

BILL NO. 11-24(1)

ORDINANCE NO. 1347

AN ORDINANCE APPROVING AND ACCEPTING A PRELIMINARY FUNDING AGREEMENT BY AND BETWEEN THE CITY OF MOUND CITY, MISSOURI AND CHEHAR PETROLEUM, INC., A MISSOURI CORPORATION.

WHEREAS, the City of Mound City, Missouri (the “City”), has received a Preliminary Funding Agreement (the “Agreement”) from Chehar Petroleum, Inc., a Missouri Corporation (the “Applicant”); and

WHEREAS, under the Agreement, the Applicant requests that the City consider various Development Incentive Applications in order to develop certain property to be annexed within the City as described in the proposed agreement attached hereto as **Exhibit A** and incorporated by reference.

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF MOUND CITY, MISSOURI, AS FOLLOWS:

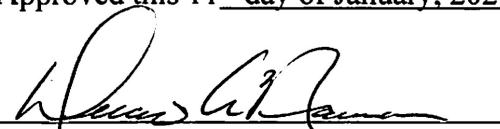
SECTION 1. The Board of Aldermen of the City of Mound City, Missouri, hereby approves and accepts the Preliminary Funding Agreement by and between the City of Mound City, Missouri, and Chehar Petroleum, Inc., a Missouri Corporation, as contained in **Exhibit A** which is attached hereto and incorporated herein.

SECTION 2. The Mayor is authorized and directed to execute and the City Clerk is hereby authorized and directed to attest and fix the seal of the City of Mound City, Missouri, on the document in substantively the same form and content as it has been proposed.

SECTION 3. That this Ordinance shall be in full force and effect from and after the date of its passage and approval.

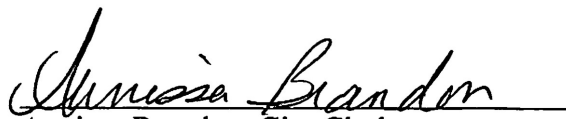
Passed by this 11th day of January, 2024

Approved this 11th day of January, 2024



Duane Nauman, Mayor

ATTEST:



Annissa Brandon, City Clerk

EXHIBIT A
PRELIMINARY FUNDING AGREEMENT
[SEE ATTACHED]

PRELIMINARY FUNDING AGREEMENT

This **PRELIMINARY FUNDING AGREEMENT** (“Agreement”) is entered into this _____ day of January, 2024, between the **CITY OF MOUND CITY, MISSOURI** a Missouri municipal corporation (the “City”), and **CHEHAR PETROLEUM, INC.**, a Missouri corporation, or its assigns (the “Applicant”).

RECITALS

WHEREAS, the City is a fourth-class city with its principal office located at 205 E. 6th Street, MO 64470, and exercising governmental functions and powers pursuant to the Constitution and the Revised Statutes of the State of Missouri; and

WHEREAS, the Applicant is a Missouri corporation with its principal office located at 20717 Highway 118, Suite I29, Mound City, MO 64470, and is authorized to conduct business in the State of Missouri; and

WHEREAS, the City has been requested by the Applicant to consider an application for sales tax reimbursement, a petition to establish a community improvement district in accordance with the Community Improvement District Act, Sections 67.1401 to 67.1571 of the Revised Statutes of Missouri (the “CID Act) and property tax abatement and sales tax exemption under Chapter 100, Article VI, Section 27(b) of the Missouri Constitution and Sections 100.010 to 100.200 of the Revised Statutes of Missouri (the “Chapter 100”) (collectively the “Development Incentives Applications”) within the City; and

WHEREAS, the City may be requested to provide such other services and assistance as may be required to implement and administer the Development Incentives Applications through its consideration by the City’s governing body (“Board of Aldermen”); and

WHEREAS, the City does not have a source of funds to finance costs incurred by it, in the form of additional third-party legal, financial, planning, transportation and engineering, and other consultants, or for direct out-of-pocket expenses and other costs resulting from services rendered to the Applicant to review, evaluate, process and consider the Development Incentives Applications; and

WHEREAS, in order for the City to fully consider and evaluate the Development Incentives Application, the City has requested Applicant to deposit funds with the City to be used by the City to pay for the City’s actual out-of-pocket expenses necessary to perform a full evaluation of the Development Incentives Applications and engage consultants as needed for such evaluation.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Services to be Performed by the City.** The City shall:

A. Consult with the Applicant on the preparation and consideration of the Development Incentives Applications in accordance with the provisions of the CID Act, Chapter

100 and other applicable laws, give all notices, make all publications and hold hearings as required by the CID Act, Chapter 100 and all other applicable laws;

B. Provide necessary staff, legal, financial, appraisal, and planning assistance to prepare and present the Development Incentives Applications to the Board of Aldermen and to prepare and present required ordinances to the Board of Aldermen;

C. In the event that the Board of Aldermen approves all or any portion of the Development Incentives Applications, provide the necessary staff and legal, financial, appraisal, and planning assistance to prepare and negotiate a definitive agreement between the Applicant and the City for implementation of the Development Incentives Applications or appropriate portion thereof;

D. In the event that a definitive agreement between the Applicant and the City for implementation of the Development Incentives Applications or an appropriate portion thereof is entered into, provide the necessary staff, legal, financial, appraisal, and planning assistance to administer such agreement(s) and implement the Development Incentives Applications.

2. **Initial Deposit.** On or before January 19, 2024, the Applicant shall deposit Fifteen Thousand Dollars (\$15,000.00) (the "Deposit") with the City Clerk. The City shall disburse the Deposit as set forth in **Section 5** and shall bill the Applicant pursuant to **Section 3** to re-establish the Deposit so that there is a minimum cash balance of Fifteen Thousand Dollars (\$15,000.00) available, from which additional disbursements may be made as required.

3. **Additional Funding.**

A. The City shall submit an itemized statement for actual out-of-pocket expenses necessary to perform its obligations hereunder. Such statements shall be submitted on a regular periodic basis, but no more often than monthly. The Applicant shall pay the City the amounts set forth on such statements (the "Additional Funds") within thirty (30) days of receipt thereof. If such funds are not so received, the unpaid balance shall be subject to a penalty of two percent (2%) per month until paid, but in no event shall such penalty exceed twenty-four percent (24%) per annum, and City shall be relieved of any and all obligations hereunder until paid or may terminate this Agreement pursuant to **Section 7**. Notwithstanding the foregoing, the Applicant shall ensure that on the dates upon which the Board of Aldermen takes up the Development Incentives Applications for consideration, the Deposit shall be replenished to the amount of the minimum cash balance established in **Section 2**. Failure to replenish the Deposit as described shall be grounds for continuing the consideration of the Development Incentives Application.

B. The City and the Applicant agree that the Applicant shall reimburse the City for its actual out-of-pocket expenses necessary to perform the City's obligations hereunder, using the following consultants: Lauber Municipal Law, LLC, for special legal counsel, Gilmore & Bell for bond counsel, and SAMCO Capital Markets, Inc. (Joey McLiney) for financial advisement. The City shall advise the Applicant in writing if it intends to utilize the services of any other consultant to perform its obligations under the terms of this Agreement. Such written notice shall include the name of the consultant, the service to be performed and an estimate of the cost expected. If the Applicant, in writing, within five (5) business days from receipt of the City's notice, objects to either the consultant named or the service to be performed, the City and Applicant shall negotiate in good faith to resolve the Applicant's objections. If the City and

Applicant cannot agree on the consultant to be used or the service to be performed, the City shall have no obligation to perform that service under the terms of this Agreement and the Applicant shall have no obligation to pay for such service under the terms of this Agreement.

C. The Deposit and all Additional Funds shall be treated as funds that may be reimbursed from CID revenues as permitted by law; provided, that the Development Incentives Applications or appropriate portion thereof is approved and the Applicant and the City enter into a definitive agreement for implementation of the Development Incentives Applications or appropriate portion thereof.

4. **Operative Date.** The effective date of this Preliminary Funding Agreement shall be August 1, 2023, which is the date upon which the City's consultants were directed to begin the process for considering the Development Incentives Applications.

5. **Disbursement of Funds.** The City shall disburse the Deposit and Additional Funds for reimbursement of costs to the City on or before the thirtieth (30th) day of each month, and for consulting fees and the payment of all out-of-pocket expenses incurred by the City in connection with the performance of its obligations under this Agreement as payment for such expenses become due. The City shall send to the Applicant a copy of the record for each disbursement made to the Applicant pursuant to this Agreement.

6. **Development Incentives Applications Administration.** In addition to the services set forth in **Section 1**, the City may be required to provide services from time to time for the continuing administration of the Development Incentives Applications, if approved by the City. Upon appropriate itemization, the City shall be reimbursed by the Applicant for actual meeting expenses and other expenses that are reasonable or incidental to the general operations of the City with respect to administration of the Development Incentives Applications and any development that results from the Development Incentives Applications. The provisions of this section shall apply until such time as the City and the Applicant agree to and execute a definitive agreement for implementation of the Development Incentives Applications, which agreement shall include provisions related to reimbursements to the City for continuing administration of the Development Incentives Applications.

7. **Termination of this Agreement.**

A. In the event the Applicant fails to perform any of its obligations herein, the City may terminate this Agreement, and any other agreement between the parties, at its sole discretion if the Applicant fails to cure the default within ten (10) days after written notice to the Applicant of the default. Termination by the City shall also terminate any duties and obligations of the City with respect to this Agreement, including, but not limited to, the City's processing of Applicant's Development Incentives Applications. Upon such termination, the City shall retain the Deposit and Additional Funds, if any, necessary to reimburse the City for all expenses incurred under this Agreement to the date of termination and any monies due and owing to the City by the Applicant pursuant to any other agreement.

B. The parties hereto acknowledge that the Applicant may determine to abandon the Development Incentives Applications or appropriate portion thereof. Upon written notice of abandonment by the Applicant, this Agreement shall terminate and the City may terminate any other agreement between the parties and shall retain the Deposit and Additional Funds, if any,

necessary to reimburse the City for all expenses incurred under this Agreement to the date of termination and any monies due and owing to the City pursuant to any other agreement.

C. Upon termination of this Agreement, in the event the Deposit and Additional Funds are insufficient to reimburse the City for the outstanding expenses of the City payable hereunder, the Applicant shall reimburse the City as set forth in **Section 3**. After termination of this Agreement, any amounts remaining from the Deposit and the Additional Funds after all amounts have either been paid as directed by, or reimbursed to, the City shall be returned to the Applicant.

D. This Agreement may be terminated by mutual agreement of the City and the Applicant through provisions in a definitive agreement for implementation of the Development Incentives Applications to be executed concurrently or immediately after the Development Incentives Applications are approved.

8. **Notice.** Any notice, approval, request or consent required by or asked to be given under this Agreement shall be deemed to be given if in writing and mailed by United States mail, postage prepaid, or delivered by hand, and addressed as follows:

To the City:

Annisia Brandon
City Clerk
City of Mound City, Missouri
205 E. 6th Street
P.O. Box 215
Mound City, Missouri 64470

With a copy to:

Jennifer Baird
Lauber Municipal Law, LLC
4031 NE Lakewood Way
Lee's Summit, Missouri 64064

To the Applicant:

Jack Patel
Chehar Petroleum, Inc.
20717 Highway 118
Suite I29
Mound City, Missouri 64470

With a copy to:

Curt Petersen
Polsinelli PC
900 W. 48th Place, Suite 900
Kansas City, Missouri 64112

Each party may specify that notice be addressed to any other person or address by giving to the other party ten (10) days prior written notice thereof.

9. **City Requirements and Prior Approval.** The Applicant agrees to comply with all applicable laws and City ordinances, including, but not limited to, the City's zoning ordinances, subdivision regulations and all planning or infrastructure requirements related to the development of Applicant's property. The parties agree that execution of this Agreement in no way constitutes a waiver of any requirements of applicable City ordinances or policies with which the Applicant must comply and does not in any way constitute prior approval of any future proposal for development, including the Development Incentives Application. The parties understand that the City may not lawfully contract away its police powers and that approval of the Development Incentives Applications and any zoning, subdivision and similar development application cannot be contractually guaranteed. This Agreement does not alter or diminish the

City's ability to exercise its legislative discretion to consider the Development Incentives Applications in accordance with all applicable laws and any other applications with respect to development of Applicant's property.

10. **Modification.** The terms, conditions, and provisions of this Agreement can be neither modified nor eliminated except in writing and by mutual agreement between the City and the Applicant.

11. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri.

12. **No Third Party Beneficiaries.** This Agreement is made and entered into for the sole protection and benefit of the City and Applicant. No other person or entity shall have or acquire any right or action based upon any provisions of this Agreement.

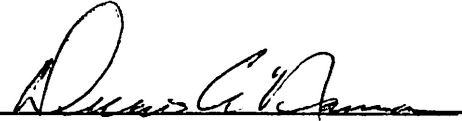
13. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes and replaces any and all prior oral agreements or written agreements, arrangements, and understandings related thereto.

14. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

[Remainder of Page Intentionally Left Blank. Signature Pages Immediately Follow]


The parties hereto have caused this Agreement to be executed by their duly authorized representatives the day and year first above written.

CITY OF MOUND CITY, MISSOURI

By: 
Duane Nauman, Mayor

(SEAL)

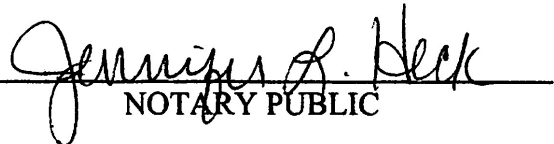
ATTEST:


Annissa Brandon, City Clerk

STATE OF MISSOURI)
) ss.
COUNTY OF HOLT)

BE IT REMEMBERED, that on this 14th day of January, 2024, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Duane Nauman, the Mayor of the City of Mound City, Missouri, a City duly incorporated and existing under and by virtue of the laws of the State of Missouri, who is personally known to me to be the same person who executed, as such official, the within instrument on behalf of and with the authority of said City, and such person duly acknowledged the execution of the same to be the act and deed of said City.

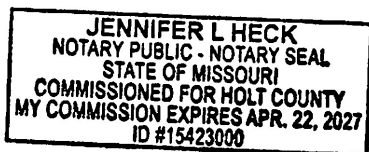
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.


NOTARY PUBLIC

My Commission Expires:

April 22 2027

[SEAL]



CHEHAR PETROLEUM, INC.,
a Missouri corporation

By: J. K. Patel
Print Name: Jagadish Patel
Title: President

STATE OF Nebraska)
COUNTY OF Douglas) ss.

BE IT REMEMBERED, that on this 9th day of January, 2024, before me, the undersigned, a Notary Public in and for the County and State aforesaid, came Jagadish Patel, the President of CHEHAR PETROLEUM, INC., a Missouri corporation, who is personally known to me to be the same person who executed the within instrument on behalf of CHEHAR PETROLEUM, INC., and such person duly acknowledged the execution of the same to be the act and deed of such corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

Carmen Gaytan
NOTARY PUBLIC

My Commission Expires:

09/17/2024

[SEAL]

