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February 2, 2015

Ms. Cheryl S. Beatty
Finance Director
City of Junction City, Kansas
700 N. Jefferson, P.O. Box 287
Junction City, Kansas 66441

Re: SB 63 – Land Banks

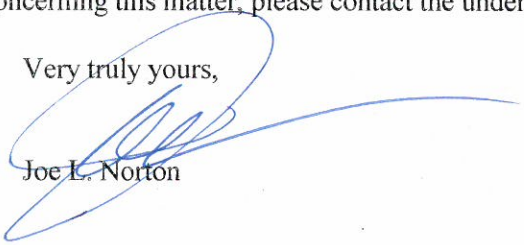
Dear Ms. Beatty:

The above-captioned firm serves and bond counsel to the City of Junction City, Kansas (the “City”). In such capacity, you have requested that we review the terms of SB 63 (the “Bill”) with respect to its impact on the City’s outstanding general obligation bonds (the “Bonds”) and the owner of such Bonds (the “Owners”). As you are aware, the City has issued multiple series of Bonds secured in part from special assessments (the “Assessments”) levied by the City upon real property benefitted by the construction of infrastructure improvements financed by the Bonds, and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The City is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent that necessary funds are not provided from other sources, such as the Assessments.

K.S.A. 12-5909(d) currently allows the governing body of the City to abate part of all of the Assessments levied on property acquired by a city land bank organized pursuant to K.S.A. 12-5901 *et seq.* The Bill, as currently drafted, proposes to amend the provisions of K.S.A. 12-5909 by adding a new subsection (e) [Page 1, Lines 26-34] which also allows the governing body to defer or reamortize of part or all of the Assessments. The proposed deferral and reamortization have the same effect as the abatement currently allowed in subsection (d). Abatement, deferral and reamortization would affect the payment of Assessments received by City, but would not affect the obligation of the City to provide funds for payments of the Bonds. Any amount of deferral or reamortization (as well as nonpayment and abatement) would need to be made up from available City funds or levy of additional ad valorem taxation on property within the limits of the City. Accordingly, as with the current provision allowing for abatement of Assessments, the addition of provisions allowing for deferral and reamortization of Assessments would have no adverse effect on the Bonds or the Owners thereof.

Should you have additional questions concerning this matter, please contact the undersigned.

Very truly yours,



Joe L. Norton

JLN:rrd

cc Senator Les Donovan, Chair Assessment and Taxation Committee
Ms. Judy Seitz, Committee Assistant
Catherine P. Logan, Esq.