\$ -	\$ -	0.00%
Ambulance	\$ 571,584.00	\$ 47,632.11		\$ 47,631.99	\$ -	\$ 0.12	0.00%
Cherokee County 911				\$ 3,036.05	\$ -	\$ -	0.00%
Appraiser	\$ 330,000.00	\$ 56,271.38		\$ 11,109.06	\$ 16,739.52	\$ 28,422.80	8.61%
County Bldg.	\$ -	\$ -		\$ -	\$ -	\$ -	0.00%
Employee Bene	\$ 3,517,387.00	\$ 888,226.61		\$ 34,661.21	\$ -	\$ 853,565.40	24.27%
Elderly	\$ 30,000.00	\$ 12,111.40		\$ 203.84	\$ -	\$ 11,907.56	39.69%
08LEPC Plan/Train Grant	\$ -	\$ -		\$ -	\$ -	\$ -	0.00%
Landfill	\$ 4,420.00	\$ (4,199.00)		\$ 1,550.00	\$ -	\$ (5,749.00)	-130.07%
Sewer Dist #1	\$ 140,248.00	\$ 24,629.94		\$ 5,624.30	\$ 1,659.12	\$ 17,346.52	12.37%
Concealed	\$ -	\$ -		\$ -	\$ -	\$ -	0.00%
Spider	\$ -	\$ -		\$ -	\$ -	\$ -	0.00%
No Fund Warrants	\$ -	\$ -		\$ -	\$ -	\$ -	0.00%
PA Training	\$ -	\$ -		\$ -	\$ -	\$ -	0.00%
Co Attorney Spec Law Enforc	\$ 629.00	\$ 629.00		\$ -	\$ -	\$ 629.00	100.00%
NSP	\$ -	\$ -		\$ -	\$ -	\$ -	
Park	\$ 6,574.00	\$ 5,394.00		\$ -	\$ -	\$ 5,394.00	82.05%
Alcohol	\$ -	\$ -		\$ 8,166.96	\$ -	\$ (8,166.96)	0.00%
Tourism	\$ 10,800.00	\$ 10,800.00		\$ -	\$ -	\$ 10,800.00	100.00%
Spec Law	\$ 19,727.00	\$ 19,727.00		\$ -	\$ -	\$ -	0.00%
Drug Tax Stamp Fund	\$ -	\$ -				\$ -	0.00%
<b>Total</b>		\$ -	\$ -	\$ 329,532.34	\$ 434,226.62		

<b>FUND BALANCES 12/12/2014</b>						
<b>FUND</b>	<b>FUND #</b>	<b>Balance 2014</b>	<b>1st Half</b>	<b>Dec A/P</b>	<b>Dec P/R</b>	<b>BALANCE</b>
<u>County No-Fund Warrants</u>	<u>99</u>	\$ -		\$ -	\$ -	\$ -
<u>CO GEN</u>	<u>100</u>	\$ 142,847.78		\$ 163,812.53	\$ 251,216.80	\$ (272,181.55)
<u>County Equipment Reserve</u>	<u>102</u>	\$ 1,054,416.43		\$ -	\$ -	\$ 1,054,416.43
<u>TECHNOLOGY FUND</u>	<u>103</u>	\$ 30,470.27		\$ 390.00	\$ 545.00	\$ 29,535.27
<u>STATE LINE ROAD PROJECT</u>	<u>105</u>	\$ 260.97		\$ -	\$ -	\$ 260.97
<u>Jail Salestax</u>	<u>107</u>	\$ 186,835.37		\$ -	\$ -	\$ 186,835.37
<u>Law Enforcement Center</u>	<u>108</u>	\$ -		\$ -	\$ -	\$ -
<u>RD BRIDGE</u>	<u>110</u>	\$ 790,490.15		\$ 42,562.47	\$ 114,927.64	\$ 633,000.04
<u>EX COUNCIL</u>	<u>120</u>	\$ 18,377.34		\$ -	\$ -	\$ 18,377.34
<u>NOXIOUS WEED</u>	<u>130</u>	\$ 38,799.65		\$ 53.65	\$ 2,232.53	\$ 36,513.47
<u>SEVERE WEATHER EQUIPMENT</u>	<u>135</u>	\$ 22.00		\$ -	\$ -	\$ 22.00
<u>HEALTH</u>	<u>140</u>	\$ 1,176,921.51		\$ 10,578.03	\$ 41,124.28	\$ 1,125,219.20
<u>Clean Up Illegal Dump</u>	<u>142</u>	\$ -		\$ -	\$ -	\$ -
<u>TRI CO WIC</u>	<u>145</u>	\$ 118.32		\$ -	\$ -	\$ 118.32
<u>FAIR</u>	<u>150</u>	\$ 355.34		\$ -	\$ -	\$ 355.34
<u>ELECTION</u>	<u>160</u>	\$ 26,741.05		\$ 152.25	\$ 4,107.33	\$ 22,481.47
<u>COMM COLLEGE</u>	<u>170</u>	\$ 1,975.52		\$ -	\$ -	\$ 1,975.52
<u>SOIL CONSERV</u>	<u>180</u>	\$ 2,323.23		\$ -	\$ -	\$ 2,323.23
<u>SPECIAL BRIDGE</u>	<u>190</u>	\$ 444,736.10		\$ -	\$ 1,674.40	\$ 443,061.70
<u>MENTAL HEALTH</u>	<u>200</u>	\$ 10,106.95		\$ -	\$ -	\$ 10,106.95
<u>MENTAL RETARD</u>	<u>210</u>	\$ 10,108.53		\$ -	\$ -	\$ 10,108.53
<u>FAM LIFE CENTER BOND &amp; INT</u>	<u>216</u>	\$ -		\$ -	\$ -	\$ -
<u>AMBULANCE</u>	<u>220</u>	\$ 136,898.00		\$ 47,631.99	\$ -	\$ 89,266.01
<u>CHEROKEE COUNTY 911</u>	<u>224</u>	\$ 354,947.83		\$ 3,036.05	\$ -	\$ 351,911.78
<u>FEMA PUBLIC ASSISTANCE GRANT</u>	<u>227</u>	\$ -		\$ -	\$ -	\$ -
<u>APPRAISAL</u>	<u>230</u>	\$ 100,816.21		\$ 11,109.06	\$ 16,739.52	\$ 72,967.63
<u>COUNTY BLDG</u>	<u>250</u>	\$ 947.93		\$ -	\$ -	\$ 947.93
<u>EMPL. BENE</u>	<u>260</u>	\$ 1,058,358.14		\$ 34,661.21	\$ -	\$ 1,023,696.93
<u>PAYROLL W/HOLD</u>	<u>265</u>	\$ 539.63		\$ -	\$ -	\$ 539.63
<u>SPECIAL (TORT) LIABILITY</u>	<u>290</u>	\$ 16,932.20		\$ 203.84	\$ -	\$ 16,728.36
<u>ELDERLY</u>	<u>300</u>	\$ 26,152.75		\$ -	\$ -	\$ 26,152.75
<u>DESIGNATED DV &amp; SA PROSEC</u>	<u>301</u>	\$ -		\$ -	\$ -	\$ -
<u>CDBG-Grant Family Life</u>	<u>302</u>	\$ -		\$ -	\$ -	\$ -
<u>08LEPC PLAN/TRAIN GRANT</u>	<u>303</u>	\$ -		\$ -	\$ -	\$ -
<u>SPIDER PROGRAM</u>	<u>304</u>	\$ 10,245.70		\$ -	\$ -	\$ 10,245.70
<u>E/P GRANT</u>	<u>306</u>	\$ 201.43		\$ -	\$ -	\$ 201.43
<u>COPS GRANT</u>	<u>307</u>	\$ 25,004.40		\$ -	\$ -	\$ 25,004.40

<u>FUND</u>	<u>FUND #</u>		<u>Balance 2014</u>	<u>1st Half</u>	<u>December A/P</u>	<u>December P/R</u>	<u>BALANCE</u>
<u>JUVENILE BLOCK GRANT</u>	<u>309</u>	\$	-				\$ -
<u>LANDFILL</u>	<u>310</u>	\$	16.61		\$ 1,550.00	\$ -	\$ (1,533.39)
<u>REMODEL GRANT</u>	<u>313</u>	\$	-				\$ -
<u>INVESTIGATOR GRANT</u>	<u>314</u>	\$	-				\$ -
<u>GALENA MINE CLOSURE</u>	<u>317</u>	\$	-				\$ -
<u>EMERG SHELTR GRANT</u>	<u>338</u>	\$	500.00				\$ 500.00
<u>SEWER DIST #1 BOND &amp; INT</u>	<u>320</u>	\$	5,542.84				\$ 5,542.84
<u>SEWER DIST #1 OPER &amp; MAINT</u>	<u>330</u>	\$	78,501.17		\$ 5,624.30	\$ 1,659.12	\$ 71,217.75
<u>SHELTERED WORKSHOP BD &amp; IN</u>	<u>340</u>	\$	16.00				\$ 16.00
<u>SPECIAL HIGHWAY IMPROVEMT</u>	<u>360</u>	\$	1,264.20				\$ 1,264.20
<u>SPECIAL ROAD MACHINERY</u>	<u>370</u>	\$	100.00				\$ 100.00
<u>COUNTY BOND &amp; INTEREST</u>	<u>390</u>	\$	1,340.54				\$ 1,340.54
<u>PROS ATTORN TRAIN</u>	<u>410</u>	\$	3,412.66				\$ 3,412.66
<u>ELECTRONIC MONITORING</u>	<u>412</u>	\$	910.00				\$ 910.00
<u>ATTORNEY APPLICATION FEE</u>	<u>413</u>	\$	2,320.00				\$ 2,320.00
<u>DIVERSION SUPERVISION FEE</u>	<u>414</u>	\$	5.00				\$ 5.00
<u>ADMINISTRATION FEE BAD CKS</u>	<u>415</u>	\$	88.81				\$ 88.81
<u>SPECIAL PARKS &amp; RECREATION</u>	<u>430</u>	\$	(5,378.50)		\$ -		\$ (5,378.50)
<u>SPEC ALCOHOL</u>	<u>440</u>	\$	8,166.96		\$ 8,166.96		\$ -
<u>TOURISM</u>	<u>450</u>	\$	(28.00)		\$ -		\$ (28.00)
<u>INFORMATION NETWORK OF KS</u>	<u>465</u>	\$	16,217.05				\$ 16,217.05
<u>BANKRUPTCY FUND</u>	<u>470</u>	\$	1,865.21				\$ 1,865.21
<u>CONCEALED WEAPON APPS</u>	<u>489</u>	\$	16,454.83		\$ -		\$ 16,454.83
<u>SPECIAL LAW ENFORC TRUST</u>	<u>490</u>	\$	58,198.34		\$ -		\$ 58,198.34
<u>DRUG TAX STAMP FUND</u>	<u>491</u>	\$	1,574.17				\$ 1,574.17
<u>CO ATTY SPEC LAW ENFORC</u>	<u>492</u>	\$	628.56				\$ 628.56
<u>Drug Forfeiture Fund</u>	<u>493</u>	\$	1,080.06				\$ 1,080.06
<u>Justice Assistance Grant</u>	<u>494</u>	\$	-				\$ -
<u>DRUG FREE GRANT 91-03</u>	<u>495</u>	\$	4,539.35				\$ 4,539.35
<u>RURAL WATER #8 GRANT</u>	<u>505</u>	\$	246.00				\$ 246.00
<u>FLOOD PURCHASE AGREEMENT</u>	<u>513</u>	\$	-				\$ -
<u>FLOOD BUYOUT PROG 1997</u>	<u>517</u>	\$	-				\$ -
<u>SIREN</u>							\$ -
<u>NSP</u>	<u>353</u>	\$	183.03				\$ 183.03
							\$ -
				\$ -	\$ 329,532.34	\$ 434,226.62	





Economic Development Program
Application Form - 2014



If you are new to the Economic Development Program, KDOT recommends you start with the General Local Partnership Opportunities Application. If you have questions, please contact Wade Wiebe at (785) 296-3585 or wwiebe@ksdot.org

1. General Applicant Information

- a. Name of governmental unit: Cherokee County
b. Name and title of primary contact person: Janet Miller, Economic Development Director
c. Governmental official name and title (if applicable): Richard Hilderbrand, County Commissioner
d. Public works official name and title (if applicable): Leonard Vanatta, County Engineer

Phone Number: 620-429-2102
Email: ckhighwaydept@columbus-ks.com

- e. Is there a private business or other entity involved in the project? [X] Yes [ ] No

Name of business or other entity: ATEC Steel, LLC
Name and title of contact: Jeff Heck, General Manager

Address: 1000 W. 5th Street
Baxter Springs, KS 66713

Phone Number: 877-457-5352
Email: jheck@atecsteel.com

f. Does this project include a railroad?

Yes

No

Name of railroad:

Name and title of contact:

Address:

Phone Number:

Email:

g. Is the transportation improvement for a new or existing business?

New

Existing

*A new business is one that is looking to relocate to Kansas. An existing business is one that is already located in the State of Kansas. ED program funds are generally not eligible for businesses looking to relocate from one area of Kansas to another.*

h. Is this an immediate opportunity?

Yes

No

*An immediate opportunity is when a transportation solution is essential for a business to move to Kansas, relocate, or expand. Decisions about funding for Immediate Opportunities are made quickly and on a case-by-case basis.*

i. If "yes," please describe how critical the timing is:

A TEC Steel is out of space at their facility, and the company is currently considering investing \$2 million in a much needed expansion that would get underway in early 2015. While they would prefer to expand their current facility, they are exploring other options and have indicated that they are not willing to commit to expanding in Baxter Springs unless a plan for improving West 5th Street to accommodate their transportation needs is in place. A rapid decision is needed to ensure the company remains and grows in Baxter Springs.

## 2. Project Location and Description – Attach additional sheets as necessary

a. Project Location:

The project is located on West 5th Street in Baxter Springs, KS. Specifically, the project will include the portion of West 5th Street from the eastern entrance to ATEC Steel's property west to just past Central Avenue. This section of roadway is shown on the attached map.

b. Project length (*in miles or feet*): 2,200 feet (approximate)

c. Project scope (*description of work*):

Several project options were considered ranging from widening plant entrances to widening the roadway from ATEC Steel west all the way to US-166. The selected option (Option #6 in the attached letter from Schwab Eaton) is felt to eliminate the majority of the challenges ATEC and neighboring companies have been facing at the most reasonable cost.

The project will include widening the specified section of West 5th Street to the north by 14 feet (a 12 ft. lane plus a 2 ft. shoulder). At the west end, a 150 ft. transition lane will return the street to normal lane width while allowing for westward turns from Central Avenue <Continued to Additional Page>

d. Current average daily traffic volume (*if available*): 1,332 (as counted by CK County Highway Dept - Oct. 2014)

## **2. Project Location and Description –**

### **c. Project scope (*description of work*):**

In addition to the street widening, three entry points to 5th Street will be widened to 100 feet. These entry points are: the east entrance to ATEC Steel, Industrial Road, and Central Avenue.

The proposed widening will require acquisition of additional right-of-way, stabilization of the north ditch, and relocation of utilities.

Additional details may be found in the attached letter from Schwab Eaton.

---

**2. Estimated Cost of the Project – Please be specific about nature of costs, report in 2014 Dollars**

a. Preliminary Engineering/Design	\$76,000
b. Right-of-Way Acquisition	\$10,000
c. Utility Adjustments	\$135,000
d. Construction	\$784,938
e. Construction Engineering/Inspection	\$90,000
f. Other	\$9,300
g. Total Estimated Cost (sum of lines a-f)	\$1,105,238
h. Local Match Available (negotiable, minimum 25% is desired)	\$205,052
i. Total Requested Amount from KDOT (subtract line h from g)	\$900,186

**4. Schedule and Coordination Information**

- a. Estimated start date: 04/01/2015
- b. Estimated completion date: 12/31/2015
- c. Describe any known KDOT or other projects that may need coordination:  
None known.

d. Have any KDOT field staff been involved with the project?

Yes  No

If so, who?

e. Have any Department of Commerce staff been involved with the project?  Yes  No

If so, please provide details:

Commerce is aware of ATEC's planned expansion and met with company officials on 11/5 about other programs and incentives that may be of assistance.

Name and title of primary contact person: Craig VanWey, Regional Project Manager

Address:

Kansas Department of Commerce  
Southeast Regional Office  
Shirk Hall - 1501 South Joplin St.  
Pittsburg, KS 66762

Phone Number: 785-633-8407

Email: cvanwey@kansascommerce.com

**3. Estimated Cost of the Project** – *Please be specific about nature of costs, report in 2014 Dollars*

- a. Preliminary Engineering/Design – as estimated by Schwab Eaton
  - b. Right-of-Way Acquisition – 1 acre estimated at \$10,000/acre
  - c. Utility Adjustments -
    - \$ 10,000 – Electricity as estimated by Schwab Eaton
    - \$125,000 – Water estimated by the City at \$50/ft for labor & materials x 2,500 ft.
  - d. Construction – as estimated by Schwab Eaton
  - e. Construction Engineering/Inspection – estimated at \$10,000/month for 9 months
  - f. Other –
    - \$6,000 – Geotechnical Investigation as estimated by Schwab Eaton
    - \$1,300 – Shortening of ATEC's Crane Rail as estimated by company
    - \$2,000 – Remove & Reset ATEC's Fence as estimated by company
  - h. Local Match Available (*negotiable, minimum 25% is desired*) -
    - \$125,000 – Water Line Relocation by City of Baxter Springs
    - \$ 8,300 – ½ acre of Right-Of-Way, Crane Rail Modification, & Fence Removal & Reset by ATEC Steel
    - \$ 5,052 – Hauling (Mileage) by Cherokee County (2000 yds, 12 yds/truck, 167 truckloads, 55 miles per roundtrip, 9185 total miles, \$.55 per mile)
    - \$ 16,700 – Hauling (Truck & Driver) by Cherokee County (\$100/hour, 167 trips at 1 hour each)
    - \$ 50,000 – Widening Entrances by Cherokee County including remove/reset pipes, extend pipes, backfilling, & compaction
-

**5. Benefits of the Project – Attach or substitute additional sheets as necessary**

- a. Describe the nature of the transportation problem at this location and the transportation benefits that would result from the project (*i.e. safety, truck traffic, capacity, operational, etc.*):

ATEC Steel and affiliate company, Tank Connection, produce storage tanks and related components that can be more than 100 feet long. Transporting these loads typically requires tractor-trailers ranging from 75 to 160 feet in total length, although they have used tractor-trailers up to 208 feet in length. Getting these tractor-trailers out onto 5th Street has been an ongoing challenge due to the narrow road width and deep ditches. Making the turn often necessitates blocking 5th Street which inconveniences all who use the roadway. In some cases, rear wheels have slipped off the pavement causing the road to be closed for an extended period and creating a dangerous situation for personnel and the potential for damage to the load being transported. Day Six Pet Nutrition, located just to the west of ATEC has experienced similar challenges. <Continued on Additional Page>

- b. Describe the cost savings and benefits that would result from the project (*i.e. savings to businesses or customers, operating efficiencies to businesses, improved customer service, etc.*):

Widening 5th Street will save ATEC Steel and Tank Connection time getting tractor-trailers onto the roadway and eliminate the need for large loads to be moved to the widest entrance, in an attempt to make the process easier. The project will also reduce the need for personnel to leave other responsibilities to assist in moving loads off the property. In addition, the current situation has at times required the use of steerable trailers and additional expense as a result. This project is expected to significantly reduce the need for this extra expense. Costs involved in getting trucks back up on the roadway when they slip off are also expected to be reduced, if not eliminated. Reduced closure of the roadway as a result of the project will increase efficiencies for these and other businesses along 5th Street and reduce inconvenience for all road users.

- c. Describe the nature of the industry(s) that would benefit from the project (*i.e. types of industries served, commodities produced or carried, customers served, etc.*):

ATEC Steel designs and fabricates welded storage tanks used in a number of industries including: oil & gas, chemical & petrochemical, renewable fuels, mining, pulp & paper, and agriculture. Tank Connection produces tanks that address the needs and specifications of materials used in industrial, agricultural, mining, petrochemical, food processing, paper processing, <Continued on Additional Page>

- d. Estimate the number of permanent jobs created and/or sustained as a result of the project:

*Can be as reported by the private business or projected by an economic model or other method. KDOT can assist with this estimate, if necessary.*

For the year ending 9/30/14, ATEC Steel had a Monthly Average Employee Headcount of 109 as reported in their Quarterly Wage Reports, and the monthly count ranged from 101 to 125 over the period. These 100+ jobs will be sustained as result of this project.

Should the company expand as desired, they anticipate adding at least 30 jobs.

- e. Provide average wage data for the jobs created and/or sustained:

*Average wage should be greater than the average wage for the industry in the region, as reported by North American Industry Classification System (NAICS) code. (KDOT can assist with this information, if necessary):*

For the year ending 9/30/14, ATEC Steel had an annual average wage of \$55,235. This represents the Total Wages Paid from their Quarterly Wage Reports for the year (\$6,020,564) divided by the Average Monthly Employee Headcount calculated from the same Quarterly Wage Reports (109). New jobs created are expected to be in a similar wage range as existing employees.

This annual average wage greatly exceeds the average wage for the industry in the region used for the Kansas High Performance Incentive Program (HPIP). ATEC Steel's NAICS code is 33240, and the most recent HPIP average wages are as follows:

4-Digit NAICS code - 3324 - \$47,565 annual average wage for CY 2013 in the Eastern Rural Region  
3-Digit NAICS code - 332 - \$42,374 annual average wage for CY 2013 in the Southeast Region

## **5. Benefits of the Project –**

a. Describe the nature of the transportation problem at this location and the transportation benefits that would result from the project (*i.e. safety, truck traffic, capacity, operational, etc.*):

As the companies continue to grow so do the number of shipments and road closures as well as the potential for injury to people and products. Widening 5th Street will improve traffic flow by making it easier for loads to get onto the road, reduce the need for road closures, and lessen the risk of harm to personnel and shipments. This will directly benefit ATEC Steel, Tank Connection, Day Six Pet Nutrition, and other businesses located along 5<sup>th</sup> Street. However, the project will also benefit all individuals and businesses who use the roadway. And, it will improve the potential for future industrial development along 5<sup>th</sup> Street which is of significant benefit to both the City of Baxter Springs and Cherokee County.

c. Describe the nature of the industry(s) that would benefit from the project (*i.e. types of industries served, commodities produced or carried, customers served, etc.*):

chemical processing and many other applications. Day Six Pet Nutrition manufactures dry pet food.

---

- f. Is the project in an economically distressed area?



Yes



No

If "yes," please describe:

*In responding, you may consider Kansas, Inc's annual county-level economic rankings, evidence that a project serves a particularly underutilized part of town, or any other factor you believe may be relevant.*

The per capita income for Baxter Springs of \$18,329 represents 68% of that for the State of Kansas (\$26,845) and 65% of that for the United States as a whole. And, the percentage of people whose income is below the poverty rate is higher in Baxter Springs (18.0%) than in both Kansas (13.2%) and the nation (14.9%). [Source: American Community Survey, 5-Year Estimates, 2008-2012]

Baxter Springs is also facing economic challenges following an EF-2 tornado that struck on April 27, 2014 (SBA Disaster Declarations #13969 & #13970). While the recovery is well underway, the city continues to deal with the loss of buildings, population, and revenue.

**6. Private Sector and Other Investments – Attach additional sheets as necessary**

- a. Describe the associated investment of any private sector business that relates to the project.

*This could include land purchased, building erected or expanded, equipment purchased, etc.*

Since the inception of the company in 2006, ATEC Steel has invested approximately \$12 million in property, plant, and equipment. An additional investment of \$2 million in facilities is planned for 2015 in the form of a 14,000 square foot office addition. ATEC also anticipates additional investments in equipment in 2015.

- b. Describe the financial status of the associated businesses.

*Attach financial statements and most recent budget if possible.*

With the strength in the oil and gas markets over the past several years, ATEC has experienced increasing revenue growth, and they project this growth will continue over the next 3-5 years. From year end 2012 to 2013, the company experienced an increase in construction revenue of 11.23%, and from year end 2013 through Q3 2014 there has already been a 10.96% increase in construction revenue. The company's growth has resulted in a very strong balance sheet and cash flow that easily exceeds their capital expenditure needs. Currently, ATEC's debt to equity ratio is only 0.26, and the company expects to be completely debt free by early Q1 2015. ATEC will also have a very strong backlog, currently projected at \$30-40 million, going into 2015. See income statement attached.

- c. Describe any additional investments being made in the project.

*This could include utilities provided by the local government, tax incentives given, other related grants, etc.*

The City of Baxter Springs will cover the estimated \$125,000 cost to relocate water lines as approved at their City Council meeting on December 9th.

Cherokee County will provide hauling services and complete entrance widening with the exception of asphalt. Estimated cost for these services totals \$71,752.

## 7. Attachment Checklist

- Financial statements
- Project map
- Any additional sheets (detailed cost estimates, explanation of local match, letters of support, etc.)
- Signed Statement of Intent (Step 8 on the following page)
- Submit Application by mail to:

Kansas Department of Transportation  
Attn: Wade Wiebe, Director of Partner Relations  
Secretary of Transportation's Office  
Eisenhower State Office Building  
700 Harrison, 2<sup>nd</sup> Floor West  
Topeka, KS 66603

- You may also email it to [wwiebe@ksdot.org](mailto:wwiebe@ksdot.org) or [ecodevo@ksdot.org](mailto:ecodevo@ksdot.org)
-

**8. Statement of Intent**

*The authorized person for the application must read, agree, and sign the statement below for this to be considered an official application.*

As the Applicant, or as an authorized representative of the Applicant, I hereby submit this Application to the Economic Development Program. I represent that the information and financial data contained herein and attached hereto are true and correct to the best of my knowledge. I understand that the following conditions apply to this Application:

- Additional information may be requested;
- I authorize the Kansas Department of Transportation to independently verify any information contained in this Application; and
- Acceptance and consideration of this Application does not constitute a commitment for financial assistance by the State of Kansas.

I assure that this project will be constructed in accordance with the Economic Development Program and all applicable Kansas laws.

I assure that all work performed and all material furnished for the project shall be in reasonable conformity with the plans, specifications, and any authorized revisions thereto, which have been approved by the designer of the approved project.

If the project is approved, I will provide written assurance that:

1. The project will be designed by a licensed professional engineer.
2. All revisions and/or deviations from the plans and specifications will be approved by the project's designer.
3. The project will be inspected by a certified inspector when the project is open to unrestricted traffic and at the time of final acceptance.

Richard Hilderbrand  
Signature

Richard Hilderbrand  
Printed Name

Chairperson Commission  
Title

12-15-2014  
Date

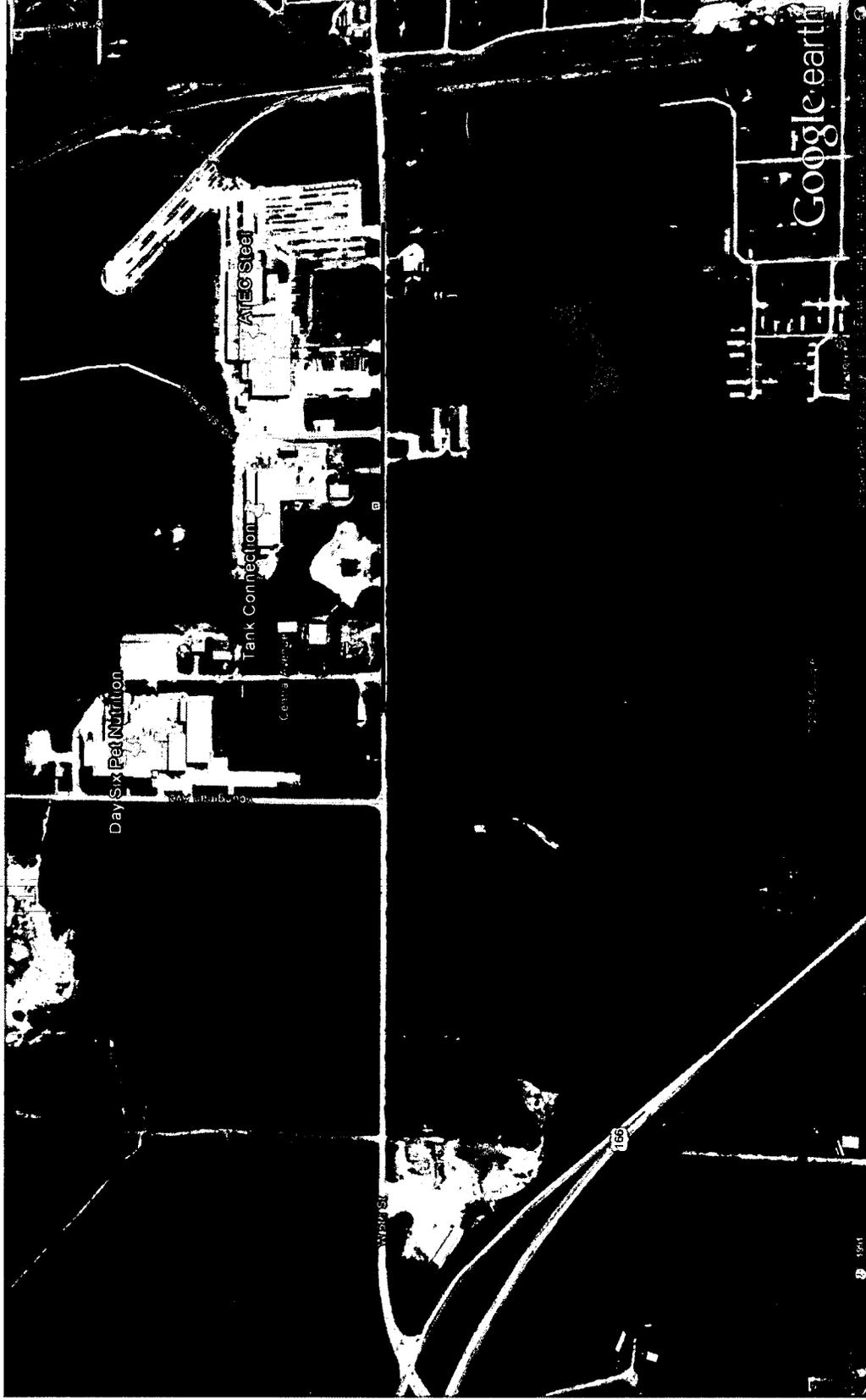
## ATEC Steel, LLC

### STATEMENTS OF OPERATIONS

	<i>Budgeted</i>		<i>Unaudited</i>		<i>Audited</i>	
	Year Ended		Period Ended		Year Ended	
	December 31, 2014		September 27, 2014		December 31, 2013	
Contract revenues earned	\$ 59,127,251	100.00%	\$ 50,718,992	100.00%	\$ 45,781,653	100.00%
Cost of revenues earned	50,681,857	85.72%	42,489,175	83.77%	38,000,023	83.00%
Gross profit	8,445,394	14.28%	8,229,817	16.23%	7,781,630	17.00%
Selling, general, and administrative expense	2,818,868	4.77%	2,490,785	4.91%	3,285,243	7.18%
Income (loss) from operations	5,626,526	9.52%	5,739,032	11.32%	4,496,387	9.82%
Other income (expense)						
Interest income	-	0.00%	-	0.00%	-	0.00%
Interest (expense)	(100,000)	-0.17%	(58,256)	-0.11%	(195,555)	-0.43%
Gain (loss) on the sale of property and equipment	-	0.00%	9,826	0.02%	(99,477)	-0.22%
Other income	300,000	0.51%	312,713	0.62%	273,470	0.60%
Total other income (expense)	200,000	0.34%	264,283	0.52%	(21,562)	-0.05%
Net income	\$ 5,826,526	9.85%	\$ 6,003,315	11.84%	\$ 4,474,825	9.77%

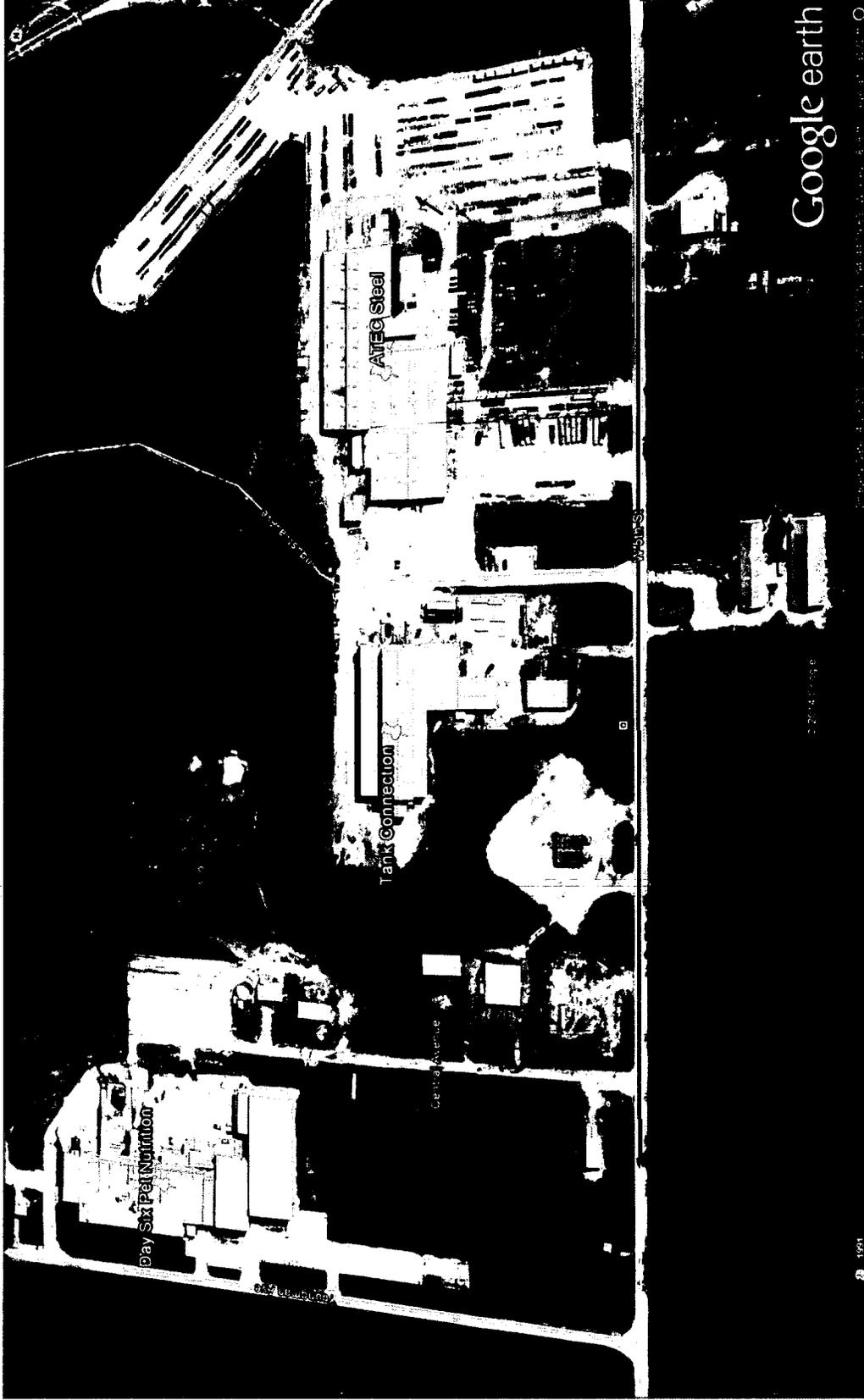
CONFIDENTIAL - FOR INTERNAL USE ONLY

Map of Proposed Project\*



\* Affected section of 5<sup>th</sup> Street is shown in blue

Closer View of Proposed Project\*



\* Affected section of 5<sup>th</sup> Street is shown in blue



November 12, 2014

Mr. Leonard Vanatta  
Projects Coordinator  
Cherokee County Courthouse  
110 W. Maple St., P.O. Box 607  
Columbus, KS 66725

Revised for Option 6

Re: Cost Estimates for Road Widening  
5<sup>th</sup> St. Baxter Springs, KS

Dear Leonard:

During our site review we determined that we will need six options to help ease the super load access exiting the Atec Steel facility along 5<sup>th</sup> Street in Baxter Springs. 5th Street is in good condition and has held up under these super-loads very well over the years. It is believed the old area mining companies built this road with a rock core. It will be very difficult to match the structural strength of this road in any new construction.

Option 1

Widen the road 20 ft along the south side of the east bound lane a distance of approximately 1585 ft. (plant facility frontage access).

Assume need a minimum of 16" of cement treated subgrade modification in combination with geogrid fabrics and 8" granular base topped with at least 8" of asphalt. A typical cross section would show the 20 ft of new road widening with a 2 ft shoulder, a 4:1 foreslope down to a 4 ft wide drainage ditch and a 3:1 backslope to meet the existing grade that totals about 52 ft minimum construction limit as measured from the existing south edge of pavement, or about 36 ft of additional right of way to be acquired (1.3 ac).

The actual design will be subject to a geotechnical investigation. A detailed topographical survey will be needed. \*\*There may be an EPA clean-up site along the south side to the west that will need investigated further prior to any construction. The costs for ROW below do not include the homes to the east on the south side. Additional construction observation (inspection) costs will be needed if it is not offered by the City or County.

An estimate of probable costs as follows (see attachment):

Construction	\$547,362.00
Utility relocation	\$2,500.00
Right of Way	\$9,000.00
Geotechnical Investigation	\$5,000.00
Design (plans and specifications)	\$50,000.00

Civil Engineers

Land Surveyors

Landscape Architects

Option 2

Widen each of the existing access entrance roads (8-total) to enhance for increased turning movements in/out of the plant for super-loads.

Increase the top width of the entrances to 100 ft. subject to turning movement modeling of the specific super-load vehicle axle steer capability. Most of the utilities are buried or overhead along the north right of way. A topography survey and utility locates will be required to help determine if any of the utilities will need to be relocated prior to construction. It was mentioned that the facility is planning an expansion. The proposed site layout will be needed prior to widening any entrance to help determine if an entrance can be extended or relocated. The entrances can be repositioned to avoid manhole adjustments.

The smallest entrance is about 30 ft to 40 ft wide. The entrance will need to be widening 60 ft to 70 ft plus having a 6:1 shoulder slope Rt. and Lt. down to the existing drainage ditch that totals about 120 ft to 130 ft of additional embankment. The existing concrete culvert pipes will need extended as well. Assume the widen portion of fill will also require a subgrade modification of some kind as noted in Option 1. However, it may be possible and more economical to backfill using a combination of geogrid fabrics and 12" rock/AB-3 cap in lieu of asphalt for ease of grading, thus additional gravel etc. could be added as needed should it settle.

An estimate of probable costs as follows (see attachment):

Construction	\$338,244.00
Utility relocation	\$10,000.00
Right of Way	\$0.00
Geotechnical Investigation	\$0.00
Design (plans and specifications)	\$35,000.00

Note: Additional construction observation (inspection) costs will be needed if it is not offered by the City. The cost estimate is based using 8-entrance locations that all need widening. There are existing entrances that will not need to widen as much. Also it may be determined that if adequately widen one or two of the main entrances would suffice. Option 2 could be constructed by local forces.

Option 3

Widen the road 20 ft along the south side of the east bound lane a distance of approximately 3850 ft to the West KDOT R/W in lieu of just the plant facility frontage access of 1585 ft in Option 1.

Use the same cross section as described in Option 1 except need to reinstall 2 or 3 entrances and erosion pipes with end sections plus extend an existing 10' x 5' RCB 25' Rt.. The widening will require about 52 ft minimum construction limit as measured from the existing south edge of pavement, or about 36 ft of additional right of way to be acquired (3.2 ac).

The actual design will be subject to a geotechnical investigation. A detailed topographical survey will be needed. \*\*There may be an EPA clean-up site along the south side that is fenced-in to the west that will need investigated further prior to any construction. The typical cross section may need to be modified to stay out of the EPA area. The costs for ROW below do not include the homes to the east on the south side. Additional construction observation (inspection) costs will be needed if it is not offered by the City or County.

An estimate of probable costs as follows (see attachment):

Construction	\$1,146,282.00
Utility relocation	\$3,500.00
Right of Way	\$9,000.00
Geotechnical Investigation	\$6,000.00
Design (plans and specifications)	\$74,000.00

#### Option 4

Widen the road 10 ft Rt. and Lt. to provide a 20 ft center turn lane for a distance of approximately 3850 ft to the West KDOT R/W.

Use a similar cross section as described in Option 1 except the widening is 10 ft Lt. and Rt. in lieu of 20 ft just along the south side. All of the entrances (field, businesses and houses) will likely need removed and reset, possibly replaced if non-salvageable. This will also include the 36" RCP cross road pipe at the County Road to the west. Some of the locations may also need to be extended and widened. The existing 10' x 5' RCB will need to be extended at least 15 ft Rt. and Lt. The Option 4 widening will require acquiring less right of way (ROW) than Option 3 however, it could need an additional 42 ft as measured from the edge of pavement, or say 15 ft of new additional south side ROW that will need to be acquired (1.3 ac); This also is assuming the additional north side ROW will be provided by the City. The existing total ROW is 80 ft. The project will need about 110 ft.

The actual design will be subject to a geotechnical investigation. A detailed topographical survey will be needed. \*\*There may be an EPA clean-up site along the south side that is fenced-in to the west that will need investigated further prior to any construction. The typical cross section may need to be modified to stay out of the EPA area. The costs for ROW below do not include the homes to the east on the south side. Additional construction observation (inspection) costs will be needed if it is not offered by the City.

An estimate of probable costs as follows (see attachment):

Construction	\$1,363,902.00
Utility relocation	\$3,500.00
Right of Way	\$9,000.00
Geotechnical Investigation	\$6,000.00
Design (plans and specifications)	\$86,000.00

### Option 5

Widen the road 12 ft Lt. plus a 2 ft shoulder a distance of approximately 3850 ft to the West KDOT R/W in combination with Option 2 widen (8) plant entrance roads to 100 ft.

Use a similar cross section as described in Option 1 except the widening is 14 ft Lt. that includes a 2 ft shoulder in lieu of 20 ft just along the south side. All of the plant entrances pipes will likely need removed and reset, possibly replaced if non-salvageable. This will also include the 42" RCP cross road pipe at the County 40th Road to the west. Some of the locations may also need to be extended and widened. The existing 10' x 5' RCB will need to be extended at least 15 ft Lt. This work could also be done on just the south side along with widening the plant entrance roads to avoid some of the utility conflicts on the north noted in Option 2. However, about 16 ft of new additional ROW (1.4 ac) will need to be acquired where as on the north it is assumed the ROW will be provided by the City. The existing total ROW is 80 ft. The project will need about 96 ft. \*Utility relocation will need to be investigated to see if it will be partially absorbed by the utilities since located within the City and/or County ROW.

The actual design will be subject to a geotechnical investigation. A detailed topographical survey will be needed. \*\*There may be an EPA clean-up site along the south side that is fenced-in to the west that will need investigated further prior to any construction. The typical cross section may need to be modified to stay out of the EPA area. The costs for ROW below do not include the homes to the east on the south side. This should not be a factor if the work is completed along the north side only. Additional construction observation (inspection) costs will be needed if it is not offered by the City.

An estimate of probable costs as follows (see attachment):

Construction	\$1,111,662.00
*Utility relocation	\$10,000.00
Right of Way	0.00 if north side only; \$3,500.00 S. side
Geotechnical Investigation	\$6,000.00
Design (plans and specifications)	\$76,000.00

### Option 6

Similar to Option 5 except widen the road 12 ft Lt. plus a 2 ft shoulder for a distance of about 2200 ft (East Atec entrance then west to Central Road) in combination with Option 2 except widen only (3) plant/business entrance roads to 100 ft.

Use a similar cross section as described in Option 1 except the widening is 14 ft Lt. that includes a 2 ft shoulder in lieu of 20 ft that will be constructed on the north side. The very east Atec plant entrance road, Industrial Road and Central Road will be widened to 100 ft. There will be a 150 ft transition lane (back to the normal lane width) at the west end to provide westward turning movements from Central Road. The entrance and cross road pipes (24" to 42" RCP) will likely need removed and reset, possibly replaced if non-salvageable. The pipe will also need to be extended. The existing 10' x 5' RCB near Youngman Road should not need to be extended. The existing

north road ditch is wet/soft and will need stabilization using 24" rock. The utility concerns noted in Option 2 will apply. Approximately 16 ft to 20 ft of new additional ROW (1.1 ac) will need to be acquired from the City. The existing total ROW is 80 ft. The project will need about 96 ft to 100 ft. \*Utility relocation will need to be investigated to see if it will be partially absorbed by the utilities since located within the City and/or County ROW.

The actual design will be subject to a geotechnical investigation. A detailed topographical survey will be needed. Additional construction observation (inspection) costs will be needed if it is not offered by the City.

An estimate of probable costs as follows (see attachment):

Construction	\$784,938.00
*Utility relocation	\$10,000.00
Right of Way	0.00 (N. side only)
Geotechnical Investigation	\$6,000.00
Design (plans and specifications)	\$76,000.00

Of course the above estimates are subject to change based upon the final scope of work, plans and survey.

"In-Kind" City/County contributions options may include the relocation of utilities, ROW acquisition, engineering/geotech services, Atec crane rail modifications, trucking haul services (drivers, trucks fuel), and east plant entrance widening construction after the mainline work is completed.

Please let me know if you need additional information or if we need to explore other options.

Sincerely,  
SCHWAB EATON



David G. Beach, PE



**OPTION 1**

**COST ESTIMATE**

<b>Pay To:</b>		<b>Project:</b> Cherokee County/Baxter Springs- 5th Street	
<b>Address:</b>		20 Ft Widening East Bound Lane (1585 ft)	
<b>CONSTRUCTION TIME</b>		<b>CONTRACT AMOUNT</b>	
(Calendar Days)	100	ESTIMATE NO.	
<b>Authorized</b>		<b>Authorized</b>	
<b>Elapsed</b>		<b>Earned</b>	
<b>Remaining</b>		<b>Remaining</b>	\$0.00
		<b>From:</b>	
		<b>To:</b>	
		<b>Sheet</b>	1 of 1

Item No.	Item Description	Estimated Contract Quantities	Authorized Quantities	Unit Price	Estimated Cost
1	Clearing & Grubbing	1 LS		15,000.00	15,000.00
2	Removal of Existing Structures	1 LS		5,000.00	5,000.00
3	Common Excavation	6500 CY		12.00	78,000.00
4	Common Excavation (Contr Furnished )	3100 CY		14.00	43,400.00
5	Compaction of Earth Work (Type A)(MR 5-5)	7200 CY		4.00	28,800.00
6	Water (Grading)(Set)	50 Mgal		35.00	1,750.00
7	Manip of Treated Subgrade (Cement)	4000 SY		5.00	20,000.00
8	Portland Cement	200 Ton		150.00	30,000.00
9	Water (Treated Subgrade)(Set)	60 Mgal		35.00	1,750.00
10	8" Bit Mix HMA - (Comm Gd)(SR-12.5 A)	1600 Ton		85.00	136,000.00
11	24" Pvmt Edge Wedge (AB-3)(Rock)	80 Ton		55.00	4,400.00
12	30" Cross Rd Pipe (RCP)		LF	102.86	0.00
13	30" End Section (CM)		EA	1,226.64	0.00
26	Field Office & Lab (Type A)	1 EA		2,500.00	2500.00
27	Temporary Surfacing Material (Set)	1 CY		35.00	35.00
28	Seed & Mulch	1 LS		9,000.00	9,000.00
29	Temp Erosion & Pollution Control	1 LS		15,000.00	15,000.00
30	Mobilization	1 LS		40,000.00	40,000.00
31	Contr Construction Staking	1 LS		16,000.00	16,000.00
32	Traffic Control	1 LS		9,500.00	9,500.00

<b>Date:</b> _____	<b>Total Amount Earned To Date</b> <span style="float:right">\$456,135.00</span>
<b>By:</b> _____	<b>Plus 20% Contingencies:</b> <span style="float:right">547,362.00</span>
	<b>Net Amount:</b> _____
	<b>Less Previous Net Estimate:</b> _____
	<b>Estimated Total Cost:</b> <span style="float:right">\$547,362.00</span>

<b>Date:</b> _____	<b>By:</b> _____
<b>By:</b> _____	



**OPTION 2**

**COST ESTIMATE**

<b>Pay To:</b>		<b>Project:</b>	Cherokee County/Baxter Springs- 5th Street
<b>Address:</b>			Entrance Widening (8-Total)

<b>CONSTRUCTION TIME</b>		<b>CONTRACT AMOUNT</b>		<b>ESTIMATE NO.</b>	
(Calendar Days)	50				
<b>Authorized</b>		<b>Authorized</b>		<b>From:</b>	
<b>Elapsed</b>		<b>Earned</b>		<b>To:</b>	
<b>Remaining</b>		<b>Remaining</b>	\$0.00	<b>Sheet</b>	1 of 1

Item No.	Item Description	Estimated Contract Quantities	Authorized Quantities	Unit Price	Estimated Cost
1	Clearing & Grubbing	1 LS		5,000.00	5,000.00
2	Removal of Existing Structures	1 LS		6,000.00	6,000.00
3	Common Excavation	1450 CY		8.00	11,600.00
4	Common Excavation (Contr Furnished )	200 CY		12.00	2,400.00
5	Compaction of Earth Work (Type A)(MR 5-5)	3275 CY		4.00	13,100.00
6	Water (Grading)(Set)	1 Mgal		35.00	35.00
7					
8	Rock Backfill (Top 12") possibly AB-3 Surfacing	2100 CY		48.00	100,800.00
9					
10					
11					
12					
13	24" Entrance Pipe (RC)	950 LF		106.00	62,400.00
14	24" End Section (RC)	16 EA		664.00	10,000.00
15	Field Office & Lab (Type A)	1 EA		2,500.00	2500.00
16	Temporary Surfacing Material (Set)	1 CY		35.00	35.00
17	Seed & Mulch	1 LS		8,000.00	8,000.00
18	Temp Erosion & Pollution Control	1 LS		10,000.00	10,000.00
19	Mobilization	1 LS		30,000.00	30,000.00
20	Contr Construction Staking	1 LS		12,000.00	12,000.00
21	Traffic Control	1 LS		8,000.00	8,000.00

<b>Date:</b>	<b>Total Amount Earned To Date</b>	\$281,870.00
	<b>Plus 20% Contingencies:</b>	338,244.00
	<b>Net Amount:</b>	
	<b>Less Previous Net Estimate:</b>	
<b>By:</b>	<b>Estimated Total Cost:</b>	<b>\$338,244.00</b>

<b>Date:</b>	
<b>By:</b>	



**OPTION 3**

**COST ESTIMATE**

<b>Pay To:</b>		<b>Project:</b>	Cherokee County/Baxter Springs- 5th Street
<b>Address:</b>			20 Ft Widening East Bound Lane (3850 ft)
			East to West to KDOT R/W

<b>CONSTRUCTION TIME</b>		<b>CONTRACT AMOUNT</b>		<b>ESTIMATE NO.</b>		
(Calendar Days)	200					
<b>Authorized</b>		<b>Authorized</b>		<b>From:</b>		
<b>Elapsed</b>		<b>Earned</b>		<b>To:</b>		
<b>Remaining</b>		<b>Remaining</b>	\$0.00	<b>Sheet</b>	1	of 1

Item No.	Item Description	Estimated Contract Quantities	Authorized Quantities	Unit Price	Estimated Cost
1	Clearing & Grubbing	1 LS		16,000.00	16,000.00
2	Removal of Existing Structures	1 LS		5,000.00	5,000.00
3	Common Excavation	16000 CY		12.00	192,000.00
4	Common Excavation (Contr Furnished )	6850 CY		14.00	95,900.00
5	Compaction of Earth Work (Type A)(MR 5-5)	17125 CY		4.00	68,500.00
6	Water (Grading)(Set)	120 Mgal		35.00	4,200.00
7	Manip of Treated Subgrade (Cement)(16")	3825 SY		5.00	19,125.00
8	Portland Cement (16")	480 Ton		150.00	72,000.00
9	Water (Treated Subgrade)(Set)	120 Mgal		35.00	4,200.00
10	8" Bit Mix HMA - (Comm Gd)(SR-12.5 A)	3825 Ton		85.00	325,125.00
11	24" Pvmt Edge Wedge (AB-3)(Rock)	210 Ton		55.00	11,550.00
12	24" Erosion Pipe (CM)	180 LF		85.00	15,300.00
13	24" End Section (CM)	6 EA		800.00	4,800.00
26	Field Office & Lab (Type A)	1 EA		2,500.00	2500.00
27	Temporary Surfacing Material (Set)	1 CY		35.00	35.00
28	Seed & Mulch	1 LS		12,000.00	12,000.00
29	Temp Erosion & Pollution Control	1 LS		15,000.00	15,000.00
30	Mobilization	1 LS		40,000.00	40,000.00
31	Contr Construction Staking	1 LS		15,000.00	15,000.00
32	Traffic Control	1 LS		12,000.00	12,000.00
33	RCB Extend (10' x 5' x 25')	1 LS		25,000.00	25,000.00

<b>Date:</b>	<b>Total Amount Earned To Date</b>	\$955,235.00
	<b>Plus 20% Contingencies:</b>	1,146,282.00
	<b>Net Amount:</b>	
	<b>Less Previous Net Estimate:</b>	
<b>By:</b>	<b>Estimated Total Cost:</b>	<b>\$1,146,282.00</b>

<b>Date:</b>		<b>By:</b>	
<b>By:</b>			



**OPTION 4**

**COST ESTIMATE**

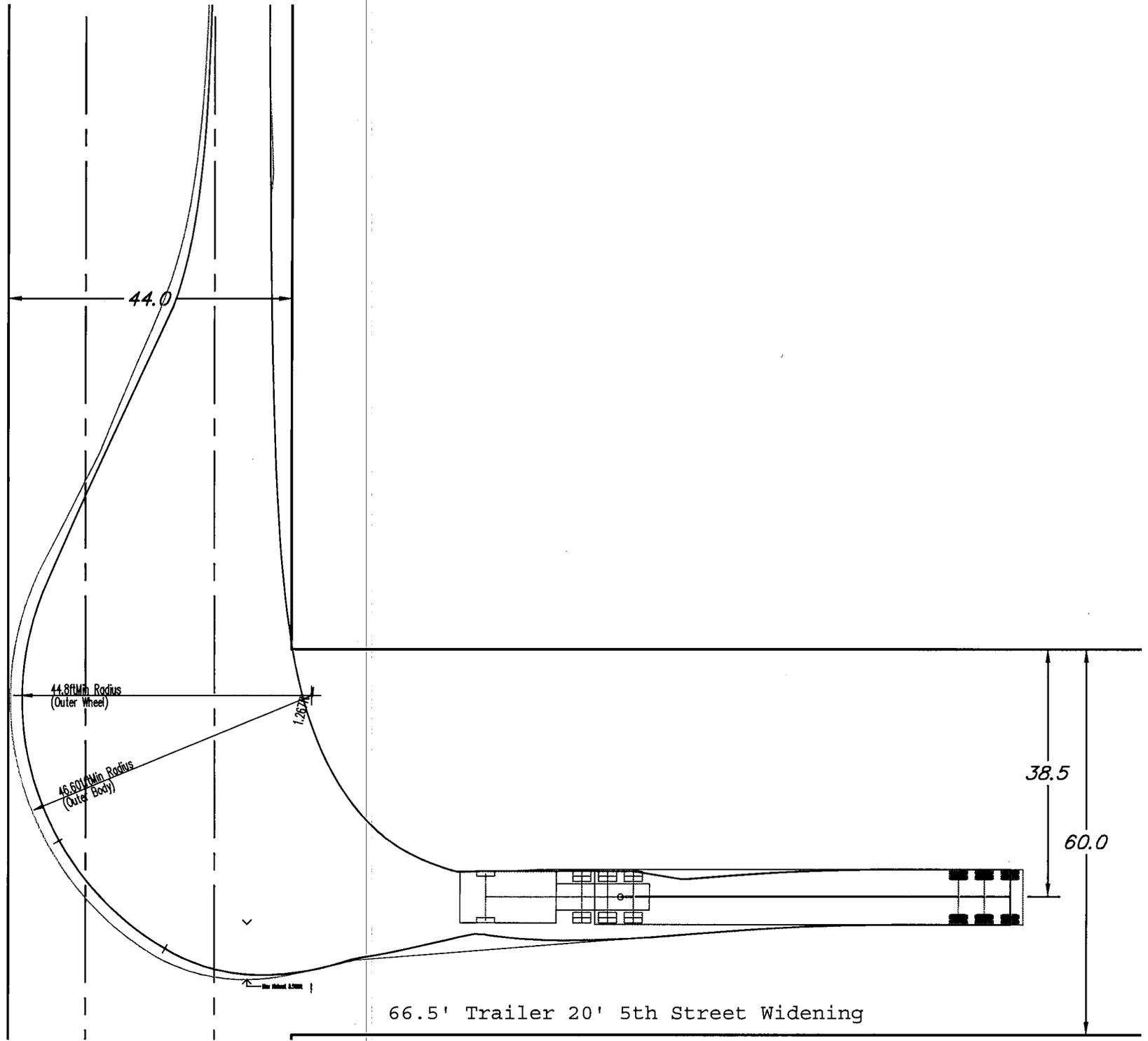
<b>Pay To:</b>		<b>Project:</b> Cherokee County/Baxter Springs- 5th Street			
<b>Address:</b>		10 Ft Widening Lt & Rt for 20 ft Center Turn Lane (3850 Ft) East to West to KDOT R/W			
<b>CONSTRUCTION TIME</b>		<b>CONTRACT AMOUNT</b>			
(Calendar Days)	225	<b>ESTIMATE NO.</b>			
<b>Authorized</b>		<b>Authorized</b>			
<b>Elapsed</b>		<b>Earned</b>			
<b>Remaining</b>		<b>Remaining</b>	\$0.00		
		<b>From:</b>			
		<b>To:</b>			
		<b>Sheet</b>	1 of 1		
Item No.	Item Description	Estimated Contract Quantities	Authorized Quantities	Unit Price	Estimated Cost
1	Clearing & Grubbing	1 LS		16,000.00	16,000.00
2	Removal of Existing Structures	1 LS		5,000.00	5,000.00
3	Common Excavation	16000 CY		12.00	192,000.00
4	Common Excavation (Contr Furnished )	6850 CY		14.00	95,900.00
5	Compaction of Earth Work (Type A)(MR 5-5)	17125 CY		4.00	68,500.00
6	Water (Grading)(Set)	120 Mgal		35.00	4,200.00
7	Manip of Treated Subgrade (Cement)(16")	3825 SY		5.00	19,125.00
8	Portland Cement (16")	480 Ton		150.00	72,000.00
9	Water (Treated Subgrade)(Set)	120 Mgal		35.00	4,200.00
10	8" Bit Mix HMA - (Comm Gd)(SR-12.5 A)	3825 Ton		85.00	325,125.00
11	Remove & Reset Cross Road Pipe (42")(RC)	1 EA		3,500.00	3,500.00
12	Remove & Reset Entrance Pipe(s) (24")(RC)	15 EA		3,000.00	45,000.00
13	24" Pvmt Edge Wedge (AB-3)(Rock)	420 Ton		55.00	23,100.00
14	24" Erosion Pipe (RC)	1000 LF		106.00	106,000.00
15	24" End Section (RC)	22 EA		700.00	15,400.00
16	Field Office & Lab (Type A)	1 EA		2,500.00	2500.00
17	Temporary Surfacing Material (Set)	1 CY		35.00	35.00
18	Seed & Mulch	1 LS		12,000.00	12,000.00
19	Temp Erosion & Pollution Control	1 LS		15,000.00	15,000.00
20	Mobilization	1 LS		40,000.00	40,000.00
21	Contr Construction Staking	1 LS		15,000.00	15,000.00
22	Traffic Control	1 LS		12,000.00	12,000.00
23	RCB Extend (10' x 5' x 15') Lt & Rt	1 LS		45,000.00	45,000.00
<b>Date:</b>		<b>Total Amount Earned To Date</b>		\$1,136,585.00	
<b>By:</b>		<b>Plus 20% Contingencies:</b>		1,363,902.00	
		<b>Net Amount:</b>			
		<b>Less Previous Net Estimate:</b>			
		<b>Estimated Total Cost:</b>		\$1,363,902.00	
<b>Date:</b>					
<b>By:</b>		<b>By:</b>			



**OPTION 5**

**COST ESTIMATE**

<b>Pay To:</b>		<b>Project:</b> Cherokee County/Baxter Springs- 5th Street	
<b>Address:</b>		12 Ft Widening w/ 2 Ft Shldr and Widened Plant Ent. (3850 Ft) East to West to KDOT R/W	
<b>CONSTRUCTION TIME</b>		<b>CONTRACT AMOUNT</b>	
(Calendar Days)	225	<b>ESTIMATE NO.</b>	
<b>Authorized</b>		<b>Authorized</b>	
<b>Elapsed</b>		<b>Earned</b>	
<b>Remaining</b>		<b>Remaining</b>	\$0.00
		<b>From:</b>	
		<b>To:</b>	
		<b>Sheet</b>	1 of 1
<b>Item No.</b>	<b>Item Description</b>	<b>Estimated Contract Quantities</b>	<b>Authorized Quantities</b>
		<b>Unit Price</b>	<b>Estimated Cost</b>
1	Clearing & Grubbing	1 LS	5,000.00
2	Removal of Existing Structures	1 LS	6,000.00
3	Common Excavation	12650 CY	12.00
4	Common Excavation (Contr Furnished )	4500 CY	14.00
5	Compaction of Earth Work (Type A)(MR 5-5)	15300 CY	4.00
6	Water (Grading)(Set)	90 Mgal	35.00
7	Rock Backfill (Top 12") AB-3 Entrances Only	1500 CY	48.00
8	Manip of Treated Subgrade (Cement)(16")	2700 SY	5.00
9	Portland Cement (16")	350 Ton	150.00
10	Water (Treated Subgrade)(Set)	90 Mgal	35.00
11	8" Bit Mix HMA - (Comm Gd)(SR-12.5 A)	2750 Ton	85.00
12	Remove & Reset Cross Road Pipe (42")(RC)	1 EA	3,500.00
13	Remove & Reset Entrance Pipe(s) (24")(RC)	9 EA	3,000.00
14	24" Pvmt Edge Wedge (AB-3)(Rock)	210 Ton	55.00
15	24" Erosion Pipe (RC)	750 LF	106.00
16	24" End Section (RC)	18 EA	700.00
17	42" Cross Road Pipe (RC)	24 LF	150.00
16	Field Office & Lab (Type A)	1 EA	2,500.00
17	Temporary Surfacing Material (Set)	1 CY	35.00
18	Seed & Mulch	1 LS	10,000.00
19	Temp Erosion & Pollution Control	1 LS	15,000.00
20	Mobilization	1 LS	40,000.00
21	Contr Construction Staking	1 LS	15,000.00
22	Traffic Control	1 LS	12,000.00
23	RCB Extend (10' x 5' x 15') Lt Only	1 LS	28,000.00
<b>Date:</b>		<b>Total Amount Earned To Date</b> \$926,385.00	
<b>By:</b>		<b>Plus 20% Contingencies:</b> 1,111,662.00	
		<b>Net Amount:</b>	
		<b>Estimated Total Cost:</b> \$1,111,662.00	
<b>Date:</b>		<b>By:</b>	
<b>By:</b>			





OPTION 6					COST ESTIMATE						
Pay To:			Project:			Cherokee County/Baxter Springs- 5th Street					
Address:						12 Ft Widening w/ 2 Ft Shldr and Widened 3 Ent.					
						(2200 Ft) East Entrance West to Central RD					
CONSTRUCTION TIME			CONTRACT AMOUNT			ESTIMATE NO.					
(Calendar Days)		150									
Authorized				Authorized		From:					
Elapsed				Earned		To:					
Remaining				Remaining		\$0.00		Sheet		1 of 1	
Item No.	Item Description			Estimated Contract Quantities		Authorized Quantities		Unit Price		Estimated Cost	
1	Clearing & Grubbing			1 LS				5,000.00		5,000.00	
2	Removal of Existing Structures			1 LS				6,000.00		6,000.00	
3	Common Excavation			10400 CY				12.00		124,800.00	
4	Common Excavation (Contr Furnished )			2600 CY				14.00		36,400.00	
5	Compaction of Earth Work (Type A)(MR 5-5)			7850 CY				4.00		31,400.00	
6	Water (Grading)(Set)			50 Mgal				35.00		1,750.00	
7	Rock Backfill (Top 12") AB-3 Entrances Only			800 CY				48.00		38,400.00	
8	Manip of Treated Subgrade (Cement)(16")			3500 SY				5.00		17,500.00	
9	Portland Cement (16")			200 Ton				150.00		30,000.00	
10	Water (Treated Subgrade)(Set)			70 Mgal				35.00		2,450.00	
11	8" Bit Mix HMA - (Comm Gd)(SR-12.5 A)			2100 Ton				85.00		178,500.00	
12	Rock Stabilization (12")(Existing 8' Ditch Bottom)			600 CY				48.00		28,800.00	
13	Remove & Reset Cross Road Pipe (42")(RC)			2 EA				3,500.00		7,000.00	
14	Remove & Reset Entrance Pipe(s) (24")(RC)			1 EA				3,000.00		3,000.00	
15	24" Pvmt Edge Wedge (AB-3)(Rock)			100 Ton				55.00		5,500.00	
16	24" Erosion Pipe (RC)			80 LF				106.00		8,480.00	
17	24" End Section (RC)			2 EA				700.00		1,400.00	
18	42" Cross Road Pipe (RC)			200 LF				150.00		30,000.00	
19	42" End Section (RC)			4 EA				800.00		3,200.00	
20	Field Office & Lab (Type A)			1 EA				2,500.00		2500.00	
21	Temporary Surfacing Material (Set)			1 CY				35.00		35.00	
22	Seed & Mulch			1 LS				10,000.00		10,000.00	
23	Temp Erosion & Pollution Control			1 LS				15,000.00		15,000.00	
24	Mobilization			1 LS				40,000.00		40,000.00	
25	Contr Construction Staking			1 LS				15,000.00		15,000.00	
26	Traffic Control			1 LS				12,000.00		12,000.00	
27	RCB Extend (10' x 5' x 15') Lt Only			0 LS				0.00		0.00	
				Total Amount Earned To Date				\$654,115.00			
				Plus 20% Contingencies:				\$784,938.00			
Date:				Net Amount:							
By:				Estimated Total Cost:				\$784,938.00			
Date:				By:							



October 17, 2014

Janet Miller  
Cherokee County Economic Development Director  
104 S. Kansas  
Columbus, KS 66725

Reference: 5<sup>th</sup> Street Expansion, Baxter Springs, KS

Ms. Miller,

ATEC Steel is a leading employer in Southeast Kansas. Our company is recognized as an industry leader in the design, fabrication and field construction of welded storage tanks mainly used in the "oil and gas" industry. At ATEC Steel, we have been expanding our operation since we opened the doors in 2006 with 16 employees. As we come to the end of 2014, ATEC employs 214 employees with an annual payroll that totals approx. \$10.2 million.

We are currently out of room at this facility and have identified the need to add substantial head count to our operation over the next two years. The next stage of ATEC development includes a \$2 million expansion plan at our Baxter Springs, KS. facility in 2015. ATEC is currently evaluating five proposed expansion designs, with the intent to choose a design concept and contractor by year's end. We project that our expansion plans will add over 30 new jobs and an additional \$1.4 million in annual payroll, along with sales increases of 15% over the next 3 years. We are excited about the future of ATEC development as well as our contribution to Southeast Kansas economy.

A current hurdle that we continue to encounter at ATEC in Baxter Springs is the black top access "to and from" our facility. We handle between 10 and 15 large truck's daily and the access road is not wide enough to handle the volume of traffic. Therefore, it has become necessary for us to outline our needs to local and state authorities. We need assistance in widening the access road to our facility.

Our affiliate company Tank Connection, which operates adjacent to our facility has expressed the same concerns. Their current product line includes shop built tanks up to 100 ft. long, making access onto 5<sup>th</sup> street challenging and requiring the road to be shut down when these shipments depart. The narrow road width and deep ditches also create a safety concern, with the potential for turning over truck and trailers and potential harm to personnel and shipments.

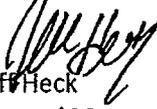
Going forward, we are reluctant to "push the button" on expansion at our Baxter Springs location, unless we have an action plan in development that will address our concerns. We would appreciate a review by the

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ATEC STEEL LLC  
1000 W. 5<sup>TH</sup> STREET  
BAXTER SPRINGS, KS 66713  
877.457.5352 FAX: 620.856.5197

proper authorities on the road problems outlined with a solution proposed. Time is of the essence, as we are also looking at expansion opportunities in other locations. We would appreciate your earliest review. Thank you for your time and consideration.

Best regards,

  
Jeff Heck  
General Manager  
ATEC Steel

# TANK CONNECTION

\*\*\*\*\*  
AFFILIATE GROUP

© 2012 Tank Connection

3609 N. 16<sup>TH</sup> STREET  
P.O. BOX 579  
PARSONS, KANSAS 67357  
620.423.3010 FAX: 3999  
[SALES@TANKCONNECTION.COM](mailto:SALES@TANKCONNECTION.COM)

November 14, 2014

Attn: Janet Miller  
Cherokee County Economic Development Director  
104 S. Kansas  
Columbus, KS 66725

Reference: 5<sup>th</sup> Street Expansion, Baxter Springs, KS

Dear Ms. Miller,

Tank Connection is currently expanding at several of our manufacturing locations in Southeast KS. We currently employ over 380 employees at our Parsons, Galesburg, Oswego and Baxter Springs facilities. I am specifically writing to you concerning the 5<sup>th</sup> street access road to our Baxter Springs facility.

We are aware that our affiliate company and adjacent neighbor in Baxter Springs, ATEC Steel has requested road improvements because of heavy truck traffic to and from their facility. Tank Connection is in the same boat and to some extent, our problem is even worse. At this facility we manufacture and ship large shop-welded tank units to locations throughout the U.S. Many of these units are in excess of 80' in length. Needless to say, we continue to find it extremely difficult to move these units out of the yard and onto the access road because it is too narrow. At Tank Connection, safety is a major focus in all areas of our operations. We are continuously flagged that both incoming truck traffic and outbound OD loads are problematic and potentially unsafe on this narrow access road. The bottom line is that the 5<sup>th</sup> street road is not adequate for today's truck traffic. It needs to be widened, so that "in and out" truck traffic can be safely coordinated. We would appreciate your assistance in directing this matter to the proper state and local authorities, so that it can be addressed as soon as possible.

If you have any questions, please call or email me anytime.

Best Regards,

Bill Neighbors  
President & CEO Tank Connection  
PH: 620-423-3010 ext. 104  
Email: [Bill@tankconnection.com](mailto:Bill@tankconnection.com)



ISO 9001:2008 certified QMS.

DOC. TC-1 001  
REV. 1 2/01/12

December 8, 2014

Kansas Department of Transportation  
Attn: Wade Wiebe, Director of Partner Relations  
Secretary of Transportation's Office  
Eisenhower State Office Building  
700 Harrison, 2nd Floor West  
Topeka, KS 66603

Dear Mr. Wiebe,

I am writing to support Cherokee County's application for funding through KDOT's Economic Development Program for improvements to 5<sup>th</sup> Street in Baxter Springs. The proposed project will benefit Day Six Pet Nutrition by improving access for trucks delivering products to and from our facility using Central Avenue. Currently we struggle with denied access to our facility when 5<sup>th</sup> Street is closed because of a neighboring business's inability to enter on to the street because of the narrowness of the street. We also have issues with our loads shifting as we enter onto 5<sup>th</sup> Street because of the poor condition at the intersection of Central Ave. and 5<sup>th</sup> Street.

Currently, we average 14 shipments in and out per day. And, that number will increase as we continue to grow our operation making improved access all the more important.

I strongly support the proposed project and hope that you will be able to assist Cherokee County and the City of Baxter Springs in making the improvements necessary to support Day Six and our neighbors.

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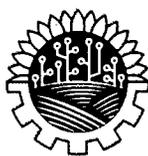
Sincerely,

A handwritten signature in black ink, appearing to read "J.D.R.", with a long horizontal flourish extending to the right.

Jerry D. Ross

President/Owner

Day Six Pet Nutrition



# Cherokee County, Kansas

Economic Development

*"the corner of opportunity"*

December 5, 2014

Kansas Department of Transportation  
Attn: Wade Wiebe, Director of Partner Relations  
Secretary of Transportation's Office  
Eisenhower State Office Building  
700 Harrison, 2nd Floor West  
Topeka, KS 66603

Dear Mr. Wiebe,

I am writing to express the Cherokee County Economic Development Corporation's support for funding through KDOT's Economic Development Program to improve West 5<sup>th</sup> Street in Baxter Springs. The proposed project will support the planned expansion at ATEC Steel and benefit two adjoining businesses that transport goods on 5<sup>th</sup> Street: Tank Connection (an ATEC affiliate) and Day Six Pet Nutrition.

Collectively, these three manufacturers have a significant impact on the local and state economies. They currently employ more than 150 in Baxter Springs, and ATEC alone paid wages of more than \$6 million in the year ending 9/30/14. Sales of the storage tanks that ATEC and Tank Connection produce are strong and projected to be for the foreseeable future.

---

We ask that you partner with the City of Baxter Springs and Cherokee County to fund this important economic development project. Thanks for your consideration.

Sincerely,

Janet Miller, Director  
620-762-0717  
ecodev@cherokeeconomy-ks.gov

# CITY OF BAXTER SPRINGS

*Randall Trease, Mayor \* Debbie Weston, City Clerk*

November 5, 2014

Kansas Department of Transportation  
Attn: Wade Wiebe, Director of Partner Relations  
Secretary of Transportation's Office  
Eisenhower State Office Building  
700 Harrison, 2<sup>nd</sup> Floor West  
Topeka, Ks. 66603

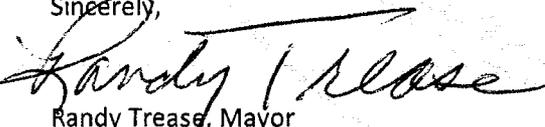
Dear Mr. Wiebe,

As you well know, Baxter Springs is a small community in the southeast corner of Kansas and small towns struggle for businesses to come to their area. Atec Steel came to Baxter Springs in 2006 and the City of Baxter Springs has been very fortunate to have them and the jobs they have provided to our community have been a huge contributor to the local economy. Baxter wants to continue to see growth in Atec and the need of this project is very crucial to Atec and Baxter Springs.

In April Baxter was struck by an EF-2 tornado which we did not qualify for federal funding. This impact has taken a toll on the city's finances. The help from KDOT would greatly help with this project.

On behalf of myself, the city council members and the citizens of Baxter Springs we would like to have KDOT's support in this crucial project.

Sincerely,



Randy Trease, Mayor

#### *City Council Members*

*Carl Ikenberry \* Laurie Alquist \* Ed McAfee \* Sherri Howey, \* Sue Gast \* Sherry Brown \* Jesse Haverfield \* Gary Sisco \*  
Robert Myers, City Attorney \* DeAnn Hill, City Treasurer*

**ECONOMIC DEVELOPMENT COMMITTEE**

**CITY OF BAXTER SPRINGS**

**1445 MILITARY AVE.**

**BAXTER SPRINGS, KS 6666713713**

Phone: 620-856-2114 Fax: 620-856-246056-2114



November 6, 2014

To Whom It May Concern,

The EDC (Economic Development Committee) of Baxter Springs strongly supports the expansion of 5<sup>th</sup> street from ATEC Steel west to US 166. ATEC Steel has been a part of the Baxter Springs Community for several years and has proven to be a positive addition to the economic growth of Baxter Springs and an integral part of the community. ATEC Steel/Tank Connection is not only a great employer, but also always willing to provide support with community activities.

ATEC Steels continues to expand, as seen through their addition of the affiliate company, Tank Connection.

Unfortunately the narrow road and deep ditches make it extremely difficult to transport their products once they are completed. By expanding this section of the road it would demonstrate our willingness to work with them and support their efforts as a growing company to the Kansas workforce.

Respectfully,

A handwritten signature in cursive script that reads "Cathy S. Bolek".

Cathy S. Bolek  
EDC Committee Director



1004 Military  
Baxter Springs, Kansas 66713  
620-856-3131

November 27, 2014

To Whom It May Concern:

**RE: LETTER OF SUPPORT FOR ATEC STEEL, LLC**

ATEC Steel, LLC is a very important manufacturer located in Baxter Springs, Kansas. They are a major company in that they employ a large number of local people and are an active participant in the community. Their affiliate company, Tank Connection, is also a very important manufacturer for the city of Baxter Springs. It is important to this area that we do whatever we can to support them in this endeavor.

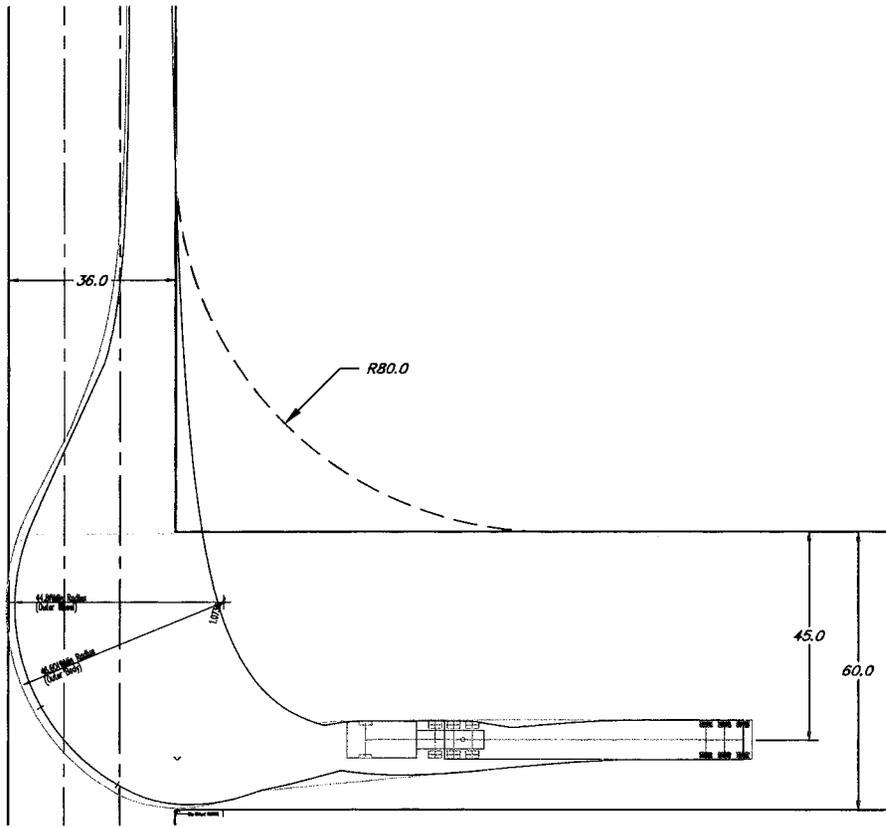
The widening of 5<sup>th</sup> Street would be very beneficial to the company as this road is narrow and has deep ditches on each side of the road. This makes it very difficult for the semi-trucks to maneuver the large storage tanks onto the road.

Sincerely,

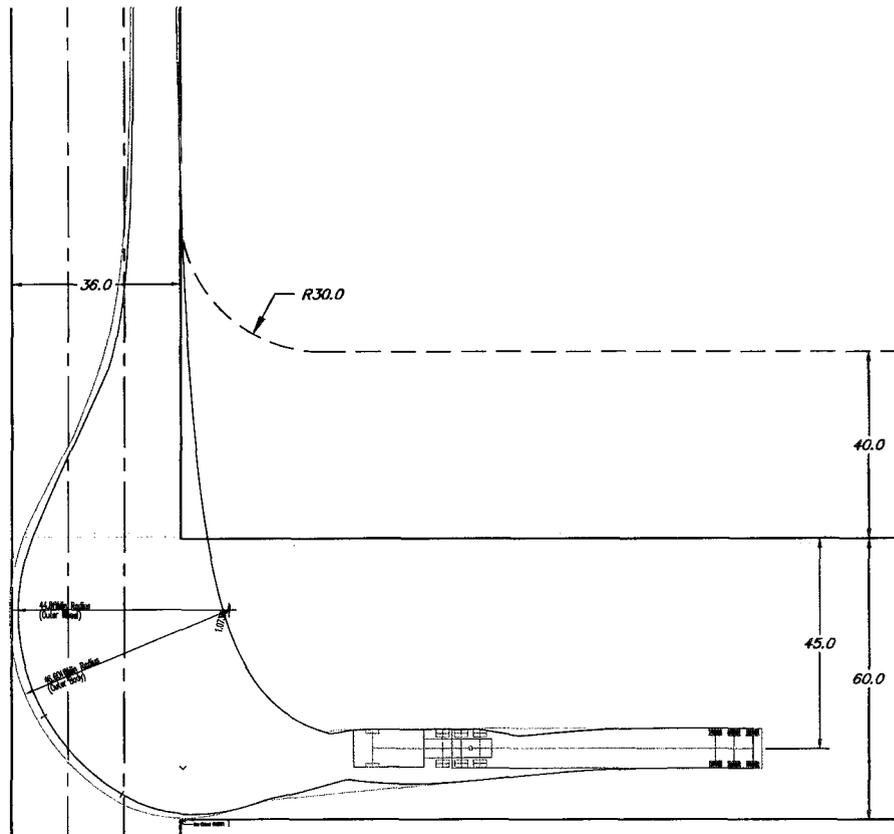
BAXTER SPRINGS CHAMBER OF COMMERCE

*Charlene L. Hunley*  
by jhm

Charlene L. Hunley  
President



66.5' Trailer 12' 5th Street Widening (80' Radius Drive)



66.5' Trailer 12' 5th Street Widening, 40' Drive Widening



STATE OF KANSAS  
OFFICE OF THE ATTORNEY GENERAL

**DEREK SCHMIDT**  
ATTORNEY GENERAL

MEMORIAL HALL  
120 SW 10TH AVE., 2ND FLOOR  
TOPEKA, KS 66612-1597  
(785) 296-2215 • FAX (785) 296-6296  
WWW.AG.KS.GOV

June 21, 2013

Jo-Ann M. Shuyloski  
Acting General Counsel  
National Indian Gaming Commission  
1441 L. St. N.W, Suite 9100  
Washington, DC 20005

Re: Quapawa Tribe of Oklahoma

Dear Ms. Shuyloski:

I am writing on behalf of Kansas Attorney General Derek Schmidt and in response to your letter of May 29, 2013, in which you request information from the State of Kansas whether a tract of trust land located within Cherokee County, Kansas qualifies for post-1988 gaming under the "last recognized reservation" exception, as set forth in 25 U.S.C. § 2719(a)(2)(B). This provision creates an exception for "such lands [as] are located in a State other than Oklahoma and are within the Indian tribe's last recognized reservation within the state or States within which such Indian tribe is presently located."

I note that the legal description contains a couple typos. There's no dispute as to the tract in question; it's the parking lot in Kansas adjacent to the Quapaw Tribe's casino (the casino being just over the border in Oklahoma. The correct lot size is 123.79 acres, more or less. The first reference in the legal description to US Government Lot 3 should actually be US Government Lot 8.

Your letter contains one misimpression. It states that Kansas Governor Sam Brownback supports the Tribe's pursuit of a small casino on this tract. Governor Brownback certainly supports and welcomes economic development by the Quapaw Tribe within Kansas, but he has not expressed approval for a small casino on the site.

As a preliminary matter, it is my understanding that the parcel in question was originally part of the Quapaw's reservation and was surrendered at approximately the time Kansas entered statehood. Whether this is part of the Quapaw's last recognized reservation, however, is a historical question that I am not qualified to answer.

Jo-Ann M. Shuyloski  
June 21, 2013  
Page 2 of 3

In any event, the State of Kansas' position is that this parcel does not qualify for gaming under the "last recognized reservation" exception for several reasons.

The Quapaw Tribe's application to put this parcel into trust was a "non-gaming" application. Attached as Exhibit 1 to this letter is the BIA's February 3, 2012, letter to the State of Kansas soliciting comments for this parcel for non-gaming purposes. In the "Project Description/Proposed Land Use" on the second page of the letter, the proposed use is the continued use as a parking lot for the casino and continued agricultural use. I did an FOIA request for the BIA's file shortly thereafter, and it is replete with documents stating the proposed use is a parking lot and agricultural.

The State of Kansas did initially submit negative comments in response to the BIA's letter, but the State ultimately chose not to appeal the decision to take the parcel into trust because this trust application seemed to be one with very limited implications, and because Cherokee County determined not to oppose the application for essentially the same reasons. The Quapaw Tribe should now be equitably estopped from putting forth this parcel as one appropriate for gaming.

Turning to the language of § 2719(a)(2)(B), it is not enough that the parcel be within the "last recognized reservation" of the Quapaw; the land must also be "within the State or States within which such Indian Tribe is presently located." So far as I can determine, this language has been interpreted by only one case, *Wyandotte Nation v. NIGC*, 437 F. Supp. 2d 1191 (D. Kan. 2006). In that case the court held that a tribe is not located within a state unless it has a major governmental presence in the state. *Id.* at 1206.

The Quapaw Tribal government is located in Quapaw County, Oklahoma, in the Quapaw's Oklahoma Tribal Statistical Area or Tribal Jurisdictional Area. So far as I am able to determine, there are no Quapaw governmental offices in Kansas. The tribe's formal presence in Kansas is incidental, limited to the trust property constituting the parking lot for the casino.

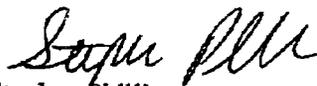
Moreover, a tribe should not be allowed to change its present location for purposes of § 2719(a)(2)(B). In interpreting a somewhat analogous provision, in *Carciari v. Salazar*, 555 U.S. 379 (2009), the Court held that for purposes of the Indian Reorganization Act, the phrase "now under federal jurisdiction" referred only to tribes that were federally recognized when the I.R.A. became law, and the federal government could not take land into trust from tribes that were recognized after 1934. For purposes of IGRA, where a tribe is "presently located" should refer to the tribe's location as of the passage of IGRA, 1988. To allow tribes to set up new tribal locations and thereby conduct gaming would eviscerate the limitations of § 2719(a)(2)(B).

Thank you for seeking the State of Kansas' input on this issue. Please feel free to contact me if I can be of additional assistance.

Jo-Ann M. Shuyloski  
June 21, 2013  
Page 3 of 3

Sincerely,

OFFICE OF ATTORNEY GENERAL  
DEREK SCHMIDT



Stephen Phillips  
Assistant Attorney General, Civil Division

Enclosures



December 15, 2014

Cherokee County Board of County Commissioners  
Cherokee County Courthouse  
110 West Maple  
Columbus, KS 66725



**Mark Detter**  
Vice President

**Central States Capital Markets LLC**

245 N. Waco St.  
Suite 525  
Wichita, Kansas 67202

Direct 316-265-9411  
Toll Free 800-444-9411  
Cell 316-641-6035  
Fax 316-265-9415  
Email [mdetter@centralstatescapital.com](mailto:mdetter@centralstatescapital.com)

Member FINRA, MSRB, SIPC  
*A Central States Financial Services Company*

Dear Commissioners:

Central States Capital Markets has previously met with the Cherokee County Board of County Commissioners to discuss a potential refunding of the Cherokee County Certificates of Participation Series 2005 (Detention Facility). New regulations have been enacted by the Securities and Exchange Commission (SEC) which requires that clear distinction be made between a Financial Advisor or Underwriter's relationship to the County.

Central States Capital Markets is proposing to assist the County as an underwriter on the refunding. Central States Capital Markets cannot provide information Financial Advisory which may be perceived as advice. Advice is a recommendation that is particularized to the specific needs objectives, or circumstances of a municipal entity with the respect to municipal financial products or the issuance of municipal securities, include with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues, based on facts and circumstances.

Advice does exclude provisions of general information that does not involve a recommendation regarding municipal financial products or the issuance of municipal securities but does not include-General Market and financial information (e.g. market statistics regarding issuance activity for municipal securities or current market interest rates or index rates for different types of bonds or categories of credits).

I am attaching two debt service schedules which reflect the current debt schedule for the Series 2005 Certificates of Participation and the current market conditions as applied to a new debt schedule. 1) The before mentioned information is factual in nature and does not contain or express subjective assumption, opinions, or views, or constitute a recommendation. 2) Central States Capital Markets is not recommending an action to the County. 3) Central States Capital Markets is not acting as an advisor to the municipal entity or obligated person and does not have a fiduciary duty pursuant to Section 15B of the Exchange Act to the County with respect to the information and material contained in the communication.

**Central States Capital Markets LLC**

245 North Waco Suite 525 Wichita, Kansas 67202  
800.444.9411 316.265.9411 316.265.9415 (fax)

**Member FINRA/MSRB/SIPC**

*A Central States Financial Services Company*

4) Central States Capital Markets is acting for its own interests and the County may discuss any information and material contained in this communication with any and all internal or external advisors and experts that the County deems appropriate before acting on this information or material.

Thanks for meeting with me about Central States Capital Markets and establishing a relationship with Cherokee County.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark R. Detter', written in a cursive style.

Mark R. Detter  
Central States Capital Markets

---

**\$3,610,000**

CHEROKEE COUNTY, KANSAS  
CERTIFICATE OF PARTICIPATION  
SERIES 2005

**Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
12/01/2014	-	-	-	-
12/01/2015	445,000.00	3.950%	167,520.00	612,520.00
12/01/2016	465,000.00	4.100%	149,942.50	614,942.50
12/01/2017	485,000.00	4.150%	130,877.50	615,877.50
12/01/2018	510,000.00	5.000%	110,750.00	620,750.00
12/01/2019	535,000.00	5.000%	85,250.00	620,250.00
12/01/2020	560,000.00	5.000%	58,500.00	618,500.00
12/01/2021	610,000.00	5.000%	30,500.00	640,500.00
<b>Total</b>	<b>\$3,610,000.00</b>	<b>-</b>	<b>\$733,340.00</b>	<b>\$4,343,340.00</b>

**Yield Statistics**

Bond Year Dollars	\$15,175.00
Average Life	4.204 Years
Average Coupon	4.8325535%
Net Interest Cost (NIC)	4.8325535%
True Interest Cost (TIC)	4.8212803%
Bond Yield for Arbitrage Purposes	4.8212803%
All Inclusive Cost (AIC)	4.8212803%

**IRS Form 8038**

Net Interest Cost	4.8325535%
Weighted Average Maturity	4.204 Years

THE ABOVE RATES ARE AN ESTIMATE OF CURRENT MARKET CONDITIONS AND FINAL RATES  
WILL NOT BE DETERMINED UNTIL BONDS ARE OFFERED FOR SALE.

**\$2,780,000**

CHEROKEE COUNTY, KANSAS  
REFUNDING CERTIFICATE OF PARTICIPATION  
SERIES 2015

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
12/01/2015	-	-	-	-
12/01/2016	520,000.00	1.000%	57,908.53	577,908.53
12/01/2017	540,000.00	1.300%	41,230.00	581,230.00
12/01/2018	560,000.00	1.650%	34,210.00	594,210.00
12/01/2019	570,000.00	2.000%	24,970.00	594,970.00
12/01/2020	590,000.00	2.300%	13,570.00	603,570.00
<b>Total</b>	<b>\$2,780,000.00</b>	<b>-</b>	<b>\$171,888.53</b>	<b>\$2,951,888.53</b>

**Yield Statistics**

Bond Year Dollars	\$9,197.28
Average Life	3.308 Years
Average Coupon	1.8689066%
Net Interest Cost (NIC)	1.8689066%
True Interest Cost (TIC)	1.8632082%
Bond Yield for Arbitrage Purposes	1.8632082%
All Inclusive Cost (AIC)	3.1940093%

**IRS Form 8038**

Net Interest Cost	1.8689066%
Weighted Average Maturity	3.308 Years

THE ABOVE RATES ARE AN ESTIMATE OF CURRENT MARKET CONDITIONS AND FINAL RATES  
WILL NOT BE DETERMINED UNTIL BONDS ARE OFFERED FOR SALE.



### **The Mulvane Kansas Star Casino**

Central States worked with the City to plan infrastructure improvements to serve the Casino and City at large. The process included discussing with Casino the advantages of bond financing and special assessment financing versus traditional financing. Central States attended meetings with Casino Officials, Design Engineers, City Staff, and Bond Counsel to discuss project schedules and project implementation. The City financed water, sewer, and sewer treatment plant upgrade with General Obligation Bonds. Ultimately, with the aid of Central States Capital Markets three temporary notes were issued totaling \$14,000,000 and permanent financing, including General Obligation Bond issues of \$14.3 million dollars and \$4.845 million dollars were completed. Since the Casino's inception the City has received in excess of \$4 million dollars in gaming fees and seen their valuation more double from \$30,000,000 to \$75,000,000. The Casino valuation is under appeal and Central States is working with the City of Mulvane to structure future budgets to hedge against a reduction in value.

In addition, Central States Capital Markets assisted the City of Mulvane during the financing of a water treatment plant and new public library. The water treatment plant was built and financed without an increase in water rates or property taxes due to the property tax revenue and gaming revenue from the Casino. The public library was built with a sale tax. Half of the revenues from the Mulvane sales tax are from revenues outside the City and the Casino.

---

**AGREEMENT BETWEEN  
CHEROKEE COUNTY, KANSAS and  
TRANSYSTEMS CORPORATION  
FOR PROFESSIONAL SERVICES**

THIS AGREEMENT is made this 15<sup>th</sup> day of December, 2014, by and between Cherokee County (hereafter referred to as "CLIENT") and **TranSystems Corporation, a Missouri corporation duly authorized and in good standing to do business in the State of Kansas** (hereafter referred to as "TRANSYSTEMS").

Whereas CLIENT intends to provide professional services on the following described project:

***Design and Construction related engineering services for renovation of the Vark Lift Station.***

Whereas CLIENT desires to engage TRANSYSTEMS to provided and perform certain professional services in connection with the Project and TRANSYSTEMS desires to provide and perform said professional services, all on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and their mutual covenants hereinafter set forth, CLIENT and TRANSYSTEMS agree as follows:

**SECTION 1  
BASIC SERVICES OF TRANSYSTEMS**

**Section 1.1 Basic Services.** In connection with the Project, TRANSYSTEMS shall provide for CLIENT the professional services and perform, furnish or obtain from others the work and services expressly described in, referred to and limited to those set forth in Exhibit A, attached hereto and incorporated herein by reference (collectively the "Basic Services"). TRANSYSTEMS shall provide the Basic Services for CLIENT in all phases of the Project to which this Agreement applies, all as more particularly set forth in Exhibit A.

**Section 1.2 TRANSYSTEMS' Duties.** In addition to the general duties, obligations and responsibilities set forth elsewhere in this Agreement, the specific duties and responsibilities of TRANSYSTEMS in performing the Basic Services under this Agreement are set forth in Exhibit A. In addition to the specific duties and responsibilities of TranSystems in performing the basic services under this Agreement as set forth in Exhibit A, the following specific provisions shall apply to TranSystems' duties.

**SECTION 2**  
**ADDITIONAL SERVICES OF TRANSYSTEMS**

**Section 2.1. Additional Services.** In connection with the Project, TRANSYSTEMS may be called on to perform, provide, furnish or obtain from others services or work which are not part of, or are in addition to, the Basic Services ("Additional Services"). If authorized in writing by CLIENT and agreed to by TRANSYSTEMS, TRANSYSTEMS shall perform, provide, furnish or obtain from others the agreed upon Additional Services. TRANSYSTEMS shall not be obligated to perform, provide, furnish or obtain any Additional Services without the prior written authorization of CLIENT. Except to the extent expressly provided otherwise in Exhibit A or as otherwise agreed in writing by the parties hereto, compensation to TRANSYSTEMS for Additional Services will be paid for by CLIENT as indicated in Section 5.

Additional Services may be any service or work not included as part of the Basic Services and may include, but are not limited to, services or work in connection with environmental or funding assistance, investigations not specifically required herein, services resulting from changes in the scope, extent or character of the project providing renderings or computer models, services to develop alternate bids or sequencing of work, outside CONSULTANT services not specifically required herein, out-of-town travel, and preparing to serve or serving as a CONSULTANT or witness in any litigation, arbitration or other legal or administrative proceeding. "Basic Services" and "Additional Services" are sometimes collectively referred to herein as "Services".

**Section 2.2 Changes in the Services.**

**Section 2.2.1 Agreed Upon Changes in the Services.** It is the desire of the parties to keep changes in the Scope of Services at a minimum, but the parties recognize that such changes may become necessary and agree that CLIENT may initiate deletions, modifications or changes to the Services by advising TRANSYSTEMS in writing of the change believed to be necessary. As soon thereafter as practicable, TRANSYSTEMS shall prepare a cost estimate of the change and shall inform CLIENT of the adjustment in the compensation due TRANSYSTEMS under Section 5 hereof ("TRANSYSTEMS' Compensation") and/or the Completion Date set forth in Section 4 hereof, if any, applicable to such requested change. CLIENT shall then advise TRANSYSTEMS in writing of its approval or disapproval of the change. If CLIENT approves the change, a written contract amendment shall be executed by both parties and TRANSYSTEMS shall perform the Services as changed and the adjustment in TRANSYSTEMS' Compensation and/or the Completion Date set forth in the executed contract amendment shall become effective. TRANSYSTEMS may initiate changes in the Services by advising CLIENT in writing that in its opinion a change is necessary. If CLIENT approves, it shall so advise TRANSYSTEMS and, thereafter, the change shall be handled as if initiated by CLIENT. If a change is not approved, or if a written contract amendment is not executed, by both CLIENT and TRANSYSTEMS, the change shall not become effective and TRANSYSTEMS shall not be obligated to perform the change.

**Section 2.2.2 Constructive Changes and Other Additional Costs.** In the event of (1) the CLIENT's addition to, modification or change of or deletion from the Services to be performed by TRANSYSTEMS (other than additions, modifications, changes or deletions handled through the provisions of Section 2.1 or Section 2.2.1 above); (2) a request for or approval from CLIENT of performance of Services in excess of TRANSYSTEMS' standard work day or work week or such shorter times as are provided by applicable collective bargaining agreements, or on a holiday customarily observed by TRANSYSTEMS; (3) the discovery of any subsurface or other conditions, which differ materially from those shown in or reasonably inferable from the documents or other information on which this Agreement is based and/or those ordinarily encountered and generally recognized as

inherent in the locality of the Project; (4) a modification of applicable law by which TRANSYSTEMS is required to pay increased or additional taxes, government-regulated transportation costs, insurance or other amounts which are not required as of the date of this Agreement; (5) delay, suspension of, acceleration of or interference with, TRANSYSTEMS' performance of the Services by CLIENT or by any other person or entity including, but not limited to national, state or local governments; (6) wage, benefit or payroll tax increases due to governmental action or area agreements; (7) modification to or delay in furnishing design criteria or other information supplied by any person or entity, other than TRANSYSTEMS, if TRANSYSTEMS' performance of the Services under this Agreement depends upon such criteria or information; and/or (8) any other increase in TRANSYSTEMS' costs, or the time required for completion of the Services due to "Force Majeure Event" as set forth in Section 4 hereof, a change in applicable law or any other cause beyond TRANSYSTEMS' reasonable control, then the TRANSYSTEMS' Compensation and/or the Completion Date, if any, shall be equitably adjusted and TRANSYSTEMS shall be paid, and TRANSYSTEMS' Compensation shall be adjusted by, an amount equal to the additional costs to TRANSYSTEMS resulting therefrom.

### **SECTION 3 CLIENT'S RESPONSIBILITIES**

CLIENT shall do the following in a timely manner so as not to delay the performance of the Services by TRANSYSTEMS:

**Section 3.1 Client Representative.** Designate a person to act as CLIENT's representative with respect to the Services to be rendered under this Agreement. Such person shall have complete authority to transmit instructions, receive information, interpret, and define CLIENT'S policies and decisions with respect to TRANSYSTEMS' Services for the Project.

**Section 3.2 Project Information.** Provide all criteria, all available information pertinent to the Project, and full information as to CLIENT'S requirements for the Project. CLIENT agrees that TRANSYSTEMS shall be entitled to rely upon the accuracy and completeness of all such information.

**Section 3.3 Project Access.** Arrange for access to and make all provisions for TRANSYSTEMS to enter upon public and private property as required for TRANSYSTEMS to perform services under this Agreement. All such access shall be provided without condition or restriction unacceptable to TRANSYSTEMS nor shall TRANSYSTEMS be required to indemnify or insure any third party as a condition to such access.

**Section 3.4 Client Participation.** Examine all studies, reports, sketches, drawings, specification, proposals, and other documents presented by TRANSYSTEMS, obtain advice of an attorney, insurance counselor and other CONSULTANT as CLIENT deems appropriate for such examination and render in writing decisions pertaining thereto within a reasonable time so as not to delay the services of TRANSYSTEMS.

**Section 3.5 Notices.** Give prompt written notice to TRANSYSTEMS whenever CLIENT observes or other wise becomes aware of any development that affects the scope or timing of TRANSYSTEMS' Services, or any defect or non-conformance in the Services by TRANSYSTEMS (or its independent professional associates or CONSULTANTS) or in the work of any contractor or other party performing or providing work or services in connection with the Project.

**Section 3.6 Additional Services.** When CLIENT deems it necessary or appropriate for Additional Services to be performed in connection with any phase of the Project, CLIENT shall furnish or direct TRANSYSTEMS to provide, Additional Services as stipulated in Section 2 of this Agreement or other services as

required.

**Section 3.7 Licenses, Permits, etc.** Provide TRANSYSTEMS with any necessary governmental allocations or priorities, obtain all permits and licenses required to be taken out in the name of CLIENT which are necessary for the performance of the Services and, except where such permits, processes or licenses are by the terms of Exhibit A the responsibility of TRANSYSTEMS, obtain any permits, processes and other licenses which are required for the Project or the Services.

**Section 3.8 Other Duties.** Perform any other duties, obligations or responsibilities of the CLIENT set forth elsewhere in this Agreement, including, but not limited to, the obligation to make the payments called for under Section 5 hereof and perform any responsibilities and duties of the Client which may identified on Exhibit B, if any.

**Section 3.9 Defects in Services.** The CLIENT shall promptly report to TRANSYSTEMS any defects or suspected defects in TRANSYSTEMS' services of which the CLIENT becomes aware, so that TRANSYSTEMS may take measures to minimize the consequences of such a defect. The CLIENT further agrees to impose a similar notification requirement on all contractors in its Client/Contractor contract and shall require all subcontracts at any level to contain a like requirement. Failure by the CLIENT and the CLIENT's contractors or subcontractors to notify TRANSYSTEMS shall relieve TRANSYSTEMS of the costs of remedying the defects above the sum such remedy would have cost had prompt notification been given when such defects were first discovered.

**Section 3.10 Taxes.** Pay for and be responsible for all taxes incurred in connection with the Project, regardless of whether such taxes are assessed against CLIENT, TRANSYSTEMS or others.

**Section 3.11 Contractor Insurance and Indemnity Requirements.** The CLIENT agrees, in any construction contracts in connection with this Project, to require all contractors of any tier to carry statutory Workers Compensation, Employers Liability Insurance and appropriate limits of Commercial General Liability Insurance (CGL). The CLIENT further agrees to require all contractors to have their CGL policies endorsed to name the CLIENT, TRANSYSTEMS and its subconsultants as Additional Insureds and to provide Contractual Liability coverage sufficient to insure the hold harmless and indemnity obligations assumed by the contractors. The CLIENT shall require all contractors to furnish to the CLIENT and TRANSYSTEMS certificates of insurance as evidence of the required insurance prior to commencing work and upon renewal of each policy during the entire period of construction. In addition, the CLIENT shall require that all contractors will, to the fullest extent permitted by law, indemnify and hold harmless the CLIENT, TRANSYSTEMS and its subconsultants from and against any damages, liabilities or costs, including reasonable attorneys' fees and defense costs, arising out of or in any way connected with the Project, including all claims by employees of the contractors, to the extent caused by the Contractor's wrongful acts, and/or its negligent acts, errors or omissions, or those of persons or entities for which it is legally liable.

**Section 3.12 Unauthorized Changes.** In the event the CLIENT, the CLIENT's contractors or subcontractors, or anyone for whom the CLIENT is legally liable makes or permits to be made any changes to any reports, plans, specifications or other construction documents prepared by TRANSYSTEMS without obtaining TRANSYSTEMS's prior written consent, the CLIENT shall assume full responsibility for the results of such changes. therefore the CLIENT agrees to waive any claim against TRANSYSTEMS and to release TRANSYSTEMS from any liability arising directly or indirectly from such changes.

In addition, the CLIENT agrees, to the fullest extent permitted by law, to indemnify and hold harmless TRANSYSTEMS from any damages, liabilities or costs, including reasonable attorneys' fees and costs of defense, arising from such changes.

In addition, the CLIENT agrees to include in any contracts for construction appropriate language that prohibits the Contractor or any subcontractors of any tier from making any changes or modifications to TRANSYSTEMS' construction documents without the prior written approval of TRANSYSTEMS and that further requires the Contractor to indemnify both TRANSYSTEMS and the CLIENT from any liability or cost arising from such changes made without such proper authorization.

**Section 3.13 Construction Management.** If the CLIENT elects to employ a construction manager, the CLIENT will promptly notify TRANSYSTEMS of the duties, responsibilities and authority of the construction manager and their relationship to the duties, responsibilities and authority of TRANSYSTEMS.

If the employment of such construction manager by the CLIENT results in additional time or expense to TRANSYSTEMS to prepare for, coordinate with or respond to the construction manager, TRANSYSTEMS shall be entitled to an equitable adjustment in fees and time for performance of these services.

**Section 3.14 Costs.** Bear all costs incident to compliance with the requirements of this Section 3.

#### **SECTION 4 PERIODS OF SERVICE, COMPLETION DATE, FORCE MAJEURE**

**Section 4.1 Period of Service.** The provisions of this Section 4 and the various rates of compensation for TRANSYSTEMS' Services provided for elsewhere in this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project. TRANSYSTEMS' obligation to render Basic Services hereunder will extend for a period which may reasonably be required for the Project including any Additional Services, extra or changed work and required extensions thereto.

**Section 4.2 Completion Date.** A 6 month period is estimated to be needed for the completion of the Basic Services. Such estimated date shall be the date on which it is estimated, but not guaranteed, that the Basic Services will be completed by TRANSYSTEMS. The estimated period shall begin on the date the contract is signed, and end with the delivery of the final product to the Owner. If the Completion Date is exceeded through no fault of TRANSYSTEMS, all rates, measures and compensation provided herein shall be subject to equitable adjustment. The Completion Date (and TRANSYSTEMS' obligation to complete the Basic Services by such date) is subject to reasonable extensions for the performance of Additional Services, Constructive Changes or other extra work and is subject to reasonable extensions for a Force Majeure Event.

**Section 4.3 Timeliness of Performance.** The CLIENT and TRANSYSTEMS are aware that many factors outside TRANSYSTEMS' control may affect TRANSYSTEMS' ability to complete the services to be provided

under this Agreement. TRANSYSTEMS will perform these services with reasonable diligence and expediency consistent with sound professional practices.

**Section 4.4 Notice of Delay.** If TRANSYSTEMS becomes aware of delays due to time allowances for review and approval being exceeded, delay by the Contractor, the CLIENT, TRANSYSTEMS or any other cause beyond the control of TRANSYSTEMS, which will result in the schedule for performance of TRANSYSTEMS' services not being met, TRANSYSTEMS shall promptly notify the CLIENT. If the CLIENT becomes aware of any delays or other causes that will affect TRANSYSTEMS' schedule, the Client shall promptly notify TRANSYSTEMS. In either event, TRANSYSTEMS' schedule for performance of its services shall be equitably adjusted.

**Section 4.5 Force Majeure.** For purposes hereof, a "Force Majeure Event" shall mean the occurrence of a failure or delay due to circumstances beyond TRANSYSTEMS' control including, without limitation, acts of God, acts of a public enemy, fires, floods, earthquakes, wars, civil disturbances, sabotage, accidents, insurrection, blockages, embargoes, storms, explosions, catastrophes, epidemics, damage to the Project, lack of access to Project, unavailable utilities and power, water, labor disputes, CLIENT's failure to timely perform its obligations under this Agreement or other causes beyond TRANSYSTEMS' control.

## SECTION 5 TRANSYSTEMS' COMPENSATION

**Section 5.1 Compensation for Services and Expenses of TRANSYSTEMS in connection with Basic Services**

**Section 5.1.1 For Basic Services.** As compensation for the performance of the Basic Services rendered by TRANSYSTEMS under Section 1, CLIENT shall pay TRANSYSTEMS, in accordance with the provisions of Section 5.4, as follows:

For design services, CLIENT shall pay TranSystems at the rates or in the amounts set forth in the TRANSYSTEMS Schedule of Rates and Expenses which is in effect. The maximum fee for the services described in Exhibit A shall be **\$78,000**.

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**Section 5.1.2 For Reimbursable Expenses in connection with Basic Services.** In addition to payments provided for in paragraph 5.1.1, CLIENT shall pay TRANSYSTEMS for all "Reimbursable Expenses" incurred by TRANSYSTEMS in connection with the Basic Services at the rates or in amounts set forth on TRANSYSTEMS' Schedule of Rates and Expenses which is then in effect. For purposes of this Agreement, "Reimbursable Expenses" are those costs and expenses incurred by TRANSYSTEMS in connection with the performance of the Services under this Agreement, including, but not limited to, the costs and expenses incurred by TRANSYSTEMS for travel, reproduction, mailing costs, computer time, supplies and materials, taxes, transportation, telephone or communications, independent professional associates, CONSULTANTS, SUBCONSULTANTS and any other expense items which are described on TRANSYSTEMS' Schedule of Rates and Expenses which is then in effect.

**Section 5.2 Compensation for Services and Expenses of TRANSYSTEMS in connection with Additional Services**

**Section 5.2.1 For Additional Services.** As compensation for the performance of the Additional Services rendered by TRANSYSTEMS under Section 2, CLIENT shall pay TRANSYSTEMS, in accordance with the provisions of Section 5.4, as follows:

Additional Services of TRANSYSTEMS principals and employees engaged directly on the Project and rendered pursuant to Section 2, on the basis of TRANSYSTEMS' Schedule of Rates and Expenses then in effect.

**Section 5.2.2 For Reimbursable Expenses in connection with Additional Services.** In addition to payments provided for in paragraph 5.2.1., CLIENT shall pay TRANSYSTEMS for all Reimbursable Expenses incurred in connection with all Additional Services at the rates or in amounts set forth on TRANSYSTEMS' Schedule of Rates and Expenses in effect at the time such Additional Services are performed

**Section 5.3 TransSystems' Schedule of Rates and Expenses.** TRANSYSTEMS' initial Schedule of Rates and Expenses for this project is attached hereto as Schedule 1. The rates and expense provisions set forth on this initial Schedule of Rates and Expenses shall be the rates and expense provisions in effect from the date of this Agreement until December 31 of this year. TRANSYSTEMS will revise the Schedule of Rates and Expenses annually and will submit the revised Schedule of Rates and Expenses to CLIENT in December of each year that this Agreement is in effect and such revised Schedule of Rates and Expenses shall automatically become effective with regard to this Agreement and the Services performed under this Agreement on January 1st of the next calendar year.

**Section 5.4 Monthly Invoices.** TRANSYSTEMS shall submit monthly statements for Basic and Additional Services rendered and for Reimbursable Expenses incurred. The statements will be based upon the amount of time spent and costs and expenses incurred by TRANSYSTEMS during the period covered by each such statement. CLIENT shall make prompt monthly payments in response to TRANSYSTEMS' monthly statements.

**Section 5.5 Other Provisions Concerning Payments.**

**Section 5.5.1 Interest, Suspension of Services.** If CLIENT fails to make any payment due TRANSYSTEMS for services and expenses within thirty (30) days after receipt of TRANSYSTEMS' statement therefor, TRANSYSTEMS shall be entitled interest on the unpaid amounts due TRANSYSTEMS at the lesser of: i) 1.5 % per month; or, ii) the highest rate of interest allowed under applicable law. The entire unpaid balance due TRANSYSTEMS shall bear said rate of interest from the thirtieth day after CLIENT's receipt of TRANSYSTEMS' statement, until the entire unpaid balance has been paid to TRANSYSTEMS. In addition to being entitled to interest, TRANSYSTEMS may, after giving seven (7) days written notice to CLIENT, suspend services under this Agreement until TRANSYSTEMS has been paid in full all amounts due for Services, expenses, and charges.

**Section 5.5.2 Payments after Termination by Client.** In the event of termination by CLIENT under paragraph 7.1 upon the completion of any phase of the Basic Services, payments due TRANSYSTEMS for all Services rendered and expenses incurred through such phase shall constitute total payment for such Basic Services. In the event of such termination by CLIENT during any phase of the Basic Services, TRANSYSTEMS will be paid for Services rendered and expenses incurred during that phase through the date of termination on the basis of TRANSYSTEMS' Schedule of Rates and Expenses. In the event of any such termination (whether at the completion of a phase or otherwise), TRANSYSTEMS shall also be reimbursed for the charges of independent professional

associates and CONSULTANTS employed by TRANSYSTEMS to render Basic Services or Additional Services and all reasonable demobilization costs incurred by TRANSYSTEMS, including any cancellation charges by independent professional associates, CONSULTANTS and others performing or furnishing Services on the Project through TRANSYSTEMS, and TRANSYSTEMS shall be paid for all Additional Services performed and unpaid Reimbursable Expenses incurred through the date of the termination.

**Section 5.5.3 Payments after Termination by TranSystems.** In the event of termination by TRANSYSTEMS under paragraph 7.1, TRANSYSTEMS will be paid for all Services rendered and expenses incurred during that phase through the date of termination on the basis of TRANSYSTEMS' Schedule of Rates and Expenses. In addition, TRANSYSTEMS shall also be reimbursed for the charges of independent professional associates and CONSULTANTS employed by TRANSYSTEMS to render Basic Services or Additional Services and all reasonable demobilization costs incurred by TRANSYSTEMS, including any cancellation charges by independent professional associates, CONSULTANTS and others performing or furnishing Services on the Project through TRANSYSTEMS, and TRANSYSTEMS shall be paid for all Additional Services performed and unpaid Reimbursable Expenses incurred through the date of the termination.

**Section 5.5.4 Records.** Records of TRANSYSTEMS' salary costs pertinent to TRANSYSTEMS' compensation under this Agreement will be kept in accordance with generally accepted accounting practices. If CLIENT desires to have copies of such records, copies will be made available to CLIENT upon CLIENT's request prior to final payment for TRANSYSTEMS' services. TRANSYSTEMS shall be reimbursed the cost of any such copies by CLIENT.

**Section 5.5.5 Cost Factors.** Whenever a factor is applied to salary costs or other expenses in determining compensation payable to TRANSYSTEMS that factor will be adjusted periodically and equitably to reflect changes in the various elements that comprise such factor. All such adjustments will be in accordance with generally accepted accounting practices as applied on a consistent basis by TRANSYSTEMS and consistent with TRANSYSTEMS' overall compensation practices and procedures.

## SECTION 6 OPINIONS OF COST AND SCHEDULE

**Section 6.1 Opinions of Cost and Schedule.** Since TRANSYSTEMS has no control over the cost of labor, materials, equipment or services furnished by others, or over the resources provided by others to meet construction or other Project schedules, or over the methods of others in determining prices, or over competitive bidding or market conditions, TRANSYSTEMS' opinions of probable costs (including probable Total Project Costs and Construction Cost) and of Project schedules shall be made on the basis of TRANSYSTEMS' experience and qualifications and represent TRANSYSTEMS' best judgment as an experienced and qualified professional engineer, familiar with the construction industry; but TRANSYSTEMS cannot and does not guarantee that proposals, bids or actual Project costs (including Total Project Costs or Construction Costs) will not vary from opinions of probable cost prepared by TRANSYSTEMS or that actual schedules will not vary from the projected schedules prepared by TRANSYSTEMS. TRANSYSTEMS makes no warranty, express or implied, that the bids or the negotiated cost of the work will not vary from TranSystems' opinion of probable construction cost.

## SECTION 7 GENERAL CONSIDERATIONS

**Section 7.1 Termination.** The obligation to provide further services under this Agreement may be terminated by either party upon thirty (30) days written notice to the other party in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party.

**Section 7.1.1 Replacement of TranSystems.** If TRANSYSTEMS for any reason is not allowed to complete all the services called for by this Agreement, TRANSYSTEMS shall not be held responsible for the accuracy, completeness or constructability of the construction documents prepared by TRANSYSTEMS if used, changed or completed by the CLIENT or by another party. Accordingly, the CLIENT agrees, to the fullest extent permitted by law, to indemnify and hold harmless TRANSYSTEMS, its officers, directors, employees and subconsultants (collectively, TRANSYSTEMS) from any damages, liabilities or costs, including reasonable attorneys' fees and defense costs, arising or allegedly arising from such use, change or completion by any other party of any construction documents prepared by TRANSYSTEMS.

**Section 7.2 Reuse of Documents.** All documents, drawings, sketches, studies, analysis, information, schedules, estimates, reports and other items prepared or furnished by TRANSYSTEMS (or TRANSYSTEMS' independent professional associates and CONSULTANTS) pursuant to this Agreement, including, but not limited to Drawings and Specifications, are instruments of service in respect of the Project and CHEROKEE COUNTY and TRANSYSTEMS shall retain an ownership and property interest therein whether or not the Project is completed. TRANSYSTEMS will provide both paper copies and electronic copies of the final project to CHEROKEE COUNTY. TRANSYSTEMS will also maintain a GIS web portal that can be accessed by the COUNTY. Provided, however, that such documents, drawings, sketches, studies, analysis, information, schedules, estimates, reports and other items are not intended or represented to be suitable for reuse by CLIENT or others on extensions of the Project or on any other project. Any reuse without written verification or adaptation by TRANSYSTEMS for the specific purpose intended will be at CLIENT's sole risk and without liability or legal exposure to TRANSYSTEMS, or to TRANSYSTEMS' independent professional associates or CONSULTANTS, and CLIENT does hereby, to the fullest extent permitted by law, indemnify and hold harmless TRANSYSTEMS, TRANSYSTEMS' officers, employees and agents and TRANSYSTEMS' independent professional associates and CONSULTANTS from all claims, suits, demands, damages, liabilities, losses, expenses and costs, including but not limited to reasonable attorney's fees and other costs of defense, arising out of or resulting therefrom. The provisions of this Section 7.2 shall survive the

termination of this Agreement.

**Section 7.3 Delivery of Electronic Files.** In accepting and utilizing any drawings, reports and data on any form of electronic media generated and furnished by TRANSYSTEMS, the CLIENT agrees that all such electronic files are instruments of service of TRANSYSTEMS, who shall be deemed the author, and shall retain all common law, statutory law and other rights, including copyrights.

The CLIENT agrees not to reuse these electronic files, in whole or in part, for any purpose other than for the Project. The CLIENT agrees not to transfer these electronic files to others without the prior written consent of TRANSYSTEMS.

Electronic files furnished by either party shall be subject to an acceptance period of sixty (60) days during which the receiving party agrees to perform appropriate acceptance tests. The party furnishing the electronic file shall correct any discrepancies or errors detected and reported within the acceptance period. After the acceptance period, the electronic files shall be deemed to be accepted and neither party shall have any obligation to correct errors or maintain electronic files.

The CLIENT is aware that differences may exist between the electronic files delivered and the printed hard-copy construction documents. In the event of a conflict between the signed construction documents prepared by TRANSYSTEMS and electronic files, the signed or sealed hard-copy construction documents shall govern.

Under no circumstances shall delivery of electronic files for use by the CLIENT be deemed a sale by TRANSYSTEMS, and TRANSYSTEMS makes no warranties, either express or implied, of merchantability and fitness for any particular purpose. In no event shall TRANSYSTEMS be liable for indirect or consequential damages as a result of the CLIENT's use or reuse of the electronic files.

**Section 7.4 Standard of Practice, Warranties.** Services performed by the TRANSYSTEMS under this Agreement will be conducted in a manner consistent with the level of care, diligence and skill ordinarily possessed and exercised by members of the profession currently practicing in the same locality under similar conditions. Except as expressly set forth above, no other representations, expressed or implied, and no warranty or guarantee, express or implied, is included in this Agreement, or in any document, drawing, sketch, study, analysis, schedule, estimate, report, opinion, specification and other item prepared or furnished by TRANSYSTEMS (or TRANSYSTEMS' independent professional associates and TRANSYSTEMSs) pursuant to this Agreement.

**Section 7.5 Limitation of Responsibility, Job Site Safety/Techniques.** Neither the professional activities of TRANSYSTEMS, nor the presence of TRANSYSTEMS or its employees and subconsultants at a construction/project site, shall relieve the General Contractor of its obligations, duties and responsibilities including, but not limited to, construction means, methods, sequence, techniques or procedures necessary for performing, superintending and coordinating the Work in accordance with the contract documents and any health or safety precautions required by any regulatory agencies. TRANSYSTEMS and its personnel have no authority to exercise any control over any construction contractor or its employees in connection with their work or any health or safety programs or procedures. The CLIENT agrees that the General Contractor shall be solely responsible for jobsite safety, and warrants that this intent shall be carried out in the Client's contract with the General Contractor. The CLIENT also agrees that the CLIENT, TRANSYSTEMS and the TRANSYSTEMS' subconsultants shall be indemnified by the General Contractor and shall be made additional insureds under the General Contractor's policies of general liability insurance. In addition, TranSystems shall not be responsible for (i) the failure of any other project

party to fulfill their respective contractual responsibilities and obligations to client or to comply with Federal, State or local laws, rules, regulations or codes; (ii) for the schedules of any of the other project parties or the failure of any of the other project parties to carry out their work in accordance with their respective agreements. TranSystems shall not have control over or charge of and shall not be responsible for acts or omissions of the other project parties, or their agents or employees, or of any other persons performing portions of the work on the project.

**Section 7.6 Insurance.**

**Section 7.6.1 TranSystems Insurance.** TRANSYSTEMS shall maintain throughout the duration of this Agreement insurance in the following amounts and will, upon request of the CLIENT furnish a copy of certification thereof:

- (a) Worker's Compensation and Employer's Liability  
 Worker's Compensation Statutory  
 Employer's Liability  
 \$500,000/\$500,000/\$500,000
- (b) Comprehensive Automobile Liability  
 \$1,000,000 combined single limit Bodily Injury and Property Damage
- (c) Comprehensive General Liability  
 \$1,000,000 - per occurrence  
 \$2,000,000 - annual aggregate  
 \$2,000,000 - product / completed operations per  
 occurrence  
 \$1,000,000 - personal injury / advertising liability
- (d) Umbrella/Excess Liability  
 \$1,000,000 - per occurrence  
 \$1,000,000 - annual aggregate
- (e) Professional Liability Insurance in an amount of \$1,000,000 per claim and \$2,000,000 annual aggregate.

**Section 7.7 Liability and Indemnification.**

**Section 7.7.1 General.** Having considered the potential liabilities that may exist during the performance of the Services, the benefits of the Project, and TRANSYSTEMS' Compensation for the performance of the Services, and in consideration of the promises contained in this Agreement, CLIENT and TRANSYSTEMS agree to allocate and limit such liabilities in accordance with the provisions of this Section 7.7.

**Section 7.7.2 TranSystems Indemnification.**

TRANSYSTEMS agrees, to the fullest extent permitted by law, to indemnify and hold the CLIENT harmless from any damage, liability or cost (including reasonable attorney's fees and costs of defense) to the extent caused by TRANSYSTEMS' negligent acts, errors or omissions in the performance of professional services under this Agreement and those of its subconsultants or anyone for whom TRANSYSTEMS is legally liable. TRANSYSTEMS is not obligated to indemnify the CLIENT in any manner whatsoever for the CLIENT'S own negligence.

**Section 7.7.3 Client Indemnification.** The CLIENT agrees, to the fullest extent permitted by law, to indemnify and hold TRANSYSTEMS harmless from any damage, liability or cost (including reasonable attorney's fees and costs of defense) to the extent caused by the CLIENT'S negligent acts, errors or omissions and those of its contractors, subcontractors or consultants or anyone for whom the CLIENT is legally liable, and arising from the project that is the subject of this Agreement. The CLIENT is not obligated to indemnify TRANSYSTEMS in any manner whatsoever for TRANSYSTEMS' own negligence.

**Section 7.7.4 Contractors Indemnification.** CLIENT agrees to cause each of its other contractors on the Project to include an indemnification provision in CLIENT'S contract with each such contractor that indemnifies and holds harmless TRANSYSTEMS and any of its officers or employees from all loss, damage, cost or expense to the extent caused by such contractors (or its employees or subcontractors) negligence or willful misconduct.

**Section 7.7.5 Employee Claims.** TRANSYSTEMS shall indemnify CLIENT against any loss, damage, cost or expense arising out of claims by TRANSYSTEMS' employees (unless such claim arises out of or as a result of the negligence of CLIENT, its employees, agents or contractors). CLIENT shall indemnify TRANSYSTEMS against any loss, damage, cost or expense arising out of claims by CLIENT'S employees (unless such claim arises out of or as a result of the negligence of TRANSYSTEMS, its employees, agents or subcontractors).

**Section 7.7.6 Survival.** The terms and conditions of this Section 7.7 shall survive the termination of this Agreement and/or the completion of the Services.

**Section 7.8 Protection From Supplanting Consultant.** In consideration of the risks and rewards involved in this Project, the CLIENT agrees, to the maximum extent permitted by law, to indemnify and hold harmless TRANSYSTEMS from any damages, liabilities or costs, including reasonable attorneys' fees and defense costs, arising or allegedly arising from any negligent acts, errors or omissions by any prior consultants employed by the CLIENT on this project and from any claims of copyright or patent infringement by TRANSYSTEMS arising from the use of any documents prepared or provided by the CLIENT or any prior consultants of the CLIENT. The CLIENT warrants that any documents provided to TRANSYSTEMS by the CLIENT or by the prior consultants may be relied upon as to their accuracy and completeness without independent investigation by the supplanting consultant and that

the CLIENT has the right to provide such documents to the supplanting consultant free of any claims of copyright or patent infringement or violation of any other party's rights in intellectual property.

**Section 7.9 Use of Logo.** CLIENT grants to TRANSYSTEMS during the term of this agreement and thereafter a non-exclusive license to use CLIENT's name and logo in TRANSYSTEMS's marketing materials such as press releases, case study briefs/project summaries, TRANSYSTEMS website or brochures. This license shall be perpetual and irrevocable for such use on all materials distributed and or printed but not yet distributed prior to termination and revocation of said license; said license shall remain in effect unless and until CLIENT shall terminate and revoke the same by giving TRANSYSTEMS 60 days advance written notice thereof whereupon at the end of said 60 days the license shall be deemed terminated.

## **SECTION 8 SPECIAL PROVISIONS, EXHIBITS AND SCHEDULES**

**Section 8.1 Special Provisions.** This Agreement is subject to no special provisions

**Section 8.2 Contract Documents.** This Agreement consists of this contract document and the following Exhibits and Schedules, which are attached to and made a part of this Agreement:

Exhibit A - Project Description and Basic Services  
Schedule 1 - TRANSYSTEMS' Schedule of Rates and Expenses

**Section 8.3 Entire Agreement.** This Agreement together with the Exhibits and Schedules identified above constitute the entire agreement between CLIENT and TRANSYSTEMS and supersede all prior written or oral understandings. This Agreement and said Exhibits and Schedules may only be amended, supplemented, modified, or canceled by a duly executed written instrument. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the CLIENT or TRANSYSTEMS. TRANSYSTEMS' services under this Agreement are being performed solely for the CLIENT'S benefit, and no other party or entity shall have any claim against TRANSYSTEMS because of this Agreement or the performance or nonperformance of services hereunder. The CLIENT and TRANSYSTEMS agree to require a similar provision in all contracts with contractors, subcontractors, subconsultants, vendors and other entities involved in this Project to carry out the intent of this provision.

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TRANSYSTEMS shall not be required to execute any documents subsequent to the signing of this Agreement that in any way might, in the sole judgment of TRANSYSTEMS, increase the TRANSYSTEMS's contractual or legal obligations or risks, or adversely affect the availability or cost of its professional or general liability insurance.

**Section 8.4 Hazardous Materials.** Unless otherwise provided in this Agreement, TRANSYSTEMS shall have no responsibility for the discovery, presence, handling, removal or disposal of or exposure of persons to hazardous materials in any form at the Project site. However, TRANSYSTEMS shall report to CLIENT the presence and location of any hazardous material which it notices or which an engineer of similar skill and experience should have noticed.

**Section 8.5 Disputes.** In the event a dispute arises between TRANSYSTEMS and CLIENT regarding

the application or interpretation of any provision of this Agreement, or quality of Services by TRANSYSTEMS, the aggrieved party shall promptly notify the other party to this Agreement of the dispute, but in no event more than 20 days after such dispute arises. If the parties fail to resolve the dispute within 20 days after receipt of such notice, each party shall, within five days thereafter, proceed to non-binding mediation, with each party to bear its own costs and attorneys' fees and the parties shall share equally in the cost of the mediator. In the event that the mediation is unsuccessful, the aggrieved party may elect to litigate its dispute with the other party. All disputes shall be governed by the laws of the State of Kansas and the jurisdiction and venue for litigation between the parties shall be solely and exclusively in the Cherokee County District Court, Columbus, Kansas.

It is intended by the parties to this Agreement that TRANSYSTEMS' services in connection with the Project shall not subject TRANSYSTEMS' individual employees, officers or directors to any personal legal exposure for the risks associated with this Project. Therefore, and notwithstanding anything to the contrary contained herein, the Client agrees that as the Client's sole and exclusive remedy, any claim, demand or suit shall be directed and/or asserted only against TRANSYSTEMS, an interstate corporation, and not against any of TRANSYSTEMS' individual employees, officers or directors.

**Section 8.6 Independent Contractor.** TRANSYSTEMS shall be an independent contractor with respect to the Services to be performed hereunder. Neither TRANSYSTEMS, nor its independent professional associates, CONSULTANTS or subcontractors, nor the employees of any of the foregoing, shall be deemed to be the servants, employees or agents of CLIENT.

**Section 8.7 Representations and Remedies.** TRANSYSTEMS makes no representations, covenants, warranties or guarantees, express or implied, other than those expressly set forth herein. IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE SPECIFICALLY EXCLUDED. The parties' rights, liabilities, responsibilities and remedies with respect to the Services, whether in contract or otherwise, shall be exclusively those expressly set forth in this Agreement.

**Section 8.8 Assignment, Subcontractors.** This Agreement shall not be assignable by either party without the prior written consent of the other party hereto, except that it may be assigned without such consent to the successor of either party, or to a person, firm or corporation acquiring all or substantially all of the business assets of such party or to a wholly owned subsidiary of either party, but such assignment shall not relieve the assigning party of any of its obligations under this Agreement. No assignment of this Agreement shall be valid until this Agreement shall have been assumed by the assignee. This Agreement shall be binding upon and shall inure to the benefit of the TRANSYSTEMS' and CLIENT's respective successors and assigns. Nothing in this Section 8.9 shall prevent or be deemed to prevent TRANSYSTEMS from employing, contracting with or engaging independent professional associates, CONSULTANTS and other subcontractors to perform or assist in the performance of the Services.

**Section 8.9 Notices.** All notices or communications pertaining to this Agreement shall be in writing and shall be sufficient when mailed or delivered to the address specified below:

If to CLIENT:  
Mr. Richard Hildebrand  
Cherokee County Commission  
Cherokee County Courthouse  
Columbus, Kansas

If to TRANSYSTEMS:

Mr. Shawn Turner  
Vice President  
TranSystems  
115 S. Sixth Street  
Independence, Ks 67301

Nothing in this Section 8.10 shall be construed to restrict the transmission of routine communications between representatives of CLIENT and TRANSYSTEMS.

**Section 8.10 Interpretation.**

(a) This Agreement shall be governed by and interpreted in accordance with the laws of Kansas.

(b) Headings and titles of sections, paragraphs and other subparts of this Agreement are for convenience of reference only and shall not be considered in interpreting the text of this Agreement. Modifications or amendments to this Agreement must be in writing and executed by duly authorized representatives of each party.

(c) Unless specifically stated to the contrary therein, indemnities against, releases from and limitations on liability expressed in this Agreement shall apply even in the event of the fault, negligence or strict liability of the party indemnified or released or whose liability is limited and shall extend to the officers, directors, employees, agents, licensors and related entities of such party.

(d) In the event that any portion or all of this Agreement is held to be void or unenforceable, the parties agree to negotiate in good faith to reach an equitable agreement which shall effect the intent of the parties as set forth in this Agreement.

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~~**Section 8.11 Certificates, Guarantees And Warranties.** TRANSYSTEMS shall not be required to sign any documents, no matter by whom requested, that would result in TRANSYSTEMS having to certify, guarantee or warrant the existence of conditions whose existence TRANSYSTEMS cannot ascertain. The Client also agrees not to make resolution of any dispute with TRANSYSTEMS or payment of any amount due to TRANSYSTEMS in any way contingent upon TRANSYSTEMS signing any such certification.~~

As used herein, the word "certify" shall mean an expression of TRANSYSTEMS' professional opinion to the best of its information, knowledge and belief, and does not constitute a warranty or guarantee by TRANSYSTEMS.

**Section 8.12 Execution of Documents.** TRANSYSTEMS shall not be required to execute any documents subsequent to the signing of this Agreement that in any way might, in the sole judgment of TRANSYSTEMS, increase the TRANSYSTEMS' risk or the availability or cost of its professional or general liability insurance. Each individual signing this Agreement warrants and represents that he or she has the full authority and is duly authorized and empowered to execute this Agreement on behalf of the party for which he or she signs.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement as of the 15<sup>th</sup>  
day of December 2014.

Cherokee County

By: Richard Hildebrand

Printed Name: Richard Hildebrand

Title: Chairman of the Board

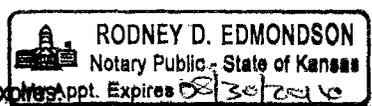
STATE OF KANSAS )  
 ) SS:  
COUNTY OF CHEROKEE )

Before me, a Notary Public in and for said County and State, personally appeared the above-signed individual who acknowledged that he/she did sign the foregoing instrument and that he/she did sign the foregoing instrument and that the same is his/her free act and deed.

Sworn to and subscribed before me this 15<sup>th</sup> day of December, 2014.

Rodney D. Edmondson

NOTARY PUBLIC



My Commission expires 08/30/2016

TranSystems

By: Shawn Turner

Printed Name: Shawn Turner

Title: Vice President

STATE OF )  
 ) SS:  
COUNTY OF )

Before me, a Notary Public in and for said County and State, personally appeared the above-signed individual who acknowledged that he/she did sign the foregoing instrument and that he/she did sign the foregoing instrument and that the same is his/her free act and deed.

Sworn to and subscribed before me this 16<sup>th</sup> day of December, 2014.

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NOTARY PUBLIC

My Commission expires: \_\_\_\_\_

**EXHIBIT "A"**

**Basic Services**

**Basic Design Services** shall be limited to preparing plans and reports required by KDHE to renovate the Vark lift station. It is envisioned that the existing concrete structures will be re-used, with new VFD driven duplex submersible pumps. Design shall include topographical survey, and modification

The above data shall be prepared in accordance with KDHE regulations for SRF funding. The above data will be prepared and submitted to KDHE. Design services shall include assisting the Owner with bidding.

**Construction Related Services** shall be limited to conducting a pre-construction conference, periodic construction observation, assistance with processing pay requests. Periodic inspection will be provided for a period of 90 calendar days. Representatives of the engineer will attend the Final Inspection scheduled by KDHE.

**Schedule 1  
TranSystems Corporation  
Schedule of Hourly Rates**

Classification	Rate	Classification	Rate
Principal/Civil Engineer V	\$275	Industry Specialist III	\$140
Civil Engineer IV	\$200	Industry Specialist IV	\$220
Civil Engineer Manager	\$160	Industry Specialist V	\$275
Civil Engineer III	\$160	Inspector V	\$225
Civil Engineer II	\$120	Inspector IV	\$120
Civil Engineer I	\$96	Inspector III	\$88
Architect IV	\$190	Inspector II	\$72
Architect II	\$92	Marketing Mgr.	\$275
Planner II	\$98	Marketing Administrator II	\$140
Scientist II	\$88	Administrator Mgr.	\$225
Technician V	\$150	Administrator II	\$120
Technician IV	\$115	Administrator I	\$88
Technician III	\$94	Surveyor V	\$0
Technician II	\$78	Surveyor IV	\$109
Technician I	\$65	Surveyor III	\$90
Principal/ Structural Engineer V	\$280	Surveyor II	\$67
Structural Engineer - Manager	\$170	Surveyor I	\$53
Structural Engineer IV	\$200	Two- Person Survey Crew	\$133
Structural Engineer III	\$170	Three- Person Survey Crew	\$187
Structural Engineer II	\$125		

- Sub-contracted labor, material testing equipment, printing and technical photography, and all other direct job costs to be paid at cost.
- Vehicle mileage to be paid at the current IRS rate per mile.
- The rates set forth on this initial Schedule of Rates shall be the rates provisions in effect from the date of this Agreement until December 31, 2014. TranSystems will revise the Schedule of Rates annually and will submit the revised Schedule of Rates which shall automatically become effective with regard to this Agreement and the Services performed under this Agreement on January 1<sup>st</sup> of the next calendar year.

## AGREEMENT

**THIS AGREEMENT** is made this 15<sup>th</sup> day of December, 2014 by and between Kansas County Association Multiline Pool ("KCAMP"), a group self-insured property/casualty plan formed under Kansas law, K.S.A. 12-2616 et seq., the Kansas Municipal Group-Funded Pool Act, and Cherokee County, Kansas ("Member").

**WHEREAS**, KCAMP has announced a Rate Stabilization Program ("Program"), a description of which is attached hereto as **Exhibit A**, and has determined that Member is eligible to participate in the Program; and

**WHEREAS**, Member is desirous of participating in the Program and acknowledges that a condition of participation is that Member agree to remain a member of KCAMP's Risk Management and Insurance Program for a continuous period of three years, commencing on January 1, 2015 and ending on December 31, 2017;

**NOW, THEREFORE**, in consideration of the promises hereafter made, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties hereto, each to the other, it is agreed as follows:

1. **Admittance to Program.** KCAMP hereby agrees, upon receipt of a duly executed and authorized signed copy of this Agreement on or before December 12, 2014, to admit Member to the Rate Stabilization Program and provide the benefits described therein, and in the separate letter to Member providing for the specific one-time Contribution Credit to which Member will be entitled, as set forth in **Exhibit B**, commencing on January 1, 2015 and extending up to and including December 31, 2017.
2. **Three Year Commitment.** Member acknowledges that in order to be a participant in the Program, Member has to contractually commit to remaining a member of the KCAMP Risk Management and Insurance Program for a continuous period of three years, commencing on January 1, 2015 and ending on December 31, 2017, and by this Agreement, hereby agrees to remain a member for said period of time.
3. **Miscellaneous.**
  - (a) **Modification.** This Agreement may be modified or waived only by a separate writing signed by the parties hereto expressly modifying or waiving this Agreement.
  - (b) **Governing Law.** This Agreement will be governed by the laws of the State of Kansas without regard to conflicts-of-laws principles.
  - (c) **Execution of Agreement.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement, and all of which, when taken together, shall be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the parties and may

be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for any purpose whatsoever.

Agreed to on the date and year first above written.

MEMBER

*Richard Hildebrand*

Chair of County Commission

Print Name of MEMBER

*Richard Hildebrand*

By: Authorized Signature Authority

KANSAS COUNTY ASSOCIATION MULTILINE POOL

\_\_\_\_\_  
By: David M. Luke, CEO/Administrator

September 23, 2014

EXHIBIT B

Cherokee County Commissioners  
c/o Cherokee County Clerk  
199 W. Maple  
Columbus, Kansas 66725

RE: KCAMP Contribution Credit and Rate Stabilization Program

Dear Commissioners:

Congratulations! Because of your county's excellent claims experience and long-term involvement in the Kansas County Association Multiline Pool (KCAMP), your county is eligible to receive:

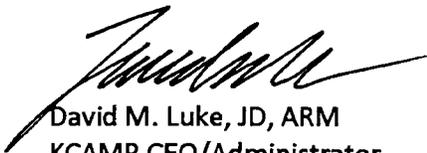
- A \$14,205 KCAMP Contribution Credit which will be subtracted from your 2015 annual property and liability coverage contribution.
- A maximum annual rate cap of 2% for the 2015 through 2017 coverage periods. (See enclosed information for applicable terms and conditions.)

Please carefully read the enclosed information explaining how the program will be implemented.

**To receive the Contribution Credit and rate lock your county must sign and return the enclosed form, agreeing to continue participation in the KCAMP risk management and insurance program through December 31, 2017. If your County chooses to receive the Contribution Credit, we must receive your signed agreement by December 12, 2014. Your commitment is necessary to continue the long-term stability and financial integrity of the pool.**

Thank you for your continued participation in, and commitment to, the Kansas Association Multiline Pool.

Respectfully,



David M. Luke, JD, ARM  
KCAMP CEO/Administrator

**MEMORANDUM**

**EXHIBIT A**

**TO:** KCAMP Member Counties  
**FROM:** KCAMP Board of Trustees  
**RE:** Member Contribution Credit and Rate Stabilization Program  
**Date:** September 23, 2014

On January 1, 2012, the Kansas County Association Multiline Pool (KCAMP) commenced a rate stabilization program that provided KCAMP members with a one-time contribution credit and an annual three year rate cap for members with favorable loss experience.

KCAMP is renewing the rate stabilization program effective January 1, 2015 for an additional three years. To qualify for this program, members must:

1. Maintain a loss ratio at or below 65% from January 1, 2010 to December 31, 2013.
2. Execute the attached agreement to continue participation in KCAMP through December 31, 2017.

In exchange for agreeing to maintain membership in KCAMP during this period, each eligible member will receive the following:

1. A contribution credit of 2.25% applied to the Member's most recent four years of contributions - for the coverage periods 2011 to 2014. Your County's contribution credit is identified in the attached agreement.
2. A maximum annual rate increase of 2% for coverage period 2015;
3. A maximum annual rate increase of 2% for coverage period 2016 as long as the Member's four year loss ratio for coverage periods 2011 to 2014 remains at or below 65%. If the Member's loss ratio exceeds 65%, then the rate increase may be more than 2% but not more than 5%.
4. A maximum annual rate increase of 2% for coverage period 2017 as long as the Member's four year loss ratio for coverage periods 2012 to 2015 remains at or below 65%. If the Member's loss ratio exceeds 65%, then the rate increase may be more than 2% but not more than 5%.

If during this four year program a member becomes eligible, they may receive the contribution credit and a rate guarantee for the remaining years of the program.

**Example of how this would work for an eligible county over a three year period:**

1. Sun County contributed \$280,000 for all coverages from January 1, 20011 to December 31, 2014.
2. From January 1, 2011 to December 31, 2014 Sun County maintained a loss ratio of 65% or less making it eligible to receive a Premium Credit equal to a percentage of what the Member contributed during this four year period which is \$6,300.
3. Sun County signs and returns the attached agreement to KCAMP on or before December 12, 2014.
4. In December Sun County receives notice of a contribution credit for the next coverage period in an amount equal to \$6,300.
5. A rate lock based on the above criteria will be in effect beginning January 1, 2015 and ending December 31, 2017. Following are some hypothetical examples of how the rate lock would be applied:

**NOTE: The program is offering a cap on the rates charged to existing KCAMP members. A member's annual dollar contributions may increase more than the 2% or 5% cap where there is an increase in the member's exposures (e.g. reported building, equipment or vehicle values, or total annual budget).**

**Example 1: Loss ratio maintained at or below 65% through 2017 coverage period.**

**Sun County Contributed \$70,000 for the 2015 Coverage Period.**

Coverage Period	Beginning Contribution	Rate Increase	Rate Adjusted Contribution	Exposure Changes	Exposure Charge/Credit	Total Contribution
2015	\$70,000	0%	\$70,000	Added vehicles & equipment; county budget increases	\$1,100	\$71,100
2016	\$71,100	1.5% (2% Maximum)	\$71,867	Sold building	(\$450)	\$71,417
2017	\$71,417	1% (2% Maximum)	\$71,931	Added vehicles & equipment; county budget decreases	\$0	\$71,931

**Example 2: Loss ratio exceeded 65% beginning with Coverage Period 2012 to 2015**

Sun County contributed \$70,000 for the 2012 Coverage Period.

Coverage Period	Beginning Contribution	Rate Increase	Rate Adjusted Contribution	Exposure Change	Exposure Charge/Credit	Total Contribution
2015	\$70,000	0%	\$70,000	Added vehicles & equipment; county budget increases	\$1,100	\$71,100
2016	\$71,100	1.5% (2% maximum)	\$71,867	Sold building	(\$450)	\$71,417
2017	\$71,417	5% (rate lock void as four year loss ratio exceeded 65%)	\$73,988	Added vehicles & equipment; county budget decreases	\$0	\$73,988

**Frequently Asked Questions:**

1. **Isn't my County required to bid its insurance each year?**  
 No. Pursuant to KSA 19-214 Kansas Counties are not required to solicit bids for insurance.

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2. **Can my County legally commit to a three year agreement?**  
 Yes.
3. **Why do we need to commit to a three year agreement?**  
 The Pool is owned and funded by its members. Its primary objectives are stability of price and the best coverage. Providing a contribution credit and a rate lock stabilization program requires a stable long-term commitment by the members to ensure continued success and future financial strength.
4. **Why is the Premium Credit and rate guarantee tied to a 65% loss ratio?**  
 65% is the benchmark loss ratio for the Pool. 65% of member contributions are used for paying known claims. The rest of the contributions go toward paying reinsurance costs, operating expenses and building adequate surplus. When a county's loss ratio exceeds 65% it is no longer contributing to surplus that can be returned to its members.

**5. What is a loss ratio?**

The loss ratio is the comparison of the amount paid in premium compared to the amount paid in claims. For example, if you pay \$70,000 in contributions and we pay \$35,000 in claims on your behalf you will have a 50% loss ratio. If you pay \$70,000 in contributions and we pay \$110,000 in claims on your behalf you will have a loss ratio of 157%. For consideration of this program we will average four years of loss history, excluding wind, hail, tornado and lightning losses.

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**If you have any questions or need additional information please contact David Luke of KCAMP at 1-800-240-9828. We appreciate your participation in KCAMP!**

