

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
FINANCE AND WATER DEPARTMENTS OF
KANSAS CITY, MISSOURI

THIS MEMORANDUM OF UNDERSTANDING (hereinafter “MOU”) is made and entered into this first day of June 2019, by and between the Water Department of Kansas City, Missouri (“Water”) and the Finance Department of Kansas City, Missouri (“Finance”).

WHEREAS,

1. Water and Finance agree that, upon the execution of this MOU, Water will transfer or consent to the transfer to Finance the principal sum of \$1,600,000.00 for the use by Finance to provide funds for a sanitary sewer project (“Project”) undertaken by Hunt Midwest.

2. Term. The term of this MOU shall commence on the date hereof and shall end on January 1, 2022 (the “Maturity Date”). “Year” as used herein shall mean the twelve (12) month period beginning on the first day of June 1, 2019, and each consecutive twelve (12) month period thereafter during the Term. Any fractional month at the commencement of the Term shall be included in the first Year.

3. Interest Rate. Finance shall pay interest at a rate equal to two and seventy-five hundredths percent (2.75%) per annum. All transfers due under this MOU shall be applied first against accrued interest and charges under the MOU, and then against the outstanding principal amount due under this MOU. The interest hereunder shall be calculated based on a three hundred sixty (360) day Year consisting of twelve (12) months of thirty (30) days each. Any unpaid interest or charges under the MOU shall be added to the outstanding principal balance and shall be included in the Final Transfer (as defined below).

4. Transfers; Final Transfer. Finance shall transfer principal and/or interest installments to Water accounts as directed by Water during the Term (the “Transfers”) in accordance with the amortization schedule attached hereto as Exhibit A (“Amortization Schedule”). If not sooner paid, the entire outstanding principal balance and all accrued and unpaid interest or charges under this MOU (the “Final Transfer”) shall be due and payable on the Maturity Date. Unused proceeds of the principal sum and interest earnings, if any, as of the Maturity Date, shall be credited as Transfers to Water to be applied to accrued and unpaid interest and outstanding principal prior to Transfers from any other resources.

5. Early Transfer. Finance shall have the right to transfer all or any portion of the outstanding principal balance under this MOU at any time during the Term, prior to the date due,

at which time the initial Amortization Schedule will be recalculated to reflect the early transfer or principal.

6. Late Charge. If any Transfer or other transfer of interest, principal or other charge or cost under this MOU (excluding the Final Transfer) is not made within ten (10) days of the date such transfer is due and payable (calculated by including the due date), Finance shall transfer to Water, as liquidated damages by reason of such delay in transfer, an additional amount equal to five percent (5%) of the total amount of such delinquent transfer (a "Late Charge"). Any such transfer on which a Late Charge is payable shall not be deemed to have been paid until the Late Charge shall have been paid.

7. Non-Transfer Rate. If the Final Transfer is not made on the Maturity Date or on the date specified by Water after acceleration of the Transfer due under this MOU, such delinquent amount shall accrue interest from the due date at a rate (the "Non-Transfer Rate") equal to the Interest Rate plus five percent per annum (5%) until the date such transfer, including any applicable late Charge, shall have been made in full. Any such transfer on which interest at the Non-Transfer Rate is payable shall not be deemed to have been paid until all interest accrued at the Non-Transfer Rate shall have been paid.

8. Events of Non-Transfer. Each of the following shall be an Event of Non-Transfer under this MOU: (i) subject to the provisions of Section 11(b) below, failure to transfer when due any principal, interest or other charges payable under this MOU within five (5) days of the date such transfer is due (calculated by including the due date); (ii) failure to perform or observe any covenant or obligation of Finance under this MOU and such non-transfer is not completely cured by Finance within ten (10) days after notice thereof from Water specifying such non-transfer; and (iii) failure of the City Council of Kansas City, Missouri to appropriate sufficient funds to meet Finance's obligations hereunder.

9. Remedies. Upon the occurrence of an Event of Non-Transfer, Water may, at its option, exercise any one or more of the following remedies: (i) declare the entire unpaid principal balance of this MOU, together with all accrued and unpaid interest and any other charges or amounts payable under the MOU, to be immediately due and payable, regardless of the Maturity date; or (ii) pursue any other rights and remedies of Water under applicable law or otherwise.

10. Notices. All notices, consents or communications required or permitted to be given under this MOU shall be in writing and shall be deemed to have been properly given and received (i) if sent by hand delivery, then upon delivery; (ii) if sent by overnight courier or United States Express Mail, then one (1) day after dispatch; (iii) if sent by electronic mail; and (iv) if mailed by certified or registered U.S. mail, postage prepaid and return receipt requested,

then two (2) days after deposit in the mail. All such notices and communications shall be given to the parties at their respective addresses set forth in this MOU, or at such other addresses as either party may designate by notice in accordance with the terms of this Section.

11. Miscellaneous.

- a. This MOU may not be amended or modified except by a written agreement signed by Finance and Water.
- b. Finance’s obligations hereunder shall be subject to the appropriation of sufficient funds by the City Council of the City of Kansas City, Missouri to meet the financial obligations of Finance hereunder.
- c. In no event shall the Interest Rate or Non-Transfer Rate exceed the maximum rate or amount permitted to be charged under applicable law. If Water shall receive any transfer that is or would be in excess of the interest or other charge permitted to be charged under applicable law, the portion of any such transfer received by Water in excess of the maximum interest permitted by law shall be credited to the principal balance of the MOU.

IN WITNESS WHEREOF, the parties have executed this MOU or have caused the same to be executed by their respective duly authorized representatives as of the date set forth above.

FINANCE DEPARTMENT OF
KANSAS CITY, MISSOURI
City Hall, 3rd Floor
414 E. 12th St.
Kansas City, MO 64106

WATER DEPARTMENT OF
KANSAS CITY, MISSOURI
4800 East 63rd Street
Kansas City, MO 64130

By: _____
Randall J. Landes
Director of Finance

By: _____
Terry Leeds
Director of Water

Exhibit A

City of Kansas City, Missouri

Payment Schedule - As prepared 4.26.19

<u>Date</u>	<u>Principal Payment</u>	<u>Interest Payment Based on 2.75%</u>	<u>Total Loan Payment</u>	<u>Ending Principal Balance</u>	<u>Fiscal Year End</u>	<u>Total FYE Loan Payment</u>
6/1/2019 Start						
7/1/2020		\$ 47,666.67	\$ 47,666.67	\$ 1,600,000.00		
1/1/2021	775,000.00	22,000.00	797,000.00	825,000.00	4/30/2021	\$ 844,666.67
7/1/2021		11,343.75	11,343.75	825,000.00		
1/1/2022	825,000.00	11,343.75	836,343.75	-	4/30/2022	847,687.50
	<u>\$ 1,600,000.00</u>	<u>\$ 92,354.17</u>	<u>\$ 1,692,354.17</u>			<u>\$ 1,692,354.17</u>