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ST. LOUIS, MISSOURI  
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TO: David Corliss, City Manager

FROM: Gina M. Riekhof, Gilmore & Bell, P.C.

DATE: December 14, 2010

RE: The Bowersock Mills & Power Company – Industrial Revenue Bonds, Series 2010

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This morning, the Placement Agents entered the bond market to sell the Industrial Revenue Bonds (the “Bonds”) to be issued for the benefit of The Bowersock Mills & Power Company (“Bowersock”). Due to the recent instability in the bond market, it was determined this morning that in order to sell the Bonds, the interest rates would need to be set at a level higher than the 8.50% maximum coupon rates previously authorized in the Ordinance approved by the Commission on December 7, 2010.

Since the City is the conduit issuer of the Bonds, the City must execute a Bond Placement Agreement in order to lock in the final interest rates and terms for the Bonds. Currently, the Mayor is not authorized to execute a Bond Placement Agreement if any coupon rate on the Bonds exceeds 8.50%.

The attached ordinance amends the maximum coupon rates from 8.50% to 10.0%. There are no other changes to the ordinance previously adopted on December 7. As we have previously discussed, the Bonds are payable solely from revenues generated pursuant to a lease between the City and Bowersock. The lease payments will be set in amounts sufficient to pay all of the principal of and interest on the Bonds.

Upon approval of the attached Ordinance this evening, the Mayor will be authorized to execute the Bond Placement Agreement. This will enable Bowersock to lock in all of the final terms of the Bonds this evening, and allow the working group for the transaction to move forward with a closing the week of December 27.